### ***ABSTRACT***

*This study aims to analyze the effect of mergers and acquisitions on firm performance in Indonesia Stock Exchange. Corporate performance is measured by using financial ratios: NPM (net profit margin), ROA (return on assets), ROE (return on equity), DER (debt to equity ratio), Debt Ratio, EPS (earnings per share), TATO (Total Asset Turnover) and CR (current ratio). Merger is a two companies or more that do unity to strengthen the position of the company. While the acquisition is a take over, some or all shares of other companies so that the acquirer has the right of control over the target company.*

*Documentary data is used in this study. While this study population are included a public company listed on the IDX, which had conducted merger and acquisition, and announced its activity in the period 2002-2003. The sampling method used in this study was purposive sampling, in which there are eight companies included in the criteria for this study. Wilcoxon Sign Test, and Manova test are used to answer hypothesis 1 to 9 (the calculation of financial ratios).*

*The results of the Manova test showed that the simultaneous testing of all financial ratios for (H-1) with (H+1) after the Mergers and Acquisitions (M & A) with sig.0.927> 0.05, (H-1) with (H+2) after M & A with sig. 0.332> 0.05, (H-1) with (H+3) after M & A with sig. 0.609> 0.05, (H-1) with (H+4) after M & A with sig. 0.082> 0.05, (H-1) with (H+5) after M & A with sig. 0.735> 0:05, which means not significantly different. The test of a partial (Wilcoxon Sign Test) showed no significant difference for the financial ratios NPM, ROA, ROE, Debt Ratio, EPS, tattoos and CR for testing (H-1) with (H+1) after until (H+5) M & A. But there is little difference in the comparison (H-1) with (H+2, H+3, H+4) years after M & A, DER shows there are significant differences.*

*Keywords: Mergers and Acquisitions, Financial Performance, Wilcoxon signed Ranks test, and Manova.*