

## ABSTRACT

*One of the important decisions faced by financial managers in relation to continuity of the company is financing decisions or capital structure decision, which is a financial decision relating to the composition of debt, preferred stock, and common stock to be used by the company. This study is to know and test the effect of profitability, tangibility asset, firm size, non-debt tax shields, growth opportunities, earnings volatility, and ownership structure either partially or simultaneously on the capital structure of manufacture's company at Indonesia Stock Exchange in the period 2007 to 2011.*

*The types of data used in this research is secondary data in the form of financial statements obtained from the Indonesian Capital Market Directory-year period 2007-2011. This study used 31 samples manufacture firms in Indonesia Stock Exchange, where the method used is purposive sampling.*

*This study analyzed using multiple regressions. Based on the results showed that profitability and tangibility asset are partially positive and have significant effect to the capital structure. That is mean the manufacture firms in Indonesia which have a high profitability and significant tangibility assets prefer using debt in their capital structure.*

*Keywords: capital structure, profitability, tangibility asset, firm size, non-debt tax shields, growth opportunities, earnings volatility, and ownership structure.*