

QUEST DIAGNOSTICS INC
Form SC 13D/A
June 14, 2006
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13D

(Rule 13d-101)

**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND AMENDMENTS THERETO
FILED PURSUANT TO RULE 13d-2(a)**

UNDER THE SECURITIES EXCHANGE ACT OF 1934

(Amendment No. 5)

Quest Diagnostics Incorporated

(Name of Issuer)

Common Stock, \$.01 Par Value

(Title of Class of Securities)

74834L 10 0

(CUSIP Number)

Donald F. Parman, GlaxoSmithKline
One Franklin Plaza, Philadelphia, Pennsylvania 19102
Telephone 215-751-7633

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

June 7, 2006

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

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The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

This Amendment No. 5 amends and supplements the Statement of Schedule 13D electronically filed with the Securities and Exchange Commission (the "Commission") on August 25, 1999 (the "Initial Statement"), and subsequent amendments filed electronically with the Commission on May 14, 2001, May 22, 2002, June 29, 2004 and December 15, 2004.

The undersigned hereby further amends and supplements Items 2 and 5 of the Initial Statement to include the following information (capitalized terms used herein without definition shall have the same meaning as set forth in the Initial Statement).

CUSIP No.: 74834L 10 0

13D

1. Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).
GlaxoSmithKline plc
2. Check the Appropriate Box if a Member of a Group (See Instructions)
 - (a)
 - (b)
3. SEC Use Only
4. Source of Funds (See Instructions)
OO
5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)
6. Citizenship or Place of Organization
England and Wales
- Number of Shares Beneficially by Owned by Each Reporting Person With
 7. Sole Voting Power
0
 8. Shared Voting Power
36,504,308
 9. Sole Dispositive Power
0
 10. Shared Dispositive Power
36,504,308
11. Aggregate Amount Beneficially Owned by Each Reporting Person
36,504,308
12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares [] (See Instructions)
13. Percent of Class Represented by Amount in Row (11)
18.4%
14. Type of Reporting Person (See Instructions)
CO

Item 1. Security and Issuer

Item 2. Identity and Background

- (a)
- (b)
- (c) Set forth in Schedule I to this Amendment ("Schedule I") are the names, business address and present principal occupation or employment of each executive officer and director of the Company.
- (d) During the last five years, there have been no criminal proceedings against the Company or, to the best knowledge of the Company, any of the other persons with respect to whom information is given in response to this Item 2.
- (e) During the last five years, neither the Company nor, to the best knowledge of the Company, any of the other persons with respect to whom information is given in response to this Item 2 has not been a party to any civil proceeding of a judicial or administrative body of competent jurisdiction resulting in a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to Federal or State securities laws or finding any violation with respect to such laws.
- (f) The citizenship of each executive officer and director of the Company is set forth in Schedule I.

Item 3. Source and Amount of Funds or Other Consideration

Item 4. Purpose of Transaction

Item 5. Interest in Securities of the Issuer

| (a) | Registered Name | No. of Shares | Percent |
|-----|--------------------------------|---------------|---------|
| (b) | SmithKline Beecham Corporation | 36,504,308 | 18.4% |

- (c) Subsequent to Amendment No. 4, SmithKline Beecham Corporation, a wholly owned subsidiary of the Company (SKB), received 18,252,154 shares pursuant to a two-for-one stock split effective June 20, 2005.
- (d)
- (e)

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

On May 21, 2002, SKB and Lehman Brothers Finance S.A. ("Lehman") entered into five transactions (each, a "Transaction") governed by an ISDA Master Agreement, each of which initially related to 1,000,000 shares of Common Stock of the Issuer (the "Shares"). At the time of extension described below, each Transaction related to 2,000,000 Shares as a result of a stock split on June 20, 2005. SKB has the right to cash settle the Transactions by paying an amount in cash equal to the value of the Shares it would otherwise be obligated to deliver.

