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SOTHEBY'S REPORTS SECOND QUARTER AND FIRST HALF 2012 FINANCIAL RESULTS

- Edvard Munch's *The Scream* Sells for \$119.9 million, the Highest Price for Any Work of Art at Auction, in Record Impressionist & Modern Sale in New York
 - Net Income of \$85.4 Million for Second Quarter
- Total Revenues Down 18%, Total Expenses Down 8% in the Second Quarter

August 7, 2012, New York -- Sotheby's (NYSE: BID) today reported financial results for the second quarter and first half ended June 30, 2012.

Sotheby's reported second quarter 2012 net income of \$85.4 million, a decrease of 33% from the prior year period, and total revenues of \$303.9 million, down 18%, when compared to the prior year period. For the six months ended June 30, 2012, the Company reported net income of \$74.8 million, a decrease of 42%, and total revenues of \$408.9 million, down 16%, when compared to the prior year period. The lower levels of revenues and profitability in the current periods reflect a decrease in net auction sales when compared to the prior year periods and in particular, a 67% decline in single owner sales volume in the second quarter and a 55% decline in the first half.

The impact of the decline in total revenues is partially offset by reductions in total expenses of \$13.6 million, or 8%, in the second quarter and \$8.5 million, or 3%, in the first half. First half 2012 results are negatively impacted by incremental expense relating to resolution of the labor dispute with New York unionized art handlers, the bulk of which is for severance benefits to be paid to certain union members in exchange for their voluntary termination of employment. However, Sotheby's management believes that future labor costs have been reset in an attractive and sustainable way.

“Our operating results reflect some tremendous successes, but also reflect the challenging global economy, a tough comparison to the best quarter in Sotheby’s history a year ago, and a competitive climate for high-end consignments,” said Bill Ruprecht, President and Chief Executive Officer. “Demand and prices remain strong, especially at the high end of the market, as reflected in our highest ever sale of Impressionist and Modern Art of \$373.3 million in May in New York.

“We’re pleased to report that our Financial Services business grew substantially in the first half of 2012 and private sales are an increasingly important contributor to our revenue stream. We have seen a slowdown in the Asian market alongside the economy there, but it continues to be very profitable and a source of substantial opportunity for Sotheby’s.

“Art appears to remain an attractive asset for collectors and our consignment pipeline for the Autumn season is very active at the moment. We remain confident in the global art market and will, as always, seek opportunities to broaden and extend the breadth and depth of our relationships with our clients,” he added.

Second and Third Quarter Sales

Sotheby’s made auction history when Edvard Munch’s iconic masterpiece, *The Scream*, sold for \$119.9 million at the Impressionist and Modern Art Evening Sale in New York in May – a new world record for any work of art at auction. The Evening Sale totaled \$330.6 million, Sotheby’s highest ever total for a sale of Impressionist and Modern Art Worldwide and the second highest total for a Sotheby’s auction in any category.

In London in late May, Sotheby’s offered the collection of the late photographer Gunter Sachs in a tremendously successful two-day sale that realized a total of \$65.5 million, double the pre-sale low estimate with bidding from 17 countries across four continents. Among the sale’s most notable works was one of Andy Warhol’s last self-portraits, *Self Portrait (Fright Wig)*, which sold for \$8.5 million, and his large *Flowers*, which sold for \$5.9 million.

Sotheby’s June London sales brought remarkable prices, including Joan Miró’s *Peinture (Étoile Bleue)* for \$36.9 million, a record for the artist at auction for a piece from his seminal “dream paintings” series. Also highlighting the Impressionist and Modern Art sales was Pablo Picasso’s monumental late portrait *Homme assis* which brought \$9.7 million. The Impressionist and Modern Art series brought a total of \$139.9 million. The June

London Contemporary Art series brought a total of \$129.7 million, with the top lot of Jean-Michel Basquiat's *Warrior* bringing \$8.7 million, nearly double the price it achieved at auction five years ago.

In addition, Sotheby's Old Master and British Paintings sales realized a total of \$60.3 million in London. The highlight of the Old Master Paintings evening sale was an historic naval scene by Willem van de Velde the Younger, *The Surrender of the Royal Prince during the Four Days' Battle, 1st-4th June 1666*, which sold for \$8.3 million and was purchased by a Dutch collector who intends to return the painting to its home in the Netherlands.

Upcoming Sales

On September 11th and 12th in New York, our sale of Fine Chinese Ceramics and Works of Art will be led by *An Imperial Celadon Jade 'Ba Zheng Mao Nian Zhi Bao' Seal Qing Dynasty, Qianlong Period* (pre-sale estimate of \$800,000/1.2 million) and *An Important Wucai Fish Jar And Cover, Jiajing Mark And Period* that is being sold by The Walters Art Museum in Baltimore to benefit the Asian Art Acquisitions Fund (pre-sale estimate of \$500/700,000). The 400 lot sale carries a total pre-sale estimate of \$15/22 million.

