

## ABSTRACT

This research is conducting a financial performance of PT Telkom before and after implementing the cost optimization program using the Altman's Z-Score method period of 2008-2011. In this research, there are four ratios in terms of the Altman's Z-score method that  $X_1$  (Working Capital / Total Assets),  $X_2$  (Retained Earnings / Total Assets),  $X_3$  (Earnings Before Interest and Taxes / Total Assets), and  $X_4$  (Market Value of Equity / Book Value of Total Liabilities). This study finds that before and after the implementation of the cost optimization program period of 2008-2011, the financial performance of PT Telkom in the good condition. It can be seen from the calculation tends to increase the value of Altman's Z-Score which indicates that the financial performance of PT Telkom is in the green area (Non-Bankrupt) or healthy company. Finally, the cost optimization program implemented by PT Telkom is a good program to be continued because it showed the financial performance increasing every year.

*Keyword: The Cost Optimization Program, Altman's Z-Score Methods*