

Sotheby's EST. 1744

Summary of Adjustments to Prior Period Presentation

The tables below summarize the impact of the retrospective adoption of Accounting Standards Codification 606, *Revenue From Contracts With Customers* ("ASC 606"), and Accounting Standards Update 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost* ("ASU 2017-07"), on our Condensed Consolidated Income Statements for the quarterly and year-to-date fiscal periods ending March 31, 2017, June 30, 2017, September 30, 2017, and December 31, 2017 (in thousands of dollars):

Three months ended March 31, 2017	As Previously Reported	ASC 606 Adjustment	ASU 2017-07 Adjustment	As Adjusted
Revenues:				
Agency commissions and fees	\$ 99,493	\$ 11,772	\$ —	\$ 111,265
Total revenues	\$ 187,537	\$ 11,772	\$ —	\$ 199,309
Expenses:				
Agency direct costs	\$ 9,517	\$ 11,772	\$ —	\$ 21,289
Salaries and related	\$ 64,346	\$ —	\$ 1,204	\$ 65,550
Total expenses	\$ 200,391	\$ 11,772	\$ 1,204	\$ 213,367
Operating loss	\$ (12,854)	\$ —	\$ (1,204)	\$ (14,058)
Non-operating income	\$ 840	\$ —	\$ 1,204	\$ 2,044
Net loss attributable to Sotheby's	\$ (11,325)	\$ —	\$ —	\$ (11,325)

Three months ended June 30, 2017	As Previously Reported	ASC 606 Adjustment	ASU 2017-07 Adjustment	As Adjusted
Revenues:				
Agency commissions and fees	\$ 276,807	\$ 24,961	\$ —	\$ 301,768
Total revenues	\$ 314,898	\$ 24,961	\$ —	\$ 339,859
Expenses:				
Agency direct costs	\$ 29,881	\$ 24,961	\$ —	\$ 54,842
Salaries and related	\$ 87,297	\$ —	\$ 1,243	\$ 88,540
Total expenses	\$ 199,500	\$ 24,961	\$ 1,243	\$ 225,704
Operating income	\$ 115,398	\$ —	\$ (1,243)	\$ 114,155
Non-operating (expense) income	\$ (299)	\$ —	\$ 1,243	\$ 944
Net income attributable to Sotheby's	\$ 76,891	\$ —	\$ —	\$ 76,891

Six months ended June 30, 2017	As Previously Reported	ASC 606 Adjustment	ASU 2017-07 Adjustment	As Adjusted
Revenues:				
Agency commissions and fees	\$ 376,300	\$ 36,733	\$ —	\$ 413,033
Total revenues	\$ 502,435	\$ 36,733	\$ —	\$ 539,168
Expenses:				
Agency direct costs	\$ 39,398	\$ 36,733	\$ —	\$ 76,131
Salaries and related	\$ 151,643	\$ —	\$ 2,447	\$ 154,090
Total expenses	\$ 399,891	\$ 36,733	\$ 2,447	\$ 439,071
Operating income	\$ 102,544	\$ —	\$ (2,447)	\$ 100,097
Non-operating income	\$ 541	\$ —	\$ 2,447	\$ 2,988
Net income attributable to Sotheby's	\$ 65,566	\$ —	\$ —	\$ 65,566

Three months ended September 30, 2017	As Previously Reported	ASC 606 Adjustment	ASU 2017-07 Adjustment	As Adjusted
Revenues:				
Agency commissions and fees	\$ 72,650	\$ 8,614	\$ —	\$ 81,264
Total revenues	\$ 171,394	\$ 8,614	\$ —	\$ 180,008
Expenses:				
Agency direct costs	\$ 10,321	\$ 8,614	\$ —	\$ 18,935
Salaries and related	\$ 61,946	\$ —	\$ 1,272	\$ 63,218
Total expenses	\$ 211,178	\$ 8,614	\$ 1,272	\$ 221,064
Operating loss	\$ (39,784)	\$ —	\$ (1,272)	\$ (41,056)
Non-operating income	\$ 1,858	\$ —	\$ 1,272	\$ 3,130
Net loss attributable to Sotheby's	\$ (23,479)	\$ —	\$ —	\$ (23,479)

Nine months ended September 30, 2017	As Previously Reported	ASC 606 Adjustment	ASU 2017-07 Adjustment	As Adjusted
Revenues:				
Agency commissions and fees	\$ 448,950	\$ 45,347	\$ —	\$ 494,297
Total revenues	\$ 673,829	\$ 45,347	\$ —	\$ 719,176
Expenses:				
Agency direct costs	\$ 49,719	\$ 45,347	\$ —	\$ 95,066
Salaries and related	\$ 213,589	\$ —	\$ 3,719	\$ 217,308
Total expenses	\$ 611,069	\$ 45,347	\$ 3,719	\$ 660,135
Operating income	\$ 62,760	\$ —	\$ (3,719)	\$ 59,041
Non-operating income	\$ 2,399	\$ —	\$ 3,719	\$ 6,118
Net income attributable to Sotheby's	\$ 42,087	\$ —	\$ —	\$ 42,087

Three months ended December 31, 2017	As Previously Reported	ASC 606 Adjustment	ASU 2017-07 Adjustment	As Adjusted
Revenues:				
Agency commissions and fees	\$ 292,630	\$ 22,644	\$ —	\$ 315,274
Total revenues	\$ 315,560	\$ 22,644	\$ —	\$ 338,204
Expenses:				
Agency direct costs	\$ 32,423	\$ 22,644	\$ —	\$ 55,067
Salaries and related	\$ 100,306	\$ —	\$ 941	\$ 101,247
Total expenses	\$ 207,985	\$ 22,644	\$ 941	\$ 231,570
Operating income	\$ 107,575	\$ —	\$ (941)	\$ 106,634
Non-operating (expense) income	\$ (14)	\$ —	\$ 941	\$ 927
Net income attributable to Sotheby's	\$ 76,709	\$ —	\$ —	\$ 76,709

Year ended December 31, 2017	As Previously Reported	ASC 606 Adjustment	ASU 2017-07 Adjustment	As Adjusted
Revenues:				
Agency commissions and fees	\$ 741,580	\$ 67,991	\$ —	\$ 809,571
Total revenues	\$ 989,389	\$ 67,991	\$ —	\$ 1,057,380
Expenses:				
Agency direct costs	\$ 82,142	\$ 67,991	\$ —	\$ 150,133
Salaries and related	\$ 313,895	\$ —	\$ 4,660	\$ 318,555
Total expenses	\$ 819,054	\$ 67,991	\$ 4,660	\$ 891,705
Operating income	\$ 170,335	\$ —	\$ (4,660)	\$ 165,675
Non-operating income	\$ 2,385	\$ —	\$ 4,660	\$ 7,045
Net income attributable to Sotheby's	\$ 118,796	\$ —	\$ —	\$ 118,796

For additional information regarding the adoption of ASC 606 and ASU 2017-07, refer to our most recently filed quarterly report on Form 10-Q and our most recently filed annual report on Form 10-K.