On September 24th and 25th, Sotheby's New York will auction property from the estate of beloved philanthropist and legendary society figure Brooke Astor. The sale offers fine and decorative art from Mrs. Astor's New York City apartment and Westchester estate, as well as a selection of wonderful jewelry from her personal collection. The auction will benefit a number of charities that Mrs. Astor championed, including The New York Public Library, The Metropolitan Museum of Art and The Animal Medical Center of New York. The property carries a combined pre-sale estimate of \$6/8 million.

From October 5th to 9th, Sotheby's Hong Kong will hold its 2012 Autumn Sale Series which will be led by an exquisite hanging scroll painting, *Double Lotus for the Yongzheng Emperor* by Giuseppe Castiglione (Lang Shining, 1688-1766). A celebrated official painter to the Qing Imperial court, Castiglione's works rarely ever come to market (estimate upon request). We are also pleased to offer *A Fine And Extremely Rare Pair Of Yellow Ground Famille-Rose Double-Gourd Vases, Seal Marks And Period Of Qianlong* (pre-sale estimate of \$5.1/7.7 million). Following the success of the previous three parts of *The Meiyintang Collection - An Important Selection of Imperial Chinese Porcelains*, the fourth part of the collection will continue to bring iconic pieces of Imperial Chinese porcelain to the market.

From September 7th to October 28th, Sotheby's will present *Beyond Limits*, our annual selling exhibition of monumental sculpture staged on the historic grounds of Chatsworth House in Derbyshire which is now in its seventh year. For the first time, *Beyond Limits* will showcase the work of a single artist, Barry Flanagan, RA OBE (1941-2009) following his recent retrospective exhibition at the Tate Britain, with a selection of the artist's critically acclaimed, monumental late works.

In November, Sotheby's London will host "Unfolding Landscape", the first Western exhibition of works by graduates of China's premier arts academy at the School of Design of the China Central Academy of Fine Arts (CAFA). The show will include furniture, ceramics, jewelry, fashion and photography by China's next generation of creative talents, and is curated by Janice Blackburn, renowned for bringing lesser-known, emerging artists to international attention.

This winter, Sotheby's New York will celebrate one of the world's most important private collections of photographs with the sale *A Show Of Hands: Photographs From The Collection of Henry Buhl*. Assembled over the course of 20 years by the philanthropist and collector Henry M. Buhl, the collection explores the theme of the human hand, with works from the art form's early 19th century pioneers to the masters of 20th century photography and beyond. The auction includes approximately 400 lots and has a total pre-sale estimate of \$8/12 million.

Additional Upcoming Sales

Sotheby's New York series of Asian Art auctions begin on 10 September with *Modern & Contemporary South Asian Art*. The 100 lot sale includes The Abe and Jan Weisblat Collection and will be led by the MF Husain masterpiece **Untitled (Maya Series)** (est. \$500/700,000); other highlights include **The Unruffled Calm** by Jehangir Sabavala (est. \$150/200,000) and **Untitled (Varanasi)** by Ram Kumar (est. \$150/200,000).

Sotheby's is honored to offer *The Marcel Brient Collection of Contemporary Art* in Paris on 24 September. Consisting of around 100 lots reflecting the collecting career of this free-thinking Frenchman, the ensemble presents a rich overview of creation in France since the 1960s, and of the extraordinary diversity of the artists involved. The collection will include works by artists such as Michel Parmentier and Simon Hantai, and will begin with Brient's first ever purchase: **La Relève**, a gouache by Jean Hélion. Leading works by the Nouveaux Réalistes are also featured in the sale, including **Tree** a piece made from plastic bottles by Martial Raysse (est. €200/300,000).

The André Meyer Collection will be offered for auction at Sotheby's Paris on 16 & 17 October. The heart of the collection consists of manuscripts, books and printed musical scores, portraits of composers, furniture, sculpture, and a selection of old musical instruments. It is one of the most impressive French collections devoted to music in private hands. The most outstanding discovery of this collection is **An Autograph Sketchleaf Of Piano Music By Ludwig Van Beethoven** that was once owned by Frédéric Chopin (est. €100/150,000). **A Signed Autograph Manuscript Of Arnold Schoenberg's String Quartet** is a further highlight (est. €100/150,000).

Highlighting the *Magnificent Jewels and Jadeite Sale* is an **Exceptional 88.88-carat D-colour Internally Flawless Riviere Diamond Necklace** (est. \$450/640,000). As for the *20th Century Chinese Art Sale*, Sanyu's oil painting **Potted Chrysanthemums** will also be offered (est. \$2.58/3.87 million).

