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[21661001]

Hit by higher costs and lower sales , Caterpillar Inc said third-quarter earnings tumbled 43 % and full-year earnings will trail last year 's results .

[21661002]

The construction equipment maker said third-quarter profit fell to \$ 108 million , or \$ 1.07 a share , from \$ 190 million , or \$ 1.87 a share , a year earlier .

[21661003]

Sales dropped 6 % to \$ 2.58 billion from \$ 2.74 billion , reflecting eight fewer business days in the latest quarter .

[21661004]

The company , which is in a costly modernization program , said earnings were hurt by higher start-up and new program costs , increased costs of materials , higher wages and an \$ 11 million provision for bad debts in Latin America .

[21661005]

In announcing a 1989 capital spending plan of \$ 950 million early this year , Caterpillar said full-year earnings would be flat compared with last year 's \$ 616 million , or \$ 6.07 a share .

[21661006]

But yesterday , the company said this year 's profit will be lower .

[21661008]

Suffering from a downturn in heavy truck production that cut orders for its engines , Caterpillar also said it will indefinitely lay off about 325 workers in the Peoria area and temporarily shut its plant in York , Pa. , for two weeks in both November and December .

[21661009]

For the first nine months of the year , Caterpillar said earnings fell 14 % to \$ 390 million , or \$ 3.85 a share , from \$ 453 million , or \$ 4.46 a share , a year earlier .

[21661010]

Sales rose to \$ 8.19 billion from \$ 7.65 billion .