



DIVISION OF  
CORPORATION FINANCE

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

December 15, 1992

Mr. Jeffrey S. Sherman  
American Home Products Corporation  
685 Third Avenue  
New York, New York 10017

Re: American Home Products Corporation

Dear Mr. Sherman:

In regard to your letter of October 9, 1992 our response thereto is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in your letter.

Sincerely,

A handwritten signature in cursive script that reads "Meredith B. Cross".

Meredith B. Cross  
Chief Counsel









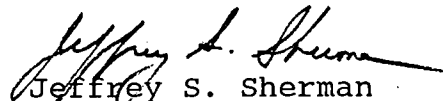


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Release No. 34-18114 (September 23, 1981), Question 76 (which remained the same under the new rules according to Release No. 34-28869 (February 8, 1991)). In Girard, the Staff emphasized the fact the "(1) the dividend reinvestment feature [did] not present an opportunity for short-term trading profits based upon inside information and (2) all of the Company's shareholders have an investment opportunity similar to that provided by the dividend reinvestment feature [of the Company's employee benefit plan] through participation in the Company's dividend reinvestment Plan." In light of the absence of any opportunity for speculative abuse in the case of the DER and the fact that the Company's shareholders have an investment opportunity that is generally similar to the DER, the Company requests the Staff to concur in its view that the availability of the DRP satisfies the requirement of Rule 16b-2 with respect to the DER.<sup>3</sup>

If the Staff needs any further information or has any questions with respect to the interpretation requested in this letter, please call the undersigned at (212) 878-6150. Pursuant to Release 33-6269, enclosed are seven additional copies of this letter.

Sincerely,

  
Jeffrey S. Sherman  
Senior Attorney

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<sup>3</sup> In O'Connor, Cavanagh, Anderson, Westover, Killingsworth & Beshears (avail. Dec. 11, 1991) and Davis Polk & Wardwell (Avail. Aug. 23, 1991), the Staff expressed the view that the grant of a dividend equivalent right is exempt from Section 16(b) if it meets the requirements of Rule 16b-3. In neither letter, however, was the exemption in Rule 16b-2 addressed.

Rule 16b-2, by its terms, requires that the dividend reinvestment plan be available "on the same terms to all holders of that class of securities." We have assumed, for these purposes, that the Common Stock and the contingent stock awards involve the same class of securities. Alternatively, if the contingent stock awards constitute a separate "class of securities", then the DER on its own terms should meet the requirements for the Rule 16b-2 exemption without reliance upon the availability of the DRP.