Spring & Summer 2012 Sales

Fine Art

Auction history was made at Sotheby's on 2 May when Edvard Munch's iconic masterpiece **The Scream** sold for \$119,922,500 in New York, marking a new world record for any work of art at auction. A group of at least eight bidders jumped into the competition, but it was a prolonged battle between two highly determined phone bidders that carried the final selling price to its historic level. The *Impressionist & Modern Art Evening Sale* totaled a remarkable \$330,568,550; Sotheby's highest-ever total for a sale of *Impressionist & Modern Art* worldwide, and the second-highest total for a Sotheby's auction in any category. All but one of the 17 works from the estate of legendary financier Theodore J. Forstmann were sold in the auction, with the group totaling \$83,012,000 – well within its \$64.4/96.2 million estimate. The selection of paintings, sculpture and works on paper were led by Pablo Picasso's Dora Maar titled **Femme assise dans un fauteuil**, which achieved \$29,202,500 and marked the second-highest price in the sale (est. \$20/30 million). Additional highlights from Mr. Forstmann's collection included Joan Miro's **Tête humaine** from 1931 that sold for \$14,866,500 (est. \$10/15 million), and Paul Gauguin's **Cabane sous les arbres** that brought \$8,482,500 above a high estimate of \$7 million. The *Impressionist & Modern Art Day Sale* the following day totaled \$42,725,524 and set a new artist record for Henri Martin, whose **La joie de vivre** brought \$1,706,500 above a high estimate of \$800,000.

In London on 19 June, a new benchmark was set when Joan Miro's 1927 masterpiece **Peinture (Étoile Bleue)** sold for £23,561,250 (\$36,946,396), exceeding the pre-sale estimate of £15/20 million and shattering the previous record for the artist at auction. Miro's painting was the top lot in the *Impressionist & Modern Art Evening Sale* which realized £75,046,850 (\$117,680,965). Henry Moore's **Mother and Child with Apple** sold for £3,737,250 (\$5,860,382), a record for an indoor sculpture by Moore, while Pablo Picasso's monumental late portrait **Homme assis**, executed in 1972, a year before his death, sold for £6,201,250 (\$9,724,180), and a remarkable and rare group of watercolors by Wassily Kandinsky made a combined total of £4,832,750 (\$7,578,235) against a combined pre-sale estimate of £3.85/4.95 million. Pierre Bonnard's **Nu Debout**, a 1930 masterpiece from the collection of Mr. and Mrs John D. Rockefeller III sold for £4,521,250 (\$7,089,772), a record for a nude by the artist. The London *Impressionist & Modern Art Day Sale* on 20 June achieved a total of £14,104,750 (\$22,183,951) which brought a combined total for the *Impressionist & Modern Art* sales at Sotheby's in London in June to £89,151,600 (\$139,864,916).

The *Impressionist and Modern Art* auction in Paris on 30 May achieved €20.7 million (\$25.8 million) -- the highest-ever total for sale in this category at Sotheby's France. The sale's top price of €6,336,750 (\$7.890.204) was achieved for Pablo Picasso's **Tête de Femme** – the highest price at auction in France in 2012 (est. €3/5 million). Earlier in the sale, Man Ray's provocative **Two-Faced Image** set a new auction record for the artist when it sold for €2,416,750 (\$3,009,216) (est. €1.5/2 million) while Salvador Dalí's **Paysage de Port Lligat Avant la Tempête** sold for €1,800,750 (\$ 2.242.204), an auction record for a Dalí work sold in France.

Sotheby's New York Evening Sale of *Contemporary Art* on 9 May brought a strong total of \$266,591,000, well within the \$216/304 million pre-sale estimate, with 81% of lots sold. The sale saw a record for Roy Lichtenstein, for a single panel by Francis Bacon, one of the strongest prices for Andy Warhol in some time, and a record for Cy Twombly. Roy Lichtenstein's **Sleeping Girl** from 1964 was sought by six bidders before selling for \$44,882,500, a new record for the artist at auction (est. \$30/40 million). **Sleeping Girl** is one of the high-points of the Lichtenstein's comic book inspired paintings and an icon of Post-War American art. Just two lots later one of the most powerful and sophisticated paintings by Francis Bacon -- **Figure Writing Reflected In Mirror** -- also sold for \$44,882,500, exceeding the \$30/40 million estimate. Further highlights included **Double Elvis [Ferus Type]** by

Andy Warhol which sold for \$37,042,500 and a group of works from the Collection of Theodore Forstmann, which attracted active bidding and brought the robust total of \$22 million compared to pre-sale estimates of \$13/18 million. The next day the *Contemporary Art Day Auction* totaled \$63,932,875, the strongest Day Sale result in this category since May 2008. The highlight of the auction was Alexander Calder's standing mobile **The Orange Table** which had been in the same family collection for nearly 70 years. The 1943 piece sold for \$2,546,500 -- the highest price achieved for a work in a *Contemporary Art Day Auction* at Sotheby's since May 2008.

