

SOTHEBY'S HOLDINGS, INC. ANNOUNCES 1999 RESULTS

***-Full Year Net Income in 1999 of \$32.9 Million -
-1999 Total Revenues of \$442.6 Million –
-Dividend Eliminated-***

March 2, 2000 New York -- Sotheby's Holdings, Inc. (NYSE: BID; LSE), the parent company of Sotheby's worldwide live and Internet auction businesses, art-related financing and real estate activities, today announced results for the full year and fourth quarter ended December 31, 1999. For the full year 1999 the Company reported total revenues of \$442.6 million, compared to \$447.1 million for the previous year. Net income for the full year 1999 was \$32.9 million (\$0.56 per diluted share) compared to net income of \$45.0 million (\$0.79 per diluted share including non-recurring charges) for 1998. Full year net income of \$32.9 million was impacted by approximately \$42.1 million of internet related expenses (\$0.45 per diluted share).

For the quarter ended December 31, 1999, the Company reported total revenues of \$188.1 million, compared to \$180.6 million for the corresponding period of 1998. The Company's net income for the fourth quarter of 1999 was \$34.4 million (\$0.57 per diluted share) compared to net income for the fourth quarter of 1998 of \$38.5 million (\$0.66 per diluted share).¹

Total revenues of \$442.6 million were down 1%, due to significantly reduced Financial Services revenues. In addition, the sales mix moved to higher-end, single-owner sales, which resulted in margin pressure on auction revenues.

On February 21, 2000, the Board of Directors of Sotheby's Holdings, Inc. announced the appointment of Michael Sovern, former President of Columbia University, as the new Chairman of the Board of Directors of Sotheby's Holdings. The Board also announced the appointment of Bill Ruprecht, former Managing Director of Sotheby's North and South America, as President and Chief Executive Officer of Sotheby's Holdings. Joining Mr. Ruprecht in the Office of the Chief Executive are Robin Woodhead, Chief Executive of Sotheby's Europe and Asia and an Executive Vice President, and Deborah Zoullas, Executive Vice President of Sotheby's Holdings. Mr. Ruprecht, Mr. Woodhead and Ms. Zoullas were elected to the Board of Sotheby's Holdings, effective immediately.

"1999 was a year of significant achievement for Sotheby's," said Mr. Ruprecht. "Our worldwide auction sales increased 16% to \$2.3 billion in 1999 – the highest sales total achieved by the Company since 1990; we made a major commitment to the internet through the launch of sothebys.amazon.com and the launch of SOTHEBYS.COM in early January; and we completed the first phase of the expansion of our York Avenue headquarters and opened two new salesrooms in Europe, in Amsterdam and in Zurich.

"Sotheby's sales were up substantially in every geographic location in 1999. Major single owner sales as well as the best Impressionist and Modern and Contemporary auctions in both London and in New York in nine years; a record-breaking American paintings sale, as well as many other notable auctions contributed to these improved results. Broad-based market strength in North America, as well as the sale of several highly successful single-owner collections resulted in an 18% increase in North American auction sales, which totaled \$1,264.5 million. Our European auction sales increased 13% to \$904.5 million, also due in part to single owner sales. In Asia, which represented 4% of our worldwide auction sales in 1999, increased economic strength led auction sales to rise 46% to \$89.8 million.

Internet Initiatives

"Sotheby's made a major commitment to the internet in 1999," said Mr. Ruprecht. "We launched sothebys.amazon.com on November 19 with Amazon.com, the world's premier e-commerce retailer, and in early January we launched SOTHEBYS.COM. We see our internet auctions complementing our live auctions, and believe that over time the internet has enormous potential for enhancing and expanding our business around the world, introducing many thousands of new clients who have never before bought or sold at Sotheby's.

"To head our Sotheby's Internet division we appointed Craig Moffett, who has extensive experience in e-commerce and was formerly head of the Worldwide Telecommunications Practice at The Boston Consulting Group. Mr. Moffett works very closely with David Redden, Executive Vice President of Sotheby's North and South America, who has

played a key role in developing Sotheby's Internet strategy and in launching Sotheby's online auction businesses.

