

SOTHEBY'S HOLDINGS, INC. ANNOUNCES 1998 RESULTS

***-Full Year Net Income in 1998 Increased to \$54.3 Million Excluding Non-Recurring Charges--
--1998 Total Revenues Increased to \$447.1 Million--
-1998 Pre-Tax Income of \$89.0 Million Excluding Non-Recurring Charges-***

March 2, 1999, New York -- 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 full year and fourth quarter ended December 31, 1998. For the full year 1998 the Company reported total revenues of \$447.1 million, compared to \$381.8 million for the previous year. Net income for the full year 1998 was \$45.0 million (\$0.79 per diluted share) compared to net income of \$40.6 million (\$0.72 per diluted share) for 1997. Excluding a non-recurring charge of \$15.2 million¹, net income for the full year 1998 totaled \$54.3 million compared to net income of \$48.0 million, excluding non-recurring charges of \$11.7 million, for 1997. The impact of the non-recurring charges on diluted earnings per share was (\$0.16) and (\$0.13) for 1998 and 1997, respectively.

For the quarter ended December 31, 1998, the Company reported total revenues of \$180.6 million, compared to \$145.4 million for the corresponding period of 1997. The Company's net income for the fourth quarter of 1998 was \$38.5 million (\$0.66 per diluted share) compared to net income for the fourth quarter of 1997 of \$29.4 million (\$0.52 per diluted share). Excluding non-recurring charges of \$2.7 million, the Company's 1997 fourth quarter net income totaled \$31.1 million (\$0.55 per diluted share).

In late October of 1998 a note receivable which represented approximately 54% of the Company's outstanding notes receivable as of September 30, 1998, was repaid by the borrowers. The loan had an original maturity of December 31, 2001 and the prepayment of this loan resulted in the recognition of the remaining loan origination fee of \$18.7 million as revenue in the fourth quarter of 1998.

"We are pleased to report that our revenues and earnings in 1998 increased for the sixth consecutive year," said Diana D. Brooks, President and Chief Executive Officer of Sotheby's Holdings, Inc. "Sotheby's realized this growth through a modest increase in worldwide auction sales, which totaled \$1.9 billion in 1998, as well as through record contributions for the second consecutive year from our Financial Services and Real Estate operations. Our full year net income of \$54.3 million, excluding non-recurring charges, is the highest achieved by the Company since 1990.

"The 5% increase in worldwide auction sales over 1997 was driven by growth in the United States markets, while auction sales in our European and Asian operations declined for the year. Broad-based market strength in North America as well as the sale of several successful single-owner collections resulted in a 17% increase in North American auction sales, which reached \$1,074.4 million. Our European auction sales declined 3% to \$803.9 million, reflecting a lack of single-owner collections. In Asia, which represented 3% of our worldwide auction sales in 1998, economic difficulties caused auction sales to decrease 36% to \$61.4 million.

"Looking to 1999, we have announced several important consignments for the spring auction season. Major sales of property belonging to the late John Hay 'Jock' and Betsey Cushing Whitney will take place in April and May and are estimated to bring in excess of \$80 million. The Collection includes two masterpieces by Cezanne and Seurat which are each estimated to bring \$25/35 million. In March, the largest auction of furniture and decorations held in London this century will take place when property from the Estate of an Italian Connoisseur, Giuseppe Rossi, is offered with an estimate of \$15 million. In June, we will participate in the sale of the contents of the magnificent Château de Groussay, estimated in excess of \$20 million dollars, in a house sale at the Château, located outside of Paris, together with French auctioneers, Maître Hervé Poulain, Vice President of Drouot, and Maître Rémi Le Fur."

Mrs. Brooks continued, "In January of 1999 we announced a major corporate initiative, the formation of sothebys.com, a new Internet auction business which we believe will broaden our market over time. Beginning in the summer of 1999, sothebys.com will commence Internet auctions and be a marketplace for property in a number of collecting categories encompassing art, antiques, jewelry and collectibles. One of the first major auctions on sothebys.com will be the famed collection of Barry Halper -- the finest and largest private collection of baseball memorabilia in the world, which will be offered both live and over the Internet this summer and is expected to raise more than \$15 million. An important distinguishing feature of the site is that only professionals will sell on sothebys.com, with property coming from Sotheby's and from an international group of selected professionals in the arts community. We have been delighted with the response from dealers we have approached: more than 2,000 art

dealers in the United States and Europe have already agreed to become Charter Members of Sotheby's Internet Associates. We expect to invest in excess of \$25 million in the initial development phase of this new venture, including personnel, marketing and capital costs. These expenditures are in addition to the significant people resources already involved from Sotheby's core auction business. Although these initial investments are likely to have some dilutive effect on Sotheby's results in the near term, Sotheby's believes these expenditures are appropriate in light of the significant potential of the Internet business to both increase revenue and reduce costs for the Company over the longer term.