The London sale of *The Gunter Sachs Collection* on 22 & 23 May 2012 brought an overall total of £41,445,313 (\$65,521,476), doubling pre-sale expectations of £20.7/29 million. The Evening Auction realized £35,628,250 (\$56,353,203) with almost a quarter of the lots offered selling for more than £1 million. The top lot was one of Andy Warhol's last self-portraits, **Self Portrait (Fright Wig)**, from his final series which sold for £5,361,250 (\$8,479,889). A further highlight was Warhol's 48-inch painting **Flowers** – one of only six works the artist produced in this format and which had remained in the Sachs collection since it was purchased in 1979 – which sold for £3,737,250 (\$5,911,208), the second-highest price of the night. The artist's 1974 **Portrait Of Brigitte Bardot** realized £3,009,250 (\$4,759,731); the work was based on a 1959 photograph of Bardot taken by Richard Avedon, also offered for sale and which made £145,250 (\$229,742), more than three times its pre-sale estimate of £40/60,000. Warhol's acrylic and silkscreen ink on canvas portrait **Gunter Sachs**, commissioned in 1972 sold for £1,273,250 (\$2,013,900). Following this the Day Sale brought a total of £5,817,063 (\$9,168,273) with **Ascot**, a photograph by Gunter Sachs, selling for £205,250 (\$323,495) against an estimate of £8/12,000.

The *Contemporary Art Evening Auction* in London on 26 June realized a total of £69,307,050 (\$108,028,899), against the estimate of £57/82 million with 87.3% of lots sold. The top lot of the evening was Jean-Michel Basquiat's **Warrior** from 1982, which was competed for by four bidders and realized £5,585,250 (\$8,705,729). Seven international bidders pursued Glenn Brown's monumental, three-meter-wide oil on canvas **The Tragic Conversion of Salvador Dalí (after John Martin)**, which eventually sold for £5,193,250 (\$8,094,719) – over three times the previous artist record and more than double the pre-sale estimate of £2.2/2.8 million. Further highlights included Francis Bacon's late self-portrait **Study for Self-Portrait**, previously in the collection of Stanley J. Seeger, which realized £5,193,250 (\$8,094,719). An exceptional group of eight portraits by Frank Auerbach and one work by Lucian Freud was fiercely contested, realizing a combined total of £2,476,000 (\$3,859,341), against an estimate of £1.8/2.5 million. The *Contemporary Art Day Sale* on 27 June brought £13,805,950 (\$21,575,939) bringing Sotheby's London *Contemporary Art Sales* in June to £83,113,000 (\$129,604,838).

Sotheby's London Evening Sale of *Old Master & British Paintings* on 4 July realized a total of £32,268,650 (\$50,600,470), comfortably within the pre-sale estimate of £26.7/40.4 million. The evening's top lot was a historic naval scene by Willem van de Velde the Younger, **The Surrender of the Royal Prince during the Four Days' Battle, 1st- 4th June 1666**, which sold for £5,305,250 (\$8,319,163). Pieter Brueghel the Younger's **The Battle Between Carnival and Lent** achieved £4,521,250 (\$7,089,772) and **Christ Amongst the Doctors**, a rare example by 16th-century Italian artist Orazio Borgianni, brought £3,401,250 (\$5,333,500). The sale featured two masterpieces of the German Renaissance: Lucas Cranach the Elder's **The Feilitzsch Altarpiece**, sold for £4,297,250 (\$6,738,518) and Hans Baldung Grien's panel **The Virgin as Queen of Heaven Suckling the Infant Christ** brought £2,113,250 (\$3,313,787). The *Old Master & British Paintings Day Sale* on 5 July realized £6,195,100 (\$9,676,745). The result brought Sotheby's London *Old Master & British Paintings July sales* to a combined total of £38,463,750 (\$60,277,216).

The London sale of *Treasures, Princely Taste* on 4 July saw collectors from across the globe compete vigorously for exceptional works of art and furniture and fetched a total of £9,507,800 (\$14,909,181). Many of the works realized prices well in excess of pre-sale estimates, including the top lot, **A Pair Of Gilt-Bronze-Mounted Sèvres Porcelain Vases**, which brought £1,777,250 (\$2,786,906). Further highlights included **The Shah Of Persia's Musical Elephant Automaton Clock (circa 1780)** which sold to an Asian collector for £1,609,250 (\$2,523,465).

