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QUEST DIAGNOSTICS INC
Form SC 13D/A
May 22, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D
(Amendment No. 2)

UNDER THE SECURITIES EXCHANGE ACT OF 1934
Quest Diagnostics Incorporated

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

74834L 10 0

(CUSIP Number)

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

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

May 21, 2002

(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 which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b) (3) or (4), check the following box / /.

Check the following box if a fee is being paid with the statement / /. (A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and

for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

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).

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This Amendment No. 2 amends and supplements the Statement on Schedule 13D electronically filed with the Securities and Exchange Commission (the "Commission") on August 19, 1999, and an amendment electronically filed with the Commission on May 11, 2001.

The undersigned hereby amends and supplements Items 2, 5, 6 and 7 of the Schedule 13D as previously amended to include the following information (capitalized terms used herein without definition shall have the same meaning as set forth in the Schedule 13D as previously amended).

SCHEDULE 13D

CUSIP NO. 74834L 10 0

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

GlaxoSmithKline plc

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*

(a) / /
(b) / /

3 SEC USE ONLY

4 SOURCE OF FUNDS*

OO

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(D) OR 2(E)

/ /

6 CITIZENSHIP OR PLACE OF ORGANIZATION

England and Wales

7 SOLE VOTING POWER
NUMBER OF
SHARES 22,128,672

8 SHARED VOTING POWER
BENEFICIALLY
OWNED BY

9 SOLE DISPOSITIVE POWER
EACH
REPORTING
PERSON
WITH

22,128,672

10 SHARED DISPOSITIVE POWER

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

22,128,672

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12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*

/ /

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

22.8%

14 TYPE OF REPORTING PERSON*

CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

Item 1. Security and Issuer.

Item 2. Identity and Background.

(b) The address of the Company's principal executive office is GlaxoSmithKline House, 980 Great West Road, Brentford, Middlesex TW8 9GS, England.

(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 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) Amount and Percent Beneficially Owned

The Company beneficially owns 22,128,672 shares of Common Stock. The number of shares of Common Stock beneficially owned by the Company represents 22.8% of the 95,005,940 shares of Common Stock outstanding at April 30, 2002. Those shares are held by SmithKline Beecham Corporation ("SKB"), a wholly-owned subsidiary of the Company. The directors and executive officers of the Company disclaim beneficial ownership of these shares.

(c) Subsequent to Amendment No. 1, SKB received 11,064,336 shares

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pursuant to a two-for-one stock split effective May 31, 2001.

Item 6. Contracts, Arrangements, Understandings or
Relationship With respect to Securities of the Issuer.

On May 21, 2002, SKB entered into an ISDA Master Agreement (including the Schedule and Credit Support Annex thereto) (the "ISDA Master Agreement") with Lehman Brothers Finance S.A. ("Lehman"). On May 21, 2002, SKB and Lehman also entered into 5 transactions (each, a "Transaction") governed by the ISDA Master Agreement (the confirmations evidencing the Transactions, along with the ISDA Master Agreement, the "Agreement") relating to a total of 5,000,000 Shares. SKB has agreed to sell to Lehman, for settlement ranging from July 13, 2006 to March 27, 2008, a number of Shares to be determined based on a formula, which has been structured to provide SKB a hedge against depreciation in the value of the Shares while participating in a portion of the upside of the Shares. 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.

The number of Shares to be delivered will be determined based on a formula as follows. If the price of the Shares determined near the settlement date of a Transaction (the "Final Price") is at or below a specified Depreciation Floor (\$84.55 as defined in each Transaction), 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 (ranging from \$106.11 to \$125.30 as defined in each relevant Transaction), 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.

Under the Agreement, SKB has pledged to Lehman 5,000,000 Shares. Absent default or SKB's consent, Lehman is not entitled to dispose of nor vote the pledged Shares. In addition, SKB has the right to substitute other collateral.

Item 7. Materials to be Filed as Exhibits.

Item 7 is amended by adding the following exhibits thereto.

| Exhibit number | Description |
|----------------|---|
| 4 | ISDA Master Agreement between SmithKline Beecham Corporation and Lehman Brothers Finance S.A. dated May 21, 2002 |
| 5 | Confirmation between SmithKline Beecham Corporation and Lehman Brothers Finance S.A. dated May 21, 2002 with Averaging Dates (as defined in this Confirmation) from May 8, 2007 through May 21, 2007 |
| 6 | Confirmation between SmithKline Beecham Corporation and Lehman Brothers Finance S.A. dated May 21, 2002 with Averaging Dates (as defined in this Confirmation) from March 10, 2008 through March 24, 2008 |

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- 7 Confirmation between SmithKline Beecham Corporation and Lehman Brothers Finance S.A. dated May 21, 2002 with Averaging Dates (as defined in this Confirmation) from July 10, 2006 through July 21, 2006
- 8 Confirmation between SmithKline Beecham Corporation and Lehman Brothers Finance S.A. dated May 21, 2002 with Averaging Dates (as defined in this Confirmation) from December 8, 2006 through December 21, 2006
- 9 Confirmation between SmithKline Beecham Corporation and Lehman Brothers Finance S.A. dated May 21, 2002 with Averaging Dates (as defined in this Confirmation) from October 9, 2007 through October 22, 2007

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in the Statement is true, correct and complete.

