

SOTHEBY'S HOLDINGS, INC. ANNOUNCES SECOND QUARTER RESULTS

- **Second Quarter Net Income of \$30.0 Million**
- **Second Quarter 2000 Diluted Earnings Per Share of \$0.51**
- **Second Quarter Revenues of \$157.4 Million**
- **Strategic Review Intended to Strengthen Sotheby's Competitive Position and Shareholder Value is Launched by New Management Team**

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August 3, 2000, New York -- Sotheby's Holdings, Inc. (NYSE: BID; LSE), the parent company of Sotheby's worldwide live and online auction businesses, art-related financial services and real-estate activities, today announced results for the first half and second quarter ended June 30, 2000. For the first half of 2000, the Company reported total revenues of \$212.1 million, compared to total revenues of \$209.2 million for the corresponding period of 1999. During the first half of 2000, the Company recorded a special charge (pre-tax) of \$3.8 million or (\$0.04) per diluted share, relating primarily to legal costs incurred in connection with the Department of Justice investigation and related civil litigation currently underway. Net income for the first half of 2000 was \$950,000 or \$0.02 per diluted share, compared to net income for the first half of 1999 of \$22.2 million or \$0.38 per diluted share.

For the quarter ended June 30, 2000, the Company reported total revenues of \$157.4 million, compared to total revenues of \$146.0 million for the corresponding period of 1999. Net income for the second quarter of 2000 was \$30.0 million or \$0.51 per diluted share, compared to net income for the second quarter of 1999 of \$31.7 million or \$0.53 per diluted share.

"Sotheby's ability to achieve \$30 million in earnings in the second quarter of 2000 under the extremely challenging circumstances we experienced this spring is a significant accomplishment," said Bill Ruprecht, President and Chief Executive Officer of Sotheby's Holdings, Inc. "We are extremely pleased with the successful sales held across a broad range of collecting categories in the second quarter which, in aggregate, produced this strong result."

Mr. Ruprecht continued: "As expected, overall earnings reflect the investment in our Internet initiative, as well as continuing legal fees associated with the Department of Justice investigation and related civil litigation." Total revenues of \$212.1 million were up 1% compared to the first half of 1999, principally due to higher revenues earned by our Realty business and improved results in Asia. Including special charges, total operating expenses increased \$32.8 million to \$205.6 million, primarily due to expenses related to Sotheby's Internet initiatives and the Department of Justice investigation and related civil litigation costs.

Internet sales for the first half of 2000 were \$31.0 million across the two sites and for the second quarter sales were \$19.6 million, including the sale of a copy of the Declaration of Independence which sold for \$8.1 million. "This became the most expensive object ever auctioned online and it underscores the value of the Sotheby's name in auctioning high-priced objects on the Internet," said Mr. Ruprecht. Sales of property listed by Sotheby's dealer associates in the second quarter were up 13% over the first quarter to \$4.8 million. "We believe that the initial success of our Internet initiative has already made us the global leader in the high-end art and antiques Internet space," Mr. Ruprecht commented.

Internet-related expenses for the first half of 2000 were \$33.2 million and reflect higher marketing costs associated with the launch of SOTHEBYS.COM and sothebys.amazon.com. The Internet-related operating loss for the first half of 2000 was \$28.1 million or (\$0.30) per diluted share. Internet-related expenses of \$13.9 million for the second quarter

of 2000 declined significantly from the first quarter (28%) and the Internet-related operating loss for the second quarter ended June 30, 2000 was \$10.7 million or (\$0.12) per diluted share. "We achieved a significant reduction in Internet-related expenses in the second quarter and going forward we will continue to be focused on revenue growth in this area and will balance our spending accordingly," Mr. Ruprecht said.

"Turning to our live auction business, sales around the world performed extremely well in a number of collecting categories. Sales of Impressionist and Modern and Contemporary Art in both New York and London were strong, with Monet's Rouen Cathedral bringing \$24 million, Degas' sculpture Petite Danseuse de Quatorze Ans selling for \$11.6 million, establishing a world record for any sculpture sold in Europe and Rothko's Yellow over Purple which sold for \$14.3 million setting a record for the artist at auction.