The London sale of *Old Master & British Drawings* on 4 July brought a total of £6,900,500 (\$10,820,674) against a pre-sale estimate of £3.4/4.9 million. The top lot was a rare and newly-discovered drawing by Canaletto, **View Of The Campo Di San Giacomo Di Rialto, Venice**, which sold for a record £1,945,250 (\$3,050,347). Two watercolours by J.M.W. Turner also performed well: **Lausanne from the West** which sold for £1,049,250 (\$1,645,329) and **The Domleschg Valley, Looking North to the Gorge at Rothenbrünnen** which fetched £601,250 (\$942,820).

The *Photographs* auction in New York on 6 April brought a total of \$3,783,253. The auction saw a number of strong prices for masters of 20th-century photography, including Ansel Adams, Margaret Bourke-White, Edward Steichen, Robert Mapplethorpe, and Peter Beard. A new record was set for Ray Metzker when **Tall Grove of Nudes** more than doubled its estimate to fetch \$122,500, and the \$116,500 achieved for the **Photogenic Drawing** attributed to Nicolaas Henneman is a significant price for one of the earliest photographic works to appear at auction in recent years.

The \$2,322,500 price for William Bouguereau's **L'Orientale à la grenade (Girl with a Pomegranate)** helped propel the *19th Century European Art* auction in New York on 4 May to \$20,628,500. The sale also saw prices over \$1 million for works by James-Jacques-Joseph Tissot, Giovanni Boldini and Jean-Baptiste-Camille Corot, and set a new auction record for John William Godward, whose **A Fair Reflection** sold for \$1,454,500 above a high estimate of \$600,000.

The London sale of *European Paintings* on 11 June brought an overall total of £6,527,475 (\$10,152,835). The top lot was Vilhelm Hammershøi's **Ida Reading a Letter** which sold for £1,721,250 (\$2,677,232), surpassing its pre-sale estimate of £500/700,000, and establishing a record for the artist at auction and a record for any Danish work of art at auction. The painting was pursued by three bidders, before finally selling to an international private collector. The price achieved was almost three times above the previous record. *Ida Reading a Letter* was one of five paintings by the artist offered which sold for a combined total of £4,313,450 (\$6,709,140), against a pre-sale estimate of £1.45/2.1m.

The auction of *American Art* at Sotheby's New York on 17 May totaled a strong \$34,787,625, exceeding its high estimate of \$28.4 million and selling an exceptional 88.1% by lot. This marks the highest total for an *American Art* auction at Sotheby's since May 2008, and the highest sell-through rate in this category since December 2004. Six of the 59 lots on offer brought prices over \$1 million, and nearly 60% of all sold lots achieved results over their high estimates. The auction was led by Edward Hopper's **Bridle Path**, which was on offer from the San Francisco Museum of Modern Art and sold to benefit the acquisitions program. Four bidders in the room competed for the canvas – the first oil painting by Hopper to come to auction since Sotheby's record sale of *Hotel Window* in 2006 – and drove the final price to a remarkable \$10,386,500 (est. \$5/7 million). Also highlighting the results was George Bellows's 1920 canvas **Tennis at Newport** that sold for \$7,026,500, meeting the pre-sale high estimate (est. \$5/7 million).

On 23 May, the Evening Sale of *Latin American Art* brought a total of \$21,754,375 – the highest-ever for a *Latin American Art* Evening Sale at Sotheby's, and above the pre-sale low estimate of \$20.3 million. The sale was 82% sold by lot, with auction records set for Wifredo Lam, Jesús Rafael Soto, Armando Reverón and six others. The sale was led by Lam's **Ídolo (Oya/Divinité de l'Air et de la mort)** which shows the artist at the height of his genius. It was sought by five bidders before selling to a South American collector for \$4,562,500, double the previous record for the artist. Other top lots included **Ad Laudes** by Claudio Bravo, which sold for \$1,172,500 (est. \$700/900,000), and Armando Reverón's **Desnudo detrás de la mantilla** that fetched \$872,500 (est. \$700/900,000). Overall, the two-day sale totaled \$26,859,250 with 69% of lots sold.

The *Modern & Contemporary Art* sale in Milan on 24 & 25 May achieved a total of €9,862,400 (\$12,384,215), slightly below the pre-sale estimate of €10.2 million. Highlights included **Concetto spaziale, squarci e graffito su ottone** by Lucio Fontana, which doubled its low estimate of €550,000 when it sold for €1,184,750

(\$1,487,690) and **Propaganda** by Mario Schifano which set an Italian auction record for the artist when it sold for €252,750 (\$317,378).

The London auction of *Important Russian Art* on 28 May brought £10,049,250 (\$15,780,337). The top-selling lot was Natalia Sergeevna Goncharova's **Still Life (Bluebells)**, which sold for £2,953,250 (\$4,637,488). The second highest price was established for Vasily Vasilevich Vereshchagin's **The Spy** with £1,050,000 (\$1,650,000). Further works that performed well included Petr Petrovich Konchalovsky's **Zhelty bukiet (Still Life with Flowers)**, which sold for £469,250 (\$736,863) and an exceptionally rare group of ceramics by Mikhail Vrubel, produced in the 1890s at the Abramtsevo workshop, which realized an overall total of £611,000 (\$959,453). Including the sales of *Russian Paintings, Works of Art, Fabergé and Icons* on 29 & 30 May, the London 2012 May sales of Russian Art brought a combined total of £16,668,350 (\$26,141,976).