DATED: May 22, 2002

GLAXOSMITHKLINE PLC

By: /s/ Donald F. Parman

DONALD F. PARMAN
Authorized Representative

SCHEDULE I

| Name | Business Address | Principal Occupation or Employment | Nati |
|-------------------------|---|------------------------------------|------|
| BOARD OF DIRECTORS | | | |
| Sir Francis Roger Hurn | Marconi plc One Bruton Street London, England W1X 8AQ | Company Director | Brit |
| Dr. Jean-Pierre Garnier | One Franklin Plaza Philadelphia, PA 19102 | Chief Executive Officer | Fren |
| John D. Coombe | GlaxoSmithKline House 980 Great West Road Brentford, Middlesex England TW8 9GS | Chief Financial Officer | Brit |
| Paul Allaire | PO Box 1600 Stamford, CT 06904 | Company Director | USA |
| Dr. Michele Barzach | Sante International 2 Rue Cognac-Jay Paris, France | Health Strategy Consultant | Fren |

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|--------------------------|--|---|-------|
| Sir Christopher Hogg | Reuters Holdings plc 85 Fleet Street London, England EC4P 4AJ | Company Director | Brit |
| Sir Peter Job | Reuters Holdings plc 85 Fleet Street London, England EC4P 2DB | Company Director | Brit |
| John McArthur | 140 Old Connecticut Path Wayland, MA 01778 | Company Director | Canad |
| Donald McHenry | IRC Group 1320 19TH Street NW Suite 410 Washington, DC 20036 | Company Director | USA |
| Sir Ian Prosser | 20 North Audley Street London, England W1Y 1WE | Company Director | Brit |
| Dr. Ronaldo Schmitz | 34 Berkeley Square London, England W1J 5AA | Company Director | Germ |
| Dr. Lucy Shapiro | Stanford Univerity School of Medicine 279 Campus Drive Stanford, CA 94305-5329 | Professor | USA |
| COMPANY SECRETARY | | | |
| Simon M. Bicknell | GlaxoSmithKline House 980 Great West Road Brentford, Middlesex England TW8 9GS | Company Secretary | Brit |
| CORPORATE EXECUTIVE TEAM | | | |
| Jean-Pierre Garnier | One Franklin Plaza Philadelphia, PA Officer 19102 | Chief Executive | Fren |
| Rupert M. Bondy | GlaxoSmithKline House 980 Great West Road Brentford, Middlesex England TW8 9GS | Senior Vice President and General Counsel | Brit |
| W. Ford Calhoun | One Franklin Plaza Philadelphia, PA | Senior Vice President Information Technology | USA |

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| | | | |
|------------------------|---|---|-------------|
| John D. Coombe | GlaxoSmithKline House 980 Great West Road Brentford, Middlesex England TW8 9GS | Chief Financial Officer | Brit |
| Robert A. Ingram | 5 Moore Drive Research Triangle Park NC 27709 | Chief Operating Officer & President Pharmaceutical Operations | USA |
| Dr. James B. Palmer | 5 Moore Drive Research Triangle Park NC 27709 | Senior Vice President New Product Development Pharmaceuticals R&D | Brit |
| Daniel J. Phelan | One Franklin Plaza Philadelphia, PA 19102 | Senior Vice President Human Resources | USA |
| Howard Pien | One Franklin Plaza Philadelphia, PA 19102 | President Pharmaceuticals International | USA |
| David M. Stout | 5 Moore Drive Research Triangle Park NC 27709 | President U.S. Pharmaceuticals | USA |
| Tim Tyson | 5 Moore Drive Research Triangle Park NC 27709 | President Global Manufacturing & Supply | USA |
| Christopher Viehbacher | 100 rue de Versailles 78163 Marly-Le-Roi Cedex, France Europe | President Pharmaceuticals | Germ Can |
| Dr. Tadataka Yamada | 709 Swedeland Road King of Prussia, PA 19406 | Chairman Research & Development | USA |
| Jennie Younger | GlaxoSmithKline House 980 Great West Road Brentford, Middlesex England TW8 9GS | Senior Vice President Corporate Communications & Community Partnerships | Brit |
| Jack Ziegler | One Franklin Plaza Philadelphia, PA 19102 | President Consumer Healthcare | USA |