

Sotheby's Declares Quarterly Dividend

- Dividend Approved at Annual Rate of \$0.40 a share
- Third Quarter Dividend of \$0.10 a Share Declared

August 2, 2006, The Board of Director's of Sotheby's (NYSE:BID) has approved paying a dividend at an annual rate of \$0.40 a share and declared a quarterly dividend of \$0.10 for the third quarter of 2006. The third quarter dividend is payable on September 15, 2006 to shareholders of record as of August 31, 2006.

"The resumption of a cash dividend to our shareholders, after a six-year absence, is a very important indicator of the health of our company and of our belief in the future", said Bill Ruprecht, Sotheby's President and Chief Executive Officer. "Our financial performance and profitability in 2004 and 2005 have been very strong and our first half results for 2006 have been outstanding. These excellent results now allow us to reward our shareholders in this tangible way. We are extremely pleased to be in a position to take this step, which would not have been possible without the hard work and support of our global team of employees, as well as our Board of Directors."

"Reinstating a dividend has been a long-standing goal of ours", said Sotheby's Chief Financial Officer, Bill Sheridan. "Given our strong performance over the past couple of years and our exceptionally strong cash flow, this is the right decision for the Company and for our shareholders."

About Sotheby's

Sotheby's is global company that engages in art auction, private sales and art-related financing activities. The Company operates in 34 countries, with principal salesrooms located in New York and London. The Company also regularly conducts auctions in 13 other salesrooms around the world, including Australia, Hong Kong, France, Italy, the Netherlands, Switzerland and Singapore. Sotheby's is listed on the New York Stock Exchange under the symbol BID.

Forward-looking Statements

This release contains certain "forward-looking statements" (as such term is defined in the Securities and Exchange Act of 1934, as amended) relating to future events and the financial performance of the Company. Such statements are only predictions and involve risks and uncertainties, resulting in the possibility that the actual events or performances will differ materially from such predictions. Major factors, which the Company believes could cause the actual results to differ materially from the predicted results in the "forward-looking statements" include, but are not limited to, the overall strength of the international economy and financial markets, political conditions in various nations, competition with other auctioneers and art dealers, the amount of quality property being consigned to art auction houses and the marketability at auction of such property.

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