Sotheby's Zurich *Swiss Art* sale on 4 June totalled CHF4,977,125 (\$5,059,000) and was led by **Mädchenbildnis**, an important portrait by Albert Anker which achieved CHF1,426,500 (\$1,449,714).

With a total of €7.2 million (\$9 million), the 21 June sale of *Old Master & 19th Century Paintings & Drawings* at Sotheby's Paris achieved one of the highest-ever totals for a sale in the field organized by Sotheby's France, with five record prices and strong demand for high quality works. The Old Masters in the sale were led by 18th century French paintings with **Portrait of Mademoiselle Jacquet** a rediscovered pastel by Jean-Etienne Liotard selling for €1,464,750 (\$1,853,509) – a record for the artist. The appearance on the market of a masterpiece of this importance constituted a major event, and seven international bidders bidding before it was sold to an American collector. Another outstanding lot in the sale was François Boucher's **The Landscape Painter**, a rare youthful work, which fetched €876,750 (\$1,109,448) to set a new record price for Boucher in France.

Hong Kong Asia Week – Spring 2012

Sotheby's Hong Kong series of sales in April brought a total of US\$316 million, solidly within the pre-sale estimate of \$247/\$339 million. Almost 3,000 lots sourced from nearly 30 countries around the world were sold to buyers primarily from Asia but with worldwide competition. Solid prices were achieved throughout the sale series, which provided some of the best results at Sotheby's Hong Kong for Modern and Contemporary Southeast Asian Paintings, 20th Century Chinese Art, Contemporary Asian Art, Important Watches and Magnificent Jewels and Jadeite.

Decorative Arts

The sales of *African, Oceanic & Pre-Columbian Art* on 11 May in New York totaled \$17,710,751, well over the pre-sale high estimate (total est. \$9.7/14.8 million). The single owner sale of the Muensterberger Collection brought \$3,130,250, nearing the high estimate of \$3.2 million. Immediately following, the various owner sale of *African, Oceanic & Pre-Columbian Art* fetched \$14,580,501, comfortably over the high estimate (est. \$7.8/11.7 million) with numerous auction records set, including for Luluwa Sculpture, Bamana Sculpture, Buyu Sculpture, Sapi Sculpture, an Azande Figure, and for a work by Magdalene Odundo.

The sale of *African & Oceanic Art* on 12 June in Paris brought a remarkable €8,441,275 (\$10,498,667), one of the highest-ever totals for a Tribal Art sale at Sotheby's France. The sustained bidding in a packed saleroom, complemented by telephone bidders from around the world, reflected the sale's remarkable quality and important collections including, the Oliver & Pamela Cobb Collection and Thomas G.B. Wheelock Collection of art from Burkina Faso, both from the United States; and an ensemble of African masks and other major works never seen on the market before. The auction began with the Cobb Collection, which doubled its €1.8m high estimate to yield €3,580,450. The highlight was **An Exceptional Fang Reliquary Figure** attributed to a Master Sculptor from the Upper Ntem Valley, which fetched the day's highest price of €1,632,750 (\$2,030,700) (est. €400/600,000).

On 16 May in New York, Sotheby's *American Indian Art* auction brought a total of \$3,248,127. The highlight of the sale was **An Important Nez Perce Beaded and Fringed Hide War Shirt** which fetched \$482,500 (\$400/600,000). Further highlights included **A Rare and Important Naskapi Painted Hide Hunting Coat** which was purchased by the Minneapolis Institute of Arts for \$278,500.

The 6 June sale of *20th Century Decorative Arts & Contemporary Design* at Sotheby's Paris totalled €5,542,125 (\$6,893,018). The 14 pieces by Claude & François-Xavier Lalanne in the sale brought a total €2.27 million (\$2.82 million), and were led by the rare and unique **Crocodile I Armchair** (1972), which sold for €1,352,750 (\$1,682,483), a record for a Claude Lalanne armchair. Another prominent designer in high demand was Emile-Jacques Ruhlmann, with two amaranth, shagreen and ivory desks made in 1925: the **Collectionneur 25 Desk** which fetched €480,750 (\$597,933), and the **Poudreuse Fuseaux Lady's Desk** which sold for €216,750 (\$269,583).

