

# How U.S. bailout plan will work

The Emergency Economic Stabilization Act of 2008 – the biggest government bailout since the Great Depression of the 1930s – will be rushed through the House of Representatives and the Senate this week



 ■ **\$700 billion bailout is split into three stages to protect U.S. taxpayers**

■ **Congress:** Immediate allocation of \$250 billion that Treasury can use to start buying “toxic” mortgage-related securities from banks

■ **White House:** President Bush can request a further \$100 billion

■ **Congress:** Final \$350 billion must be authorized by Congress

■ **Mortgages:** Government – as owner of mortgages and mortgage-backed securities – can modify loans by lowering interest rates or extending life of mortgage

■ **Wall Street:** Banks that accept bailout money will have to hand over shares to allow taxpayers to benefit if banks recover

■ **Golden parachutes:** Top five executives in banks that accept bailout money will not be eligible for “golden parachutes” – huge payments when they leave the firm

■ **Losses:** Banking industry will have to help finance bailout if taxpayer money cannot be recovered

■ **Oversight:** Four agencies will monitor deal, including an independent Inspector General and a bipartisan oversight board