

SOTHEBY'S HOLDINGS, INC. ANNOUNCES 2001 FULL YEAR AND FOURTH QUARTER RESULTS

- 2001 Full Year and Fourth Quarter Revenues of \$336.2 Million and \$110.9 Million, respectively
- Operating Expenses Declined \$69 million
- Fourth Quarter Results Show Significant Improvement versus Prior Year
- eBay Offers Further Cost Reduction and Growth Opportunities
- Commission Schedules Revised
- Strong Spring Sales Schedule

March 12, 2002 New York -- Sotheby's Holdings, Inc. (NYSE: BID; LSE), the parent company of Sotheby's worldwide live and online auction businesses, art-related financial services and real estate brokerage activities, today announced results for the full year and fourth quarter ended December 31, 2001. For the year ended December 31, 2001 the Company reported total revenues of \$336.2 million, compared to \$397.8 million for the previous year. Net loss for full year 2001 was \$41.7 million, or (\$0.69) per diluted share, compared to a net loss of \$189.7 million, or (\$3.22) per diluted share for 2000.

During full year 2001, the Company recorded pre-tax employee retention costs of \$19.8 million, or (\$0.19) per share, pre-tax net restructuring charges of \$16.5 million, or (\$0.16) per share, and pre-tax special charges of \$2.5 million, or (\$0.02) per share, primarily for legal and other professional fees related to the resolution of antitrust matters. Excluding these items, the Company would have recorded a loss of (\$0.31) per share. During full year 2000, the Company recorded pre-tax special charges of \$203.1 million, or (\$2.71) per share, primarily related to antitrust related matters, pre-tax restructuring charges of \$12.6 million, or (\$0.14) per share, and pre-tax employee retention costs of \$3.4 million, or (\$0.04) per share.

Turning to the fourth quarter of 2001, Bill Ruprecht, President and Chief Executive Officer of Sotheby's Holdings, Inc. said: "What is particularly noteworthy about the fourth quarter of 2001 is that, in spite of a dramatic 22% decline in revenues of \$32 million due to the effects of September 11th and irrational competition, we were able to reduce operating expenses by \$38 million (\$26 million excluding non-recurring bad debt costs in 2000), resulting in operating income of approximately \$15 million, excluding restructuring charges, retention costs and special costs.

For the quarter ended December 31, 2001, the Company reported total revenues of \$110.9 million, compared to \$143.1 million in the corresponding period in 2000. The Company's net loss for the fourth quarter of 2001 was (\$0.4) million, or (\$0.01) per share, compared to a net loss for the fourth quarter of 2000 of (\$6.5) million, or (\$0.11) per share. During the fourth quarter of 2001, the Company recorded pre-tax net restructuring charges of \$8.8 million, or (\$0.08) per share and pre-tax employee retention costs of \$6.1 million, or (\$0.06) per share. During the fourth quarter of 2000, the Company recorded pre-tax restructuring charges of \$12.6 million, or (\$0.14) per share, pre-tax employee retention costs of \$3.4 million, or (\$0.04) per share and pre-tax antitrust related special charges of \$14.5 million, or (\$0.16) per share.

Total Auction Sales (hammer price plus buyer's premium) decreased 16% to \$1.6 billion in full year 2001. Auction Sales in North America decreased 22% to \$809.5 million, principally due to increased competition for consignments and uncertainty in the global economy following the events of September 11th. In Europe, Auction Sales decreased 8% to \$723.1 million. Excluding the unfavorable impact of foreign currency translations, Auction Sales in Europe decreased 4%.

"2001 was a tough year for Sotheby's, one in which we accomplished some notable successes," said Bill Ruprecht. "Our material liabilities relating to antitrust matters are largely behind us, we made very significant progress in the reduction of expenses through our restructuring efforts, and we entered into a strategic alliance with eBay that we announced in January, which will further cut our Internet operating costs and boost revenue growth. Most importantly, through our retention programs we have retained all of our key employees, thus continuing to offer the best art and art market expertise in the world."

Mr. Ruprecht added, "we do expect a return to profitability on the operating income line in 2002, despite the residual

burdens of both retention costs and higher than historic interest costs."

Expense Reduction

"One of the major goals for Sotheby's in 2001 was the reduction of expenses, where we made tremendous progress," said Mr. Ruprecht. "Total full year 2001 operating expenses, excluding employee retention costs, net restructuring charges and special charges were approximately \$69 million lower than the previous year. We will continue to review our expenses in 2002."

