

## **ABSTRACT**

*This study aims to examine the effect of the free cash flow and leverage to stocks earning management. The population of this study were manufacturing companies listed on the Indonesia Stock Exchange. Samples determined by using purposive sampling method. The samples obtained were as much 22 companies.*

*Testing the hypothesis using multiple regression analysis method with the help of SPSS Ver. 19.0. The test results showed that the first hypothesis (H1) which states that free cash flow effect on the earning management, rejected. The second hypothesis (H2) which states that leverage effect on the earning management, rejected.*

*Keywords: earning management, free cash flow, and leverage*