



News Release

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Sotheby's Prices \$175 Million Senior Unsecured Convertible Notes

New York, NY – June 11, 2008 – Sotheby's (NYSE: BID) today announced the pricing of \$175 million of senior unsecured convertible notes due 2013 through an offering to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). Sotheby's also granted the initial purchasers of the convertible notes an option to purchase up to an additional \$25 million of convertible notes to cover overallocments, if any. The closing of the offering is expected to occur on or about June 17, 2008.

The senior unsecured convertible notes will pay interest semiannually at a rate of 3.125% per annum. In certain circumstances, the notes will be convertible into cash, shares of Sotheby's common stock or a combination thereof, at the option of Sotheby's, based on an initial conversion rate of 29.4122 shares of common stock per \$1,000 principal amount of the notes (which is subject to adjustment in certain circumstances). This represents an initial conversion price of approximately \$34.00 per share, representing a conversion premium of 32.5% to the closing price of Sotheby's common stock on June 11, 2008, which was \$25.66 per share.

Sotheby's expects to use the proceeds from this offering, together with the proceeds from its proposed offering of \$150 million of senior notes, to finance the acquisition of its York Avenue property and to redeem its \$100 million of existing 6.875% Notes due 2009. In addition, Sotheby's expects to use a portion of the proceeds from the transactions and from the warrant sales referred to below to fund convertible note hedge transactions that Sotheby's has entered into with the initial purchasers of the convertible notes or their affiliates. The convertible note hedge transactions have an exercise price equal to the conversion price of the convertible notes and are intended to offset potential dilution to Sotheby's common stock upon potential future conversion of the notes. Sotheby's also has sold warrants to the initial purchasers of the convertible notes or their affiliates and will use the proceeds of those warrant sales to partially offset the cost of the convertible

note hedge transactions. The warrants have an exercise price of \$44.9050, which is approximately 75% above the closing price of Sotheby's common stock on June 11, 2008. The warrants could have a dilutive effect on Sotheby's earnings per share to the extent that the price of Sotheby's common stock exceeds the exercise price of the warrants. Any remaining proceeds from these transactions will be used for general corporate purposes. If the initial purchasers exercise the over-allotment option, Sotheby's intends to use any proceeds therefrom to enter into additional convertible note hedge transactions and for general corporate purposes, and in such event also intends to enter into additional warrant transactions, which would result in the receipt of additional proceeds.

Sotheby's has been advised that, in connection with establishing their initial hedge of the convertible note hedge and warrant sales described above, Sotheby's counterparties or their affiliates expect to enter into various derivative transactions with respect to Sotheby's common stock and/or the convertible notes, or to purchase shares of Sotheby's common stock or other securities of Sotheby's, including the convertible notes, concurrently with or shortly after the pricing of the notes. These activities could have the effect of increasing, or preventing a decline in, the price of Sotheby's common stock concurrently with or shortly after the pricing of the notes. Sotheby's has been further advised that its counterparties or their affiliates may modify their respective hedge positions by entering into or unwinding various derivative transactions with respect to Sotheby's common stock and/or the convertible notes or by purchasing or selling Sotheby's common stock and/or the convertible notes in secondary market transactions during the term of the convertible notes. In particular, such hedge modification transactions are likely to occur during an observation period related to any conversions of the notes, which may have a negative effect on the amount or value of the consideration received in relation to the conversion of those notes. Any of these activities could adversely affect the value of Sotheby's common stock and the value of consideration that holders may receive upon conversion of the notes.

The convertible notes and the shares of Sotheby's common stock issuable upon conversion of the convertible notes have not been registered under the Securities Act or any applicable state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful. This announcement does not constitute a notice of redemption of the 6.875% Notes due 2009 referred to above.

Sotheby's is a global company that engages in art auction, private sales and art-related financing activities. The Company operates in 40 countries, with principal salesrooms located in New York, London, Hong Kong and Paris. Sotheby's also regularly conducts auctions in six other salesrooms around the world. Sotheby's is listed on the New York Stock Exchange under the symbol BID.

Forward Looking Statements

This communication contains forward-looking statements relating to the terms and timing of the proposed offering, the expected use of proceeds from the offering and Sotheby's ability to implement its strategic and business initiatives. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and are subject to risks, uncertainties, assumptions and other factors that are difficult to predict and that could cause actual results to vary materially from those expressed in or indicated by them. Additional risks and factors are identified in Sotheby's filings with the U.S. Securities Exchange Commission (the "SEC"), including its annual report on Form 10-K for the fiscal year ended December 31, 2007 and its quarterly report on Form 10-Q for the quarter ended March 31, 2008, which are available on the SEC's website at <http://www.sec.gov>. Sotheby's undertakes no obligation to revise or update any forward-looking statement, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.