"Since its launch in November, sothebys.amazon.com has achieved unprecedented success as an online auction venue for authenticated property. While our partners at Amazon have a policy not to disclose statistics on their individual internet businesses, we are very pleased with both the level of sales and traffic on sothebys.amazon.com. Successful close rates have exceeded 50%. The sale of Barry Halper's Collection of Baseball Memorabilia alone totaled more than \$3.4 million, with all but 3 of the more than 5,000 lots closing successfully.

"Early results on SOTHEBYS.COM have also been extremely promising. Since the first lots began closing on January 25, 2000, sales have topped \$4.7 million. Special theme sales, including sales of Americana, Asian Art, Valentine's Day Jewelry and Old Master Paintings, have performed particularly well, with more than 80% of lots closing successfully. Over the course of the year we anticipate significantly expanding our calendar of special sales. Traffic to SOTHEBYS.COM has been strong, suggesting a good return on the marketing investments we have made to date. For the month of February, traffic on SOTHEBYS.COM has exceeded 6 million page views.

"We are particularly pleased with the participation of our Internet Associates, those art and antiques dealers who have signed up to sell at auction exclusively on our sites. On SOTHEBYS.COM, Associates are posting an average of 1,000 lots per week, a number that has increased every week since launch. More than 500 dealers of our network of 4,800 Associates have already offered property on SOTHEBYS.COM."

Antitrust Investigation

As previously reported, the Antitrust Division of the Department of Justice began an investigation in 1997 of dealers and auction houses, including Sotheby's and its principal competitor, Christie's. Among other matters, the investigation has reviewed whether Sotheby's and Christie's had any agreement regarding the amounts charged for commissions in connection with auctions. Sotheby's has recently met with the Department of Justice in order to discuss a prompt and appropriate resolution of this investigation, which will allow the Company to put this difficult matter behind it.

The European Commission and the Australian Competition Commission each have inquiries under way as well, and a number of private civil complaints, styled as class action complaints, have been filed against Christie's and Sotheby's alleging violation of the federal antitrust laws based upon alleged agreements between Christie's and Sotheby's regarding commission pricing. In addition, several shareholder class action complaints have been filed against Sotheby's and certain of its officers, alleging failure to disclose the alleged agreements and their impact on Sotheby's financial condition and results of operations.

Although the outcome of the investigation by the Department of Justice, other governmental inquiries and these lawsuits cannot presently be determined, these matters could well have a material impact on Sotheby's financial condition and/or results of operations.

Mr. Ruprecht commented: "Sotheby's is now going through a period of great challenge. We are determined to meet this challenge and we are equally determined to build on the significant achievements of the past year. Our commitment to our clients, to our shareholders and to our staff around the world who have contributed so significantly to the successes of 1999, remains unwavering."

Dividend

Due to the significant cash needs required for the funding of the SOTHEBYS.COM internet initiative, the completion of the York Avenue expansion project, as well as uncertainties surrounding the Department of Justice investigation, the Board of Directors has not declared a dividend for the first quarter. Management believes this is an appropriate decision due to the Company's present and anticipated cash needs. Management will continue to assess the dividend in conjunction with operating results, capital spending needs, internet business requirements and developments in the Department of Justice investigation and related matters.

About Sotheby's Holdings

Sotheby's Holdings, Inc. is the parent company of Sotheby's worldwide live and Internet auction businesses, art-related financing and real estate activities. The Company operates in 38 countries, with principal salesrooms located

in New York and London. The Company also regularly conducts auctions in 15 other 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

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 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 and other possible investigations and related lawsuits.

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Financial Tables Follow

<http://www.sothebys.com>

If you would like to participate in Sotheby's Holdings, Inc.'s earnings conference call which is scheduled for 11:00 AM EST Thursday, March 2, 2000, please call Sotheby's Investor Relations at 212-508-8070 by 8:30 AM EST.

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