Harley-Davidson To Cut 1,000 Jobs

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NEW YORK (AP) — Harley-Davidson Inc. said Thursday it is cutting 1,000 more employees and lowering its motorcycle shipment guidance as quarterly earnings continued to fall due to weaker sales.

The Milwaukee-based maker of the famous heavyweight motorcycles said it plans to cut another 700 hourly and 300 salaried employees from its ranks as it copes with falling demand for its high-end bikes.

"It is obviously a very tough environment for us right now, given the continued weak consumer spending in the overall economy for discretionary purchases," Harley-Davidson President and CEO Keith Wandell said in a statement.

Harley, the top seller of heavyweight motorcycles, said its second-quarter income fell 91 percent to $19.8 million, or 8 cents per share. That's down from $222.8 million, or 95 cents per share, in the same period last year.

Revenue declined 27 percent to $1.15 billion from $1.57 billion a year ago.

Analysts surveyed by Thomson Reuters forecast 24 cents per share on revenue of $1.15 billion.

Its shares rose 31 cents, or 1.8 percent, to $17.80 in morning trading.

Harley has been restructuring since the beginning of the year as it sought to cope with weaker sales. Demand for Harley's motorcycles, which can run $20,000 or more, have taken a pounding in the recession as consumers pull back on discretionary spending.

Earlier this year, the company had said it planned to cut between 1,400 and 1,500 hourly positions and about 300 salaried positions.

In May, the company said it was weighing its options for its main motorcycle assembly plant in York, Pa. The operations at the facility aren't competitive, the company said, and a study remains under way to assess whether production will remain in York or move to another U.S. site. It said Thursday it expects to make a decision by the end of the year.

Harley said its worldwide motorcycle sales fell 30 percent during the quarter. That was still better than the industry-wide decline in heavyweight motorcycle sales of 48 percent.

Harley now expects to ship between 212,000 and 228,000 motorcycles to its dealers and distributors worldwide in 2009, down between 25 to 30 percent from

2008 shipments levels.

Previously, the company expected to ship between 264,000 and 273,000 motorcycles. In the third quarter, it expects to ship between 52,000 and 57,000 bikes.

The company is cutting production to meet reduced demand. It said Thursday it will implement production shutdowns at its York and Kansas City, Mo., production facilities, as well as at its powertrain operations at Menomonee Falls and Wauwatosa, Wis.

The company's financing arm, Harley-Davidson Financial Services, posted an operating loss of $62.1 million in the second quarter, down from operating income of $37.1 million a year ago. The tight credit markets have weighed on the unit, which has been heavily reliant on the battered securitization market for funding.

Shares of Harley-Davidson closed Wednesday at $17.49. The stock has fluctuated between $7.99 and $48.05 in the last 52 weeks.

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