

## ***ABSTRACT***

*This study investigates the impact audit committee characteristics on financial distress. The audit committee characteristics that use in this study are size of audit committee, independence of audit committee, frequency of audit committee meeting, and competence of audit committee. This study use one control variable is firm size.*

*Population that use in this study is 516 listed firms in Indonesia Stock Exchange in 2006-2008. Based on purposive sampling method, there are 148 samples consist of 74 financially distressed firms and 74 non financially distressed firms. Financial distress criteria is measure by interest coverage ratio method. Data analysis using logistic regression with SPSS 13.*

*The result show that competence of audit committee has significant negative affect with financial distress*

*Keyword: financial distress, audit commitee, interest coverage ratio*