Internet

"We are very excited about our new relationship with eBay," commented Mr. Ruprecht. "This alliance with the most successful online marketplace in the world combines eBay's powerful technology platform and global following of 42 million registered users with Sotheby's unmatched auction expertise and experience. It represents the next phase in Sotheby's online auction business, and we believe it will positively position Sothebys.com for future growth."

Internet related expenses for 2001, excluding Internet related net restructuring charges of \$8.4 million, were \$23.1 million, a reduction of 59% as compared to the previous year. These savings were largely a result of the Company's recent restructuring efforts. Excluding the Internet related net restructuring charges, the impact of the Internet related operating loss during 2001 was (\$0.15) per share. Excluding the Internet related net restructuring charges, Internet related expenses for the fourth quarter of 2001 were \$4.4 million, compared to \$12.2 million for the fourth quarter of 2000. The impact of the Internet related operating loss for the fourth quarter of 2001 excluding the Internet related net restructuring charges, was (\$0.02) per share, compared to (\$0.11) per share in 2000.

2002 Sales

"Our winter business-getting efforts have enabled us to sign a number of extraordinary collections and individual works of art for our spring auction season," said Mr. Ruprecht. "Among the consignments we have already announced -- and there are still exciting announcements ahead -- are: The Magnificent Jewels from the Estate of Janice H. Levin, which will be sold in New York in April and are estimated to bring between \$7 and \$10 million; and the Collection of Samuel and Luella Maslon of Modern and Contemporary Paintings and Sculpture, estimated between \$25 and \$33 million, which includes Henri Matisse's *Figure décorative* (estimated at \$9 to \$12 million) and Alberto Giacometti's sculptural portrait *Grand tête de Diego* (estimated at \$5 to \$7 million). Also in our New York May Impressionist sale are three paintings from the Collection of Grace and Philip Sandblom, estimated to bring a total of \$24 to \$30 million: Paul Cezanne's *Pichet et Assiette de Poires* (estimated at \$14 to \$18 million); Juan Gris' *Le Pot de Geranium* (estimated at \$6 to \$8 million); and Piet Mondrian's *Composition (a) en Rouge et Blanc* (estimated at \$3.5 to \$4.5 million). Among Contemporary Art highlights are Gerhard Richter's *Kerze* estimated between \$2.5 and \$3.5 million, and Andy Warhol's 1986 *Self-Portrait* estimated to bring \$1.5 to \$2 million.

A very exciting highlight of the spring season, which will be offered on May 17th in London, is the complete score of one of Felix Mendelssohn's most celebrated compositions, the *Hebrides Overture*, also known as "Fingal's Cave." It is undoubtedly the most important autograph manuscript by Mendelssohn ever to be offered for sale and also the last major manuscript of the composer to appear on the market. The manuscript is written in Mendelssohn's beautiful calligraphic hand, and is estimated to sell for \$700,000 to \$1 million.

In June, Sotheby's New York will sell more than 200 important watches and clocks from the Time Museum, estimated at \$5 to \$6 million. This sale offers a remarkable selection of automata, highly complicated clocks, beautiful and unique pocket watches and very visual and decorative pieces from such famous makers as Thomas Tompion, Breguet, Patek Philippe and George Graham. Altogether, nearly 500 years of timekeeping history from 1500 to the 1960s are represented. This auction follows the highly successful December 1999 sale of 81 masterpieces from this world-renowned Rockford, Illinois museum which more than doubled its estimate to bring an astounding \$28 million.

Our July sales will include two masterpieces. The *Massacre of the Innocents* by Sir Peter Paul Rubens is a completely unknown early work by the artist which had been mistakenly attributed to another artist since the 18th century, until it was correctly identified by Sotheby's Old Master Paintings specialist George Gordon, and subsequently confirmed by other experts. It is one of the most significant Old Master discoveries to be offered at auction and the greatest Rubens to come to market in 20 years. It is estimated at \$6 to \$9 million and will be included in our July 11th Old Master Paintings sale in London. In New York, the fabled and elusive 1933 Double

Eagle twenty-dollar gold coin -- the most valuable gold coin in the world -- will be offered in a single lot auction on behalf of the United States Government on July 30th. This is the first and last time the United States Government has authorized private ownership of a 1933 Double Eagle (coins which were never issued due to President Roosevelt removing the United States from the gold standard). The coin is the last of ten Double Eagles that escaped destruction in 1933 and is estimated to bring between \$4 and \$6 million."