"Worldwide Jewelry sales increased significantly over the same period last year in each of our major selling centers. Among the most notable auctions was our May sale of Magnificent Jewelry held in Geneva which realized \$31.8 million – representing a 66% increase over May 1999 sales. This sale included the Vergottis Collection, which brought \$9.0 million, among our top single-owner Jewelry sales ever. Our spring sales in Hong Kong drew active bidding from Chinese and international collectors and resulted in an impressive three-day total of over \$49.4 million as opposed to \$19.5 million achieved by the same series of sales in 1999.

"Recognizing the changing dynamics of the international art auction marketplace, the new leadership of this Company is undertaking a comprehensive strategic and operational review of all of our businesses," Mr. Ruprecht said. "This review will focus on strengthening all of our operations to make us more competitive in key markets which will ultimately enhance profitability and shareholder value over the long term. We expect the review to be completed in the fourth quarter of 2000."

In July, Sotheby's International Realty and Lehman Brothers Bank FSB announced the launch of a new joint venture, Sotheby's Lehman Mortgage Services. The company will offer a comprehensive range of standard and customized loans for high-end residential real estate, including primary, secondary and investment properties.

"Regarding the Department of Justice investigation and related civil litigation, the Company has been trying to do everything prudent and reasonable to resolve these difficult issues as expeditiously as possible and will continue to do so. In addition, the Company's Board of Directors today appointed a committee of independent Directors to make recommendations to the Board as this matter moves forward," Mr. Ruprecht said.

Sotheby's Holdings, Inc. is the parent company of Sotheby's worldwide live and online auction businesses, art-related financial services and real-estate activities. The Company has 98 offices located in 38 countries with principal salesrooms in New York and London. The Company also regularly conducts auctions in salesrooms around the world, including Australia, Canada, Germany, Hong Kong, Israel, Italy, Monaco, the Netherlands, Switzerland, and Taiwan. Sotheby's Holdings, Inc. is listed on the New York Stock Exchange and the London Stock Exchange.

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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 performance 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 the overall strength of the international economy and financial markets, competition with other auctioneers and art dealers, the volume of consigned property and the marketability at auction of such property, the Company's success in developing and implementing its Internet auction strategy, and the resolution of the Department of Justice investigation and other related investigations and civil lawsuits.

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Consolidated Statements of Income
Sotheby's Holdings, Inc. and Subsidiaries
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2000	1999	2000	1999
<i>(Thousands of dollars, except per share data)</i>				
Revenues:				
Auction and related	\$139,203	\$131,694	\$179,592	\$183,358
Other	18,158	14,315	32,539	25,855
Total revenues	157,361	146,009	212,131	209,213
Expenses:				
Direct costs of services	26,114	25,231	44,862	38,238
Salaries and related costs	44,108	37,397	86,111	73,565
General and administrative	29,081	28,497	58,679	53,798
Depreciation and amortization	6,069	3,885	12,162	7,224
Special charges	2,010	-	3,818	-
Total expenses	107,382	95,010	205,632	172,825
Operating income	49,979	50,999	6,499	36,388
Interest income	1,664	824	2,847	1,947
Interest expense	(4,774)	(1,414)	(7,669)	(2,856)
Other income / (expense)	62	(96)	(195)	(287)
Income before taxes	46,931	50,313	1,482	35,192
Income tax expense	16,894	18,616	533	13,021
Net Income	\$30,037	\$31,697	\$949	\$22,171
Basic Earnings Per Share	\$0.51	\$0.55	\$0.02	\$0.39
Diluted Earnings Per Share	\$0.51	\$0.53	\$0.02	\$0.38
Basic Weighted Average Shares Outstanding (in mil)	58.9	57.6	58.9	57.5
Diluted Weighted Average Shares Outstanding (in mil)	59.3	60.3	59.1	58.8
Dividends Per Share	-	\$0.10	-	\$0.20

If you would like to participate in Sotheby's Holdings, Inc.'s earnings conference call which is scheduled for 4:45 PM EST, Thursday, August 3rd, 2000, please call Sotheby's Investor Relations at 212-508-8070 by 4:00 PM EST.