

LAW OFFICES OF

STEVENS & LEE

A PENNSYLVANIA PROFESSIONAL CORPORATION

2520052093417

PLEASE RESPOND TO READING

DIAL DIRECT

(610) 478-2091

April 14, 1998

CERTIFIED MAIL/RETURN RECEIPT REQUESTED

Top Hat Plan Exemption
Pension and Welfare Benefits Administration
Room N-5644
U. S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Re: Alternative Method of Compliance under 29 CFR
Section 2520.104-23

Ladies and Gentlemen:

We are counsel to Sovereign Bancorp, Inc. ("Sovereign"). In accordance with the requirements of the above-captioned regulations, please be advised that Sovereign established a nonqualified plan of deferred compensation for the purpose of providing benefits to a select group of management or highly compensated employees which plan became subject to the Act on March 3, 1998. Sovereign maintains three such plans in which a total of 53 employees currently participate. In accordance with the requirements of subsection (b) of the above-captioned regulations, we are providing you with the following information:

Employer: Sovereign Bancorp, Inc.
1130 Berkshire Boulevard
Wyomissing, PA 19610

EIN: 23-2453088

Name of Plan: Sovereign Bancorp, Inc. Bonus
Recognition and Retention Plan

RDG/66578/07352.016

111 North Sixth Street, P.O. Box 679, Reading, PA 19603-0679 • 610-478-2000 Fax 610-376-5610
1415 Route 70 East, Suite 506, Cherry Hill, NJ 08034 • 609-354-9200 Fax 609-354-8111
208 North Third Street, Suite 310, P.O. Box 12090, Harrisburg, PA 17108-2090 • 717-234-1250 Fax 717-234-1939
One Penn Square, P.O. Box 1594, Lancaster, PA 17608-1594 • 717-291-1031 Fax 717-394-7226
190 Brodhead Road, Suite 200, P.O. Box 20830, Lehigh Valley, PA 18002-0830 • 610-691-7111 Fax 610-691-7175
Two Penn Center Plaza, Suite 200, Philadelphia, PA 19102-1702 • 215-854-6370 Fax 215-569-0216
116 North Washington Avenue, Suite 2B, Scranton, PA 18503 • 717-343-1827 Fax 717-343-1892
One Glenhardie Corporate Center, 1275 Drummers Lane, P.O. Box 236, Wayne, PA 19087-0236 • 610-964-4480 Fax 610-687-1384
289 North Main Street, Wilkes-Barre, PA 18702-4409 • 717-823-6116 Fax 717-823-1149

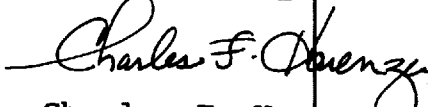
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Top Hat Plan Exemption
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If you have any questions or comments or require any additional information, please do not hesitate to contact the undersigned.

Very truly yours,

STEVENS & LEE


Charles F. Harenza

CFH:lmn
cc: Ms. Margo Rogozinski

006658-11907

STEVENS & LEE
A PENNSYLVANIA PROFESSIONAL CORPORATION

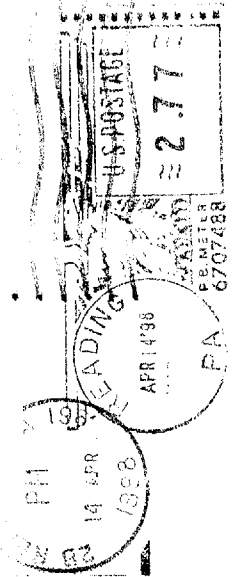
111 North Sixth Street
P.O. Box 679
Reading, PA 19603-0679

Fold at line over top of envelope to
the right of the return address

CERTIFIED

P 450 169 772

MAIL



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07352-016

TOP HAT PLAN EXEMPTION
PENSION AND WELFARE BENEFITS ADMINISTRATION
ROOM N-5644
US DEPARTMENT OF LABOR
200 CONSTITUTION AVENUE NW
WASHINGTON DC 20210