Winter 2002 Sales Summary

"We were very pleased with the results of our New York Americana Week sales held in January, which brought a combined total of \$27.3 million. This series of sales featured six prominent single owner collections, including the Collection of Mr. and Mrs. Lamot du Pont Copeland --the greatest collection of Americana ever to come up for auction -- totaling a record \$12.6 million. Among other successes in the early part of 2001, was the Old Master Paintings sale held in January in New York, which brought \$33 million -- by far the most successful Old Master Paintings sale held anywhere in 2002."

France

"After years of anticipation, Sotheby's pioneering role in ending a 400-year French monopoly was rewarded as we became in November the first international auction house ever to hold sales in Paris. Our sales at the beautiful Galerie Charpentier on the Faubourg St. Honoré in Paris have been tremendously successful thus far. In February, we sold the Library of Gwen-Ael Bollore for \$1.5 million, and in March we will offer photographic treasures from the Collection of Marie-Therese and Andre Jammes. We expect the opening of the French market to be accretive to both revenue and earnings."

Commission Schedules Revised

The Company currently plans to revise and simplify its buyer's premium and seller's commission rate structures effective April 1, 2002. The new structure will result in an increase in 2002 operating revenues and will be accretive to earnings.* Buyer's Premiums on most sold lots, however, will be slightly reduced when the new structure goes into effect. Additionally, the Company will increase the amount charged to sellers for insurance on consigned property.

About Sotheby's Holdings, Inc.

Sotheby's Holdings, Inc. is the parent company of Sotheby's worldwide live and Internet auction businesses, art-related financing and real estate brokerage activities. The Company operates in 38 countries, with principal salesrooms located in New York and London. The Company also regularly conducts auctions in 14 other salesrooms around the world, including Australia, Hong Kong, France, Italy, the Netherlands, Switzerland and Singapore. 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 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 the overall strength of the international economy and financial markets, competition with other auctioneers and art dealers, the volume of consigned property and the marketability at auction of such property, the Company's success in developing and implementing its Internet auction strategy, final resolution of antitrust related matters, including the European Commission investigation regarding commissions charges by the Company for auction services, the success of the Company's French auction business, market acceptance of the proposed revisions to the Company's existing commission rates and structures and the successful implementation of the Company's restructuring plan.

Sotheby's Holdings, Inc.'s earnings conference call will take place on Tuesday, March 12, 2002, at 4:45 PM EST. Domestic callers should dial: 800-218-0530 and international callers should dial: 302-262-2075. The call reservation number is 452161.

To listen to the conference call via web cast, please go to www.acttel.com/webcastlogin/ and enter the passcode 452161 when prompted. You will need Windows Media Player to access the call. Please download this program before the call begins at 4:45 PM on March 12th.

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

	(UNAUDITED)			
	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2001	2000	2001	2000
<i>(Thousands of dollars, except per share data)</i>				
Revenues:				
Auction and related	\$100,072	\$128,489	\$286,513	\$336,027
Other	10,851	14,616	49,650	61,761
Total revenues	110,923	143,105	336,163	397,788
Expenses:				
Direct costs of services	19,858	28,522	63,695	81,971
Salaries and related costs	42,974	53,311	159,575	179,378
General and administrative	26,268	46,017	98,403	130,500
Depreciation and amortization	6,861	6,002	25,456	23,891
Retention costs	6,085	3,428	19,754	3,428
Net restructuring charges	8,829	12,634	16,532	12,634
Special charges	(103)	14,485	2,519	203,069
Total expenses	110,772	164,399	385,934	634,871
Operating income (loss)	151	(21,294)	(49,771)	(237,083)
Interest income	698	1,872	4,756	6,425
Interest expense	(6,284)	(5,958)	(26,431)	(18,760)
Other income/(expense)	171	(344)	(100)	(709)
Loss before taxes	(5,264)	(25,724)	(71,546)	(250,127)
Income tax benefit	4,895	19,260	29,850	60,433
Net Loss	(\$369)	(\$6,464)	(\$41,696)	(\$189,694)
Basic Loss Per Share	(\$0.01)	(\$0.11)	(\$0.69)	(\$3.22)
Diluted Loss Per Share	(\$0.01)	(\$0.11)	(\$0.69)	(\$3.22)