On June 7, 2006, each Transaction was extended. As extended, the Transactions provide for SKB to deliver to Lehman, for settlement on November 11, 2010 ("Transaction 1"), August 10, 2012 ("Transaction 2"), April 12, 2010 ("Transaction 3"), June 10, 2011 ("Transaction 4") and January 12, 2012 ("Transaction 5"), a number of Shares (the "Settlement Shares") to be determined based on the formula described in the Reporting Person's filing on Form 4 dated June 8, 2002, as follows: If the price of the Shares determined near the original settlement date of a Transaction (the "Final Price") is at or below a specified Depreciation Floor (\$41.19 per Share for Transaction 1, \$40.60 for Transaction 2, \$41.30 for Transaction 3, \$40.96 for Transaction 4 and \$40.73 for Transaction 5), SKB will be obligated to deliver all the Shares underlying that particular Transaction. If the Final Price is above the specified Depreciation Floor and at or below a specified Appreciation Cap as defined in each Transaction (\$53.49 per Share for Transaction 1, \$60.98 for Transaction 2, \$52.08 for Transaction 3, \$55.38 for Transaction 4 and \$57.68 for Transaction 5), SKB will be obligated to deliver a number of Shares equal to the number of Shares underlying that particular Transaction multiplied by the Depreciation Floor divided by the Final Price. If the Final Price is above the specified Appreciation Cap, SKB will be obligated to deliver a number of Shares equal to the number of Shares underlying that particular Transaction multiplied by (i) 1.0 minus (ii) (a) the Appreciation Cap minus the Depreciation Floor divided by (b) the Final Price.

In any case, Lehman is obligated to pay SKB under each Transaction upon settlement an amount equal to the sum of (i) the product of (A) the Settlement Shares multiplied by (B) the lesser of (x) the Extended Appreciation Cap (\$63.88 for Transaction 1, \$67.28 for Transaction 2, \$62.75 for Transaction 3, \$65.02 for Transaction 4, \$66.15 for Transaction 5) and (y) the greater of (1) the Extended Depreciation Floor (\$49.57) and (2) the price of the Shares determined near the extended settlement date of a Transaction (the "Extended Final Price"), plus (ii) the product of (A) the excess of 2,000,000 over the Settlement Shares multiplied by (B) if (x) the Extended Final Price is less than or equal to the Extended Depreciation Floor, the Extended Depreciation Floor minus the Extended Final Price, (y) the Extended Final Price is greater than the Extended Appreciation Cap, the Extended Appreciation Cap minus the Extended Final Price or (z) if the Extended Final Price is greater than the Extended Depreciation Floor and less than or equal to the Extended Appreciation Cap, zero.

A copy of the Adjustment Letter evidencing the extension of the Transactions is included as an exhibit hereto.

Under the Transactions, SKB has pledged to Lehman 10,000,000 Shares. Absent default or SKB's consent, Lehman is not entitled to dispose of or vote the pledged Shares. In addition, SKB has the right to substitute other collateral.

Item 7. Material to Be Filed as Exhibits

Item 7 is amended by adding the following exhibit thereto.

| | |
|----------------|--|
| Exhibit number | Description |
| 10 | Adjustment Letter between SmithKline Beecham Corporation and Lehman Brothers Finance S.A., dated June 7, 2006. |

Signature

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: June 14, 2006

GlaxoSmithKline plc

By: /s/ Donald F. Parman

Name: Donald F. Parman

Title: Authorized Signatory

Schedule A

Name

| Board of Directors | Business Address | Principal Occupation or Employment | Citizenship |
|-------------------------|---|--|-------------|
| Dr. Jean-Pierre Garnier | One Franklin Plaza Philadelphia, PA 19102 | Chief Executive Officer | French/USA |
| Julian Heslop | 980 Great West Road Brentford Middlesex, England TW8 9GS | Chief Financial Officer | British |
| Dr. Moncef Slaoui | 709 Swedeland Road King of Prussia, PA 19406 | Executive Director Chairman Research and Development | Belgian |
| Sir Christopher Gent | 980 Great West Road Brentford Middlesex, England | Company Director | British |

