

SOTHEBY'S HOLDINGS, INC. ANNOUNCES FIRST QUARTER RESULTS

**- First Quarter 1998 Diluted Net Loss Per Share of \$0.11 -
- Auction Sales Increased 22%, to \$251.9 Million -
- New Web Site Launches Today -**

May 15, 1998 -- Sotheby's Holdings, Inc. (NYSE: BID; LSE), the parent company of Sotheby's worldwide auction, art-related financing and real estate activities, today announced results for the first quarter ended March 31, 1998. The Company's net loss in the first quarter of 1998 was \$6.3 million, or a diluted loss per share of \$0.11, compared to a net loss of \$5.3 million, or a diluted loss per share of \$0.09, excluding 1997 non-recurring charges. Including 1997 non-recurring charges, the Company's 1997 first quarter net loss was \$6.8 million, or a diluted loss per share of \$0.12. Due to the seasonal nature of the art auction market, auction sales in the first quarter have historically represented approximately 10% - 12% of total sales for the year and the first quarter is traditionally a loss period for the Company. Consequently, first quarter results are not indicative of expected full year results.

"Auction sales increased 22%, to \$251.9 million, in the first quarter of 1998 compared to the same period in 1997, driven by the strength of the U.S. art auction markets," said Diana D. Brooks, President and Chief Executive Officer of Sotheby's Holdings, Inc. "Combined with contributions from our art-related financing and real estate activities, this growth resulted in a 26% improvement in revenues during the first quarter. Revenue growth was offset by ongoing investments in expertise and new initiatives to ensure that we are well positioned to take advantage of future growth opportunities, resulting in a modest increase in our net loss, excluding 1997 non-recurring charges.

Second Quarter Review/Outlook

"Looking to the second quarter," continued Ms. Brooks, "the Impressionist and Modern art series in New York this week brought a total of \$108.0 million, compared to a low estimate of \$101.0 million. Among the 21 paintings which sold for more than \$1.0 million was Claude Monet's Le Grand Canal, which sold for more than it did at the peak of the market, bringing \$12.1 million against the \$9.9 million it brought in 1990. The series also featured nine paintings from the Collection of Rolf and Margit Weinberg, which realized a total of \$11.4 million against a low estimate of \$8.0 million. We were also encouraged by the strong prices achieved for paintings at the mid-market level as evidenced by our Part II sale of Impressionist and Modern art which totaled \$30.0 million, the highest total since the spring of 1990.

"We had an excellent sale last night of Contemporary art which totaled \$35.7 million, more than double the low estimate of \$17.3 million and the highest sales total for Contemporary art at Sotheby's since 1990. The evening was highlighted by Andy Warhol's pop icon Orange Marilyn, which brought \$17.3 million, four times the previous record for the artist, and the second highest price at auction for a Contemporary painting, after Willem de Kooning's Interchange, which sold at Sotheby's in 1989 for \$20.7 million. Lucian Freud's masterpiece, Large Interior, WII, (After Watteau), also set a record for the artist when it sold for \$5.8 million, more than three times the record.

"Highlights of our second quarter decorative arts sales include Wednesday night's sale of the Thyssen Meissonnier Tureen, which brought \$5.7 million, the second highest price ever paid for silver at auction. We have also held a series of sales in New York of silver, furniture, rare books and manuscripts from the Collection of Jaime Ortiz-Patiño which, to date, has brought a total of \$26.5 million. Key items from the Collection include The Hours of St. Lô, which set a record for a Book of Hours when it sold for \$3.6 million, and the Treasury Inkstand from the finest collection of Paul de Lamerie silver to be offered in 70 years, which sold for \$1.3 million. Additional property from this Collection will be offered later this spring.

"Other noteworthy spring sales include our Magnificent Jewelry sale in Geneva in May, which has a low estimate of \$34.3 million and features a Pear-Shaped Diamond of 74.79 carats with a low estimate of \$6.0 million. Also in May, Sotheby's will offer the John F. Eulich Collection of American Western Art in New York. The Collection, which has a low estimate of \$15.0 million, consists of approximately 45 paintings featuring Western Art by many of America's greatest artists. Our London series of Impressionist and Modern art sales in June includes Claude Monet's Waterlily Pond and Path by the Water, which has been in a private collection for more than 40 years and has a low estimate of \$6.5 million, and Amedeo Modigliani's Portrait of Baranowski, which is considered one of his most distinguished and sensitive portraits and also has a low estimate of \$6.5 million."

CORPORATE DEVELOPMENTS

New Web Site

This morning, Sotheby's launched a new World Wide Web Site, located at <http://www.sothebys.com>, which combines innovative technology with creative design. The web site is designed to expand services for clients and visitors by providing information on the more than 500 auctions in 80 collecting categories that Sotheby's holds each year. The upgraded technological aspects of the site add an array of new and useful services, including complete on-line catalogue text for the United States, London, Geneva and Hong Kong auctions, advanced search capabilities for individual objects offered and sales results.

New York Headquarters

Sotheby's hopes to expand its New York headquarters to create an exciting, state of the art, ten-story auction facility. An application to re-zone the site was filed with New York City in October of 1997 and it is the Company's intent to construct a six-story addition and to renovate its current facility on York Avenue.