The summer sale of *Antiquities* in New York on 8 June brought \$5,063,750, over the \$2.9/4.7 million estimate. The auction was led by **A Greek Marble Grave Stele, Attic, circa 3rd Quarter of the 4th Century B.C.** which comfortably exceeded the high estimate to sell for \$902,500 (est. \$300/500,000).

The sale of *Asian Art* on 13 June at Sotheby's Paris totaled €10,688,875 (\$13,397,757), surpassing pre-sale high expectations of €3.5/4.9 million. The auction established a sell-through rate of 75.3%. The total marks the sixth time in a row that a sale of Asian Art at Sotheby's Paris has exceeded \$10m. Over the past three years Sotheby's has sold more than \$100 million of Asian works of art in Paris. The highest price of the sale was €1,207,150 (\$1,513,078) – a record price for Qing porcelain at Sotheby's France – for **A Very Rare Qianlong Blue-And-White Porcelain Six-Necked Vase**, formerly owned by Jean-Antoine-Ernest Constans (1833-1913), one-time French Interior Minister, Governor-General of Indochina, and Ambassador to the Ottoman Empire (est. €50/70,000).

The *Fine Books & Manuscripts* sale on 15 June in New York brought a total of \$2,671,067. The highlight was an **Apple I Computer** – the 1976 device that heralded the start of the personal computing revolution – which sold for \$374,500, more than doubling the high estimate of \$180,000. Other notable lots included First Editions by F. Scott Fitzgerald and an Oscar Wilde autograph letter.

The London sale of *European Sculpture & Works of Art: Medieval to Modern* on 3 July brought a total of £4,043,750 (\$6,347,474). The *Important European Private Collection of Medieval Works of Art* (comprising 27 lots) saw some exceptional prices, including £397,250 (\$623,563) for the top lot of the sale: **A French Gothic Ivory, Known As The Sulzbach Virgin And Child**. Other highlights included **A Medieval Chess Piece Representing A Queen** which sold for £277,250 (\$435,199), far exceeding its pre-sale estimate of £50/80,000.

Jewelry & Watches

The 18 April auction of *Magnificent Jewels* at Sotheby's New York totaled an impressive \$43,192,152, soaring past the auction's \$31.1 million high estimate and selling 88.2% by lot. This marked the highest-ever total for a spring sale of jewelry at Sotheby's New York, topping last April's then-record result of \$39.4 million. The auction saw remarkable prices for beautiful estate jewels, white and colored diamonds, precious gems and natural pearls, with seven pieces bringing more than \$1 million.

Sotheby's Geneva jewellery sales on 14 & 15 May 2012 brought the outstanding total of CHF104,298,625 (\$111,836,526) (est. CHF 54/85 million). A new world record was set for a various owner jewellery sale, with the auction of *Magnificent Jewels and Noble Jewels* totalling \$108,377,219 to surpass the record of \$105 million set by Sotheby's Geneva in November 2010. The sale was led by **The Beau Sancy** -- one of the most important royal diamonds to ever come to auction -- which fetched CHF9,042,500 (\$9,699,618), almost five times the pre-sale low estimate of CHF 1,850/3,650,000. Another highlight of this two-day auction was the "white glove sale" of the

jewels from the personal collection of Suzanne Belperron (1900-1983). All 60 lots sold for the total of CHF3,224,950 (\$3,459,307), more than triple the pre-sale expectation of CHF902,000/1,365,000.

Sotheby's Geneva sale of *Important Watches* on 15 May saw international collectors out in force, pushing the total to CHF 8,112,200 (\$8,682,488). Covering five centuries of watch history, from the 16th to the 21st centuries, the sale was led by a 1825 carriage clock by the celebrated watch and clockmaker, Breguet which was bought for CHF422,500 (\$452,202) by the Breguet Museum in Paris.

Sotheby's spring auctions of *Watches and Clocks* in New York on 14 June saw a strong total of \$14,802,067, exceeding the combined high estimate of \$14.1 million and marking the highest total for a day of watch sales at Sotheby's New York since 2004. The day began with *Watches from the Collection of The Late Reginald H. Fullerton, Jr. and His Grandfather Henry Graves, Jr.*, which was 100% sold. The auction was led by **The Henry Graves, Jr. Yellow Gold Minute Repeating Wristwatch** by Patek Philippe that sold for \$2,994,500, soaring above its \$800,000 high estimate to achieve the highest-ever price for a wristwatch at Sotheby's worldwide. The various-owner auction of *Important Watches & Clocks* that followed was highlighted by exceptional prices for rare desk timepieces, including an important private collection of works by Cartier as well as a unique solar-powered timepiece by Patek Philippe.