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| | | | |
|---|---|-------------------------|------------|
| Sir Crispin Davis | 980 Great West Road Brentford Middlesex, England TW8 9GS | Company Director | British |
| Sir Ian Prosser | 980 Great West Road Brentford Middlesex, England TW8 9GS | Company Director | British |
| Tom de Swaan | 980 Great West Road Brentford Middlesex, England TW8 9GS | Company Director | Dutch |
| Lawrence Culp | 980 Great West Road Brentford Middlesex, England TW8 9GS | Company Director | USA |
| Sir Deryck Maughan | 980 Great West Road Brentford Middlesex, England TW8 9GS | Company Director | British |
| Dr. Ronaldo Schmitz | 980 Great West Road Brentford Middlesex, England TW8 9GS | Company Director | British |
| Sir Robert Wilson | 980 Great West Road Brentford Middlesex, England TW8 9GS | Company Director | British |
| GlaxoSmithKline Company Secretary | | | |
| Simon Bicknell | 980 Great West Road Brentford Middlesex, England TW8 9GS | Company Director | British |
| GlaxoSmithKline Corporate Executive Team | | | |
| Dr. Jean-Pierre Garnier | One Franklin Plaza Philadelphia, PA 19102 | Chief Executive Officer | French/USA |

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|------------------------|--|--|-----------------|
| Julian Heslop | 980 Great West Road Brentford Middlesex, England TW8 9GS | Chief Financial Officer | British |
| Rupert M. Bondy | 980 Great West Road Brentford Middlesex, England TW8 9GS | Senior Vice President & General Counsel | British |
| Ford Calhoun | One Franklin Plaza Philadelphia, PA 19102 | Chief Information Officer | USA |
| John Clarke | One Franklin Plaza Philadelphia, PA 19102 | President Consumer Healthcare | New Zealand |
| Marc Dunoyer | GSK Building 6-15, Sendagaya 4 chome, Shibuya-ku Tokyo 151-8566 | President Pharmaceuticals Japan | French |
| Russell Greig | 980 Great West Road Brentford Middlesex, England TW8 9GS | Pharmaceuticals International | British |
| Daniel J. Phelan | One Frankin Plaza Philadelphia, PA 19201 | Senior Vice President Human Resources | USA |
| David Pulman | Five Moore Drive PO Box 13398 Research Triangle Park North Carolina 27709 | President Global Manufacturing & Supply | British |
| Dr. Moncef Slaoui | 709 Swedeland Road King of Prussia, PA 19406 | Executive Director Chairman Research and Development | USA |
| David M. Stout | One Franklin Plaza Philadelphia, PA 19102 | President Pharmaceutical Operations | USA |
| Christopher Viehbacher | Five Moore Drive PO Box 13398 Research Triangle Park North Carolina 27709 | President US Pharmaceutical | German/Canadian |

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| | | | |
|--------------------------------|--|---|-----------------|
| Andrew Witty | 980 Great West Road Brentford Middlesex, England TW8 9GS | President Pharmaceuticals Europe | British |
| Jennie Younger | 980 Great West Road Brentford Middlesex, England TW8 9GS | Seniore Vice President Corporate Communication Community Partnerships | British |
| SmithKline Beecham Corporation | | | |
| David M. Stout | One Franklin Plaza Philadelphia, PA 19102 | Director/Chairman | USA |
| Christopher Viebacher | Five Moore Drive PO Box 13398 Research Triangle Park North Carolina 27709 | Director/President | German/Canadian |
| Michael Corrigan | One Franklin Plaza Philadelphia, PA 19102 | Director Senior VP, Finance U.S. Pharmaceuticals | USA |
| S. Mark Werner | One Franklin Plaza Philadelphia, PA 19102 | Senior VP, Legal Operations-U.S. and GMS | USA |
| Donald F. Parman | One Franklin Plaza Philadelphia, PA 19102 | Vice President and Secretary | USA |
| Audrey Klijan | One Franklin Plaza Philadelphia, PA 19102 | Treasurer | USA |