This planned construction will expand auction, exhibition, storage and office space in New York City and will enable the Company to expand and consolidate its auction operations in New York into one facility. The City of New York has decided to permit the Company to proceed on a "short" zoning application process with the target of Summer 1998 for the issuance of a building permit and initiation of construction. If the City of New York approves the project, the capital expenditures relating to the new building construction will be in the range of \$100-115 million. The Company believes that adequate capital and debt financing will be available to complete this proposed project. The Company is currently discussing financing options with various financial institutions, but will most likely finance this expenditure through the U.S. public debt market.

FINANCIAL REVIEW

Total Revenues

Total revenues in the first quarter of 1998 were \$68.3 million compared to \$54.1 million in the first quarter of 1997, an increase of 26%.

Auction and Related Revenues

In the first quarter of 1998 revenues from auction and related activities increased 23% to \$55.3 million, compared to \$45.1 million in the first quarter of 1997, and were 81% of total revenues. The increase in auction and related revenues was a result of the growth in auction sales and, to a lesser extent, expense recoveries relating to the sale of the Collection of H.R.H. the Duke and Duchess of Windsor. Effective in the first quarter of 1998, principal activities have been reclassified from other revenues to auction and related revenues.

Auction sales in the first quarter of 1998 totaled \$251.9 million, an increase of 22% compared to \$207.3 million during the same period in 1997. The growth in auction sales was primarily due to the outstanding results of our Old Master paintings and drawings sales, along with record-setting Americana and Asia Week series and the sale of the Collection of H.R.H. the Duke and Duchess of Windsor, all held in New York. Also contributing to the growth in first quarter auction sales were the results of the Roger Collection and Russian sales held in London.

Other Revenues

Other revenues which primarily include revenues from art-related financing and real estate activities increased 46% in the first quarter of 1998 to \$13.1 million, compared to \$9.0 million in the first quarter of 1997. The increase in other revenues was due to a 71% increase in financial services revenues and a 39% increase in real estate revenues. Other revenues were 19% of total revenues in the first quarter of 1998. At March 31, 1998 the Sotheby's Financial Services loan portfolio totaled \$282 million, an increase of 75% compared to March 31, 1997.

Expenses

Direct costs of services in the first quarter of 1998 totaled \$17.9 million compared to \$10.0 million during the same period in 1997. The increase in direct costs reflects higher first quarter auction sales, as well as the impact of costs associated with the sale of the Collection of H.R.H. the Duke and Duchess of Windsor which were partially recovered and reflected in 1998 auction revenues. All other expenses (which consist of salaries and related costs, general and administrative and depreciation and amortization) increased 10% to \$58.2 million in the first quarter of 1998, compared to \$52.9 million, excluding non-recurring charges, during the same period in 1997. The increase in all other expenses is primarily due to an increase in salaries and related expenses resulting from new initiatives, which

include our enlarged Paris operation.

Net Interest Expense

Net interest expense amounted to \$2.1 million in the first quarter of 1998. This increase of \$2.3 million, compared to net interest income of \$0.2 million in the first quarter of 1997, was primarily due to additional borrowings to fund the higher average Sotheby's Financial Services loan portfolio.

Pre-Tax and Net Loss

The Company's loss before taxes for the first quarter of 1998 totaled \$10.0 million compared to \$8.6 million, excluding non-recurring charges, during the same period in 1997. The Company's effective tax rate in the first quarter of 1998 declined to 37% compared to 39% in the first quarter of 1997. For the first quarter of 1998, the Company's net loss was \$6.3 million, or \$0.11 diluted net loss per share, compared to \$5.3 million, excluding non-recurring charges, or \$0.09 diluted net loss per share, during the first quarter of 1997.

The impact of exchange rate movements on revenues and expenses during the first quarter of 1998 was not material.

Sotheby's has 110 offices located in 46 countries, with principal salesrooms located in New York and London. The Company also regularly conducts auctions in 18 other salesrooms around the world, including Australia, Canada, Germany, Hong Kong, Israel, Italy, Monaco, the Netherlands, Spain, Switzerland, and Taiwan. In addition, the Company engages in art-related financing and other art-related services as well as in the marketing and brokering of luxury real estate. Sotheby's Holdings, Inc. is listed on the New York Stock Exchange and the London Stock Exchange.

Consolidated Statements of Income

Sotheby's Holdings, Inc. and Subsidiaries

	For the Three Months Ended March 31,	
	1998	1997
<i>(Thousands of dollars, except per share data)</i>		
Revenues:		
Auction and related revenue	\$55,266	\$45,116
Other revenue	13,057	8,966
Total revenues	68,323	54,082
Expenses:		
Direct costs of services	17,877	9,988
Salaries and related costs	33,119	28,947
General and administrative	21,863	21,439
Depreciation and amortization	3,233	2,562
Non-recurring charges	0	2,500
Total expenses	76,092	65,436
Operating loss	(7,769)	(11,354)
Interest income	647	792
Interest expense	2,774	614
Other income/(expense)	(76)	56
Loss before taxes	(9,972)	(11,120)
Income tax benefit	(3,689)	(4,337)
Net Loss	(\$6,283)	(\$6,783)
Basic Loss Per Share	(\$0.11)	(\$0.12)

Diluted Loss Per Share	(\$0.11)	(\$0.12)
Basic Weighted Average Shares Outstanding (in millions)	56.1	56.0
Diluted Weighted Average Shares Outstanding (in millions)	56.1	56.0

Prior period amounts have been restated to conform to current year presentation