Wine

Sotheby's New York Wine Sales were led by the sale of *Cheval Blanc and Yquem 1892 - 2009 Direct From The Cellars* on 28 April. The sale brought a total of \$2,962,724, comfortably exceeding the high estimate of \$2 million with 98% of lots sold and 85% of lots selling for totals in excess of the high estimate. The auction saw collectors from around the world compete for these rare wines with perfect provenance and there was particularly strong participation from Latin America as well as remarkable demand from US collectors. The top lot of the sale was a **Château d'Yquem Vertical** of nine bottles spanning from 1899 to 2009 which fetched \$67,375 against the \$18/25,000 estimate. Two weeks later the sale of *Finest and Rarest Wines Including Wines from the Cellar of Carl T. Lomboy, MD* brought a superb total of \$2,769,419 almost reaching the pre-sale high estimate (est. \$1.2/2.8 million).

Sotheby's London sale of *Finest and Rarest Wines Featuring Three Superb Continental Cellars* on 13 & 14 June brought a total of £1,668,171 (\$2,585,665). Rare and mature Bordeaux, Burgundy and Rhône of perfect provenance came to the fore, and wines from Guigal were in strong demand. The top lots were a six-bottle case of **Montrachet 2000 Domaine de la Romanée Conti**, which sold for £17,625 (\$27,319) and **A Double Magnum of Château Palmer 1961** which brought £15,863 (\$24,587) against an estimate of £9/11,000.

Note: Estimates do not include buyer's premium. Sale totals for auctions discussed in this release include buyer's premium.

All Sotheby's Press Releases and SEC filings are available on our web site at www.sothebys.com. An outline of the conference call will be available at <http://investor.shareholder.com/bid/events.cfm>.

Sotheby's will host a conference call at 4:45 PM EDT on August 7, 2012, to discuss its second quarter and first half 2012 financial results. Please dial 888-371-8897 and for callers outside the United States, Puerto Rico and Canada, please dial 1-970-315-0479 approximately 15 minutes before the scheduled start of the call. The call reservation number is 97139603.

The conference call will also be accessible live on the Investor Relations section of the Sotheby's web site at <http://investor.shareholder.com/bid/events.cfm>. A replay of the conference call will be available online for two weeks after the call.

About Sotheby's

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. The Company 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 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, but are not limited to, the overall strength of the international economy and financial markets, political conditions in various nations, competition with other auctioneers and art dealers, the success of our risk reduction and margin improvement efforts, the amount of quality property being consigned to art auction houses and the marketability at auction of such property. Please refer to our most recently filed Form 10-Q (and/or 10-K) for a complete list of Risk Factors.

Financial Table Follows

SOTHEBY'S
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(Thousands of dollars, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Revenues:				
Auction and related revenues	\$ 290,151	\$ 353,564	\$ 387,561	\$ 463,925
Finance revenues	4,580	3,184	8,155	6,099
Dealer revenues	7,394	11,642	10,072	16,257
License fee revenues	1,592	1,270	2,493	2,711
Other revenues	232	135	627	385
Total revenues	<u>303,949</u>	<u>369,795</u>	<u>408,908</u>	<u>489,377</u>
Expenses:				
Direct costs of services	27,308	26,293	34,699	35,212
Dealer cost of sales	6,559	8,312	9,071	14,255
Marketing expenses	4,611	3,296	9,008	7,836
Salaries and related costs	84,876	96,504	141,102	148,462
General and administrative expenses	39,863	40,258	78,773	73,384
Depreciation and amortization expense	4,334	4,241	8,554	8,342
Restructuring charges, net	13	2,226	22	2,268
Total expenses	<u>167,564</u>	<u>181,130</u>	<u>281,229</u>	<u>289,759</u>
Operating income	136,385	188,665	127,679	199,618
Interest income	213	547	822	3,137
Interest expense	(10,184)	(10,559)	(20,292)	(20,947)
Other (expense) income	<u>(947)</u>	<u>(765)</u>	<u>795</u>	<u>(369)</u>
Income before taxes	125,467	177,888	109,004	181,439
Equity in (losses) earnings of investees, net of taxes	(44)	152	177	53
Income tax expense	<u>39,993</u>	<u>50,806</u>	<u>34,415</u>	<u>51,837</u>
Net income	<u>\$ 85,430</u>	<u>\$ 127,234</u>	<u>\$ 74,766</u>	<u>\$ 129,655</u>
Basic earnings per share - Sotheby's common shareholders	<u>\$ 1.26</u>	<u>\$ 1.87</u>	<u>\$ 1.10</u>	<u>\$ 1.91</u>
Diluted earnings per share - Sotheby's common shareholders	<u>\$ 1.24</u>	<u>\$ 1.81</u>	<u>\$ 1.09</u>	<u>\$ 1.85</u>
Weighted average basic shares outstanding	67,753	67,405	67,605	67,188
Weighted average diluted shares outstanding	68,416	69,491	68,526	69,252
Cash dividends paid per common share	\$0.08	\$0.05	\$0.16	\$0.10

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