"Last week we launched Sotheby's Insurance Brokerage Services, Inc., a new unit which has entered into an agreement with J & H Marsh & McLennan, the world leader in risk and insurance services and a subsidiary of Marsh & McLennan Companies, Inc. (NYSE: MMC). Sotheby's and J & H Marsh & McLennan offer complementary expertise that will benefit clients of both firms."

In February of 1999 Sotheby's issued \$100 million of 6 7/8% senior unsecured notes due to mature in 2009. Net proceeds from the debt issue will be used for general corporate purposes, including the financing of capital expenditures in connection with the expansion of the Company's New York City auction facility and the launch of sothebys.com.

Sotheby's has 107 offices located in 41 countries, with principal salesrooms 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.

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 performance 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 in the internet auction business, the volume of consigned property and the marketability at auction of such property, and the Company's success in developing and implementing its internet auction strategy.

<http://www.sothebys.com>

If you would like to participate in Sotheby's Holdings, Inc.'s earnings conference call which is scheduled for 10:30 AM EST Tuesday, March 2, 1999, please call Sotheby's Investor Relations at 212-508-8070 by 8:30 AM EST.

(1) During the third quarter of 1998 the Company took a non-recurring charge of \$15.2 million (pre-tax) relating to the expansion of Sotheby's auction facility in New York City. Approximately \$14.1 million of this amount is a non-cash charge resulting from the impairment of existing leasehold improvements and related furniture and fixtures and the remaining amount of approximately \$1.1 million is a provision resulting from estimated costs of future rental obligations on rental space in New York City that will be abandoned as part of the Company's expansion plan.

Consolidated Statements of Income
Sotheby's Holdings, Inc. and Subsidiaries

**For the Twelve Months
 Ended December 31,**

1998 1997

(Thousands of dollars, except per share data)

Revenues:

Auction and related revenue	\$367,204	\$335,511
Other revenue	79,848	46,281
Total revenues	447,052	381,792

Expenses:

Direct costs of services	76,313	70,364
Salaries and related costs	153,869	131,874
General and administrative	108,240	89,038
Depreciation and amortization	12,652	11,057
Non-recurring charges	15,200	11,700
Total expenses	366,274	314,033

Operating Income **80,778** 67,759

Interest income **3,560** 3,047

Interest expense **10,545** 6,018

Other income/(expense) **20** (331)

Income before taxes **73,813** 64,457

Income tax **28,788** 23,849

Net Income **\$45,025** \$40,608

Basic Income Per Share **\$0.79** \$0.73

Diluted Income Per Share **\$0.79** \$0.72

Basic Weighted Average Shares Outstanding (in millions) **56.7** 56.0

Diluted Weighted Average Shares Outstanding (in millions) **57.3** 56.3

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

Consolidated Statements of Income
Sotheby's Holdings, Inc. and Subsidiaries

**For the Three Months
 Ended December 31,**

1998 **1997**

(Thousands of dollars, except per share data)

Revenues:

Auction and related revenue	\$147,544	\$132,086
Other revenue	33,082	13,308
Total revenues	180,626	145,394

Expenses:

Direct costs of services	25,885	29,099
Salaries and related costs	48,115	39,548
General and administrative	39,800	23,324
Depreciation and amortization	2,921	2,642
Non-recurring charges	-	2,700
Total expenses	116,721	97,313

Operating Income	63,905	48,081
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Interest income	1,554	989
Interest expense	2,151	2,339
Other income/(expense)	208	(107)

Income before taxes	63,516	46,624
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Income tax	24,978	17,251
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Net Income	\$38,538	\$29,373
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Basic Income Per Share	\$0.68	\$0.52
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Diluted Income Per Share	\$0.66	\$0.52
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Basic Weighted Average Shares Outstanding (in millions)	57.0	56.0
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Diluted Weighted Average Shares Outstanding (in millions)	58.3	57.0
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Prior period amounts have been restated to conform to current year presentation