



News Release

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Sotheby's to Offer \$150 Million Senior Unsecured Convertible Notes and \$150 Million Senior Unsecured Notes

New York, NY – June 9, 2008 – Sotheby's (NYSE: BID) today announced that it intends to offer \$150 million of senior unsecured convertible notes due 2013 and \$150 million of senior unsecured notes due 2015 through offerings to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the "Securities Act"). Sotheby's also expects to grant the initial purchasers of the convertible notes an option to purchase up to an additional \$22.5 million of convertible notes to cover over-allotments, if any. The interest rates, conversion rate of the convertible notes, offering prices and other terms are to be determined by negotiations between Sotheby's and the initial purchasers of the notes.

Sotheby's expects to use the proceeds from these offerings 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 transactions referred to below to fund convertible note hedge transactions that Sotheby's expects to enter into with one or more of the initial purchasers of the convertible notes or their affiliates. Sotheby's expects that the convertible note hedge transactions will have an exercise price equal to the conversion price of the convertible notes. The convertible note hedge transactions are intended to offset potential dilution to Sotheby's common stock upon potential future conversion of the notes. Sotheby's also expects to enter into warrant transactions with the same counterparties. The warrant transactions could have a dilutive effect on Sotheby's earnings per share to the extent that the price of Sotheby's common stock exceeds the strike price of the warrants. Any remaining proceeds will be used for general corporate purposes.

Sotheby's has been advised that, in connection with establishing their initial hedge of the convertible note hedge and warrant transactions 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 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.