



Investor Briefing
April 2008

Forward-looking Statements: This presentation 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. See Statement on Forward-Looking Statements in the Appendix to this presentation.

The Auction Business is the Core of the Sotheby's Franchise



- Sotheby's conducted 353 auctions in thirteen salesrooms around the world in 2007; currently operating in ten salesrooms – New York, London (Bond Street), Hong Kong, Paris, Amsterdam, Geneva, Zurich, Milan, Melbourne and Sydney.
- Operates globally with 90 locations in 40 countries
- The New York and London salesrooms represented 83% of Sotheby's 2007 worldwide aggregate auction sales
- Over 70 collecting categories including fine art, antiques and decorative art, jewelry and collectibles

Sotheby's - A Unique Global Franchise

SIGNIFICANT BARRIERS TO ENTRY

Client Skills

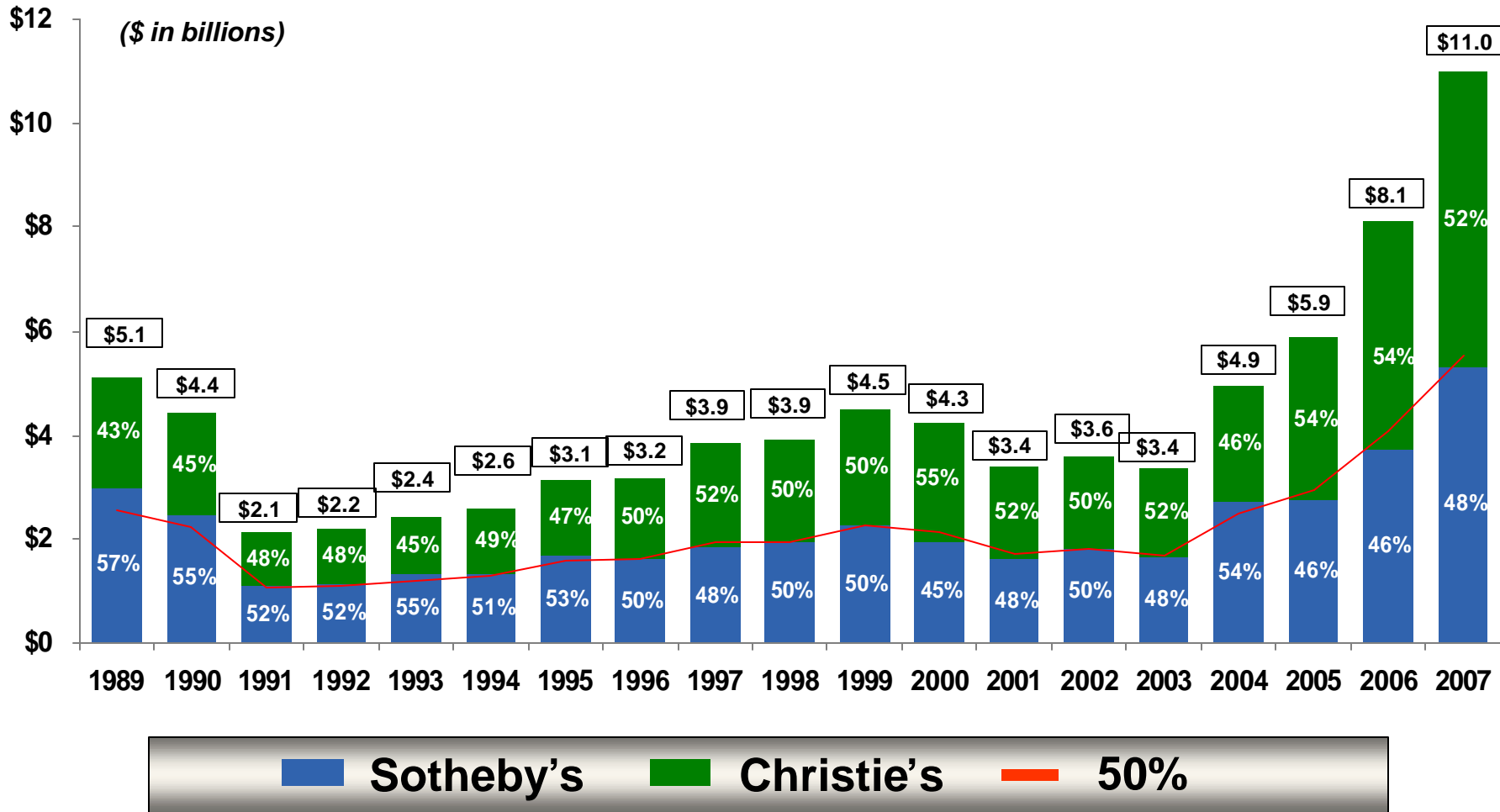
- Client trust, credibility and access
- Accrued client knowledge
- Relationships with fiduciaries
- Market knowledge
- Expertise
- Appraisal history of 100+ years

Logistical & Intellectual Capital

- Import/export expertise in 36+ countries
- Cultural patrimony expertise
- Tax & estate planning expertise
- Art handling and display skills
- Proprietary research on provenance and identity of ownership for over 100 years

Historical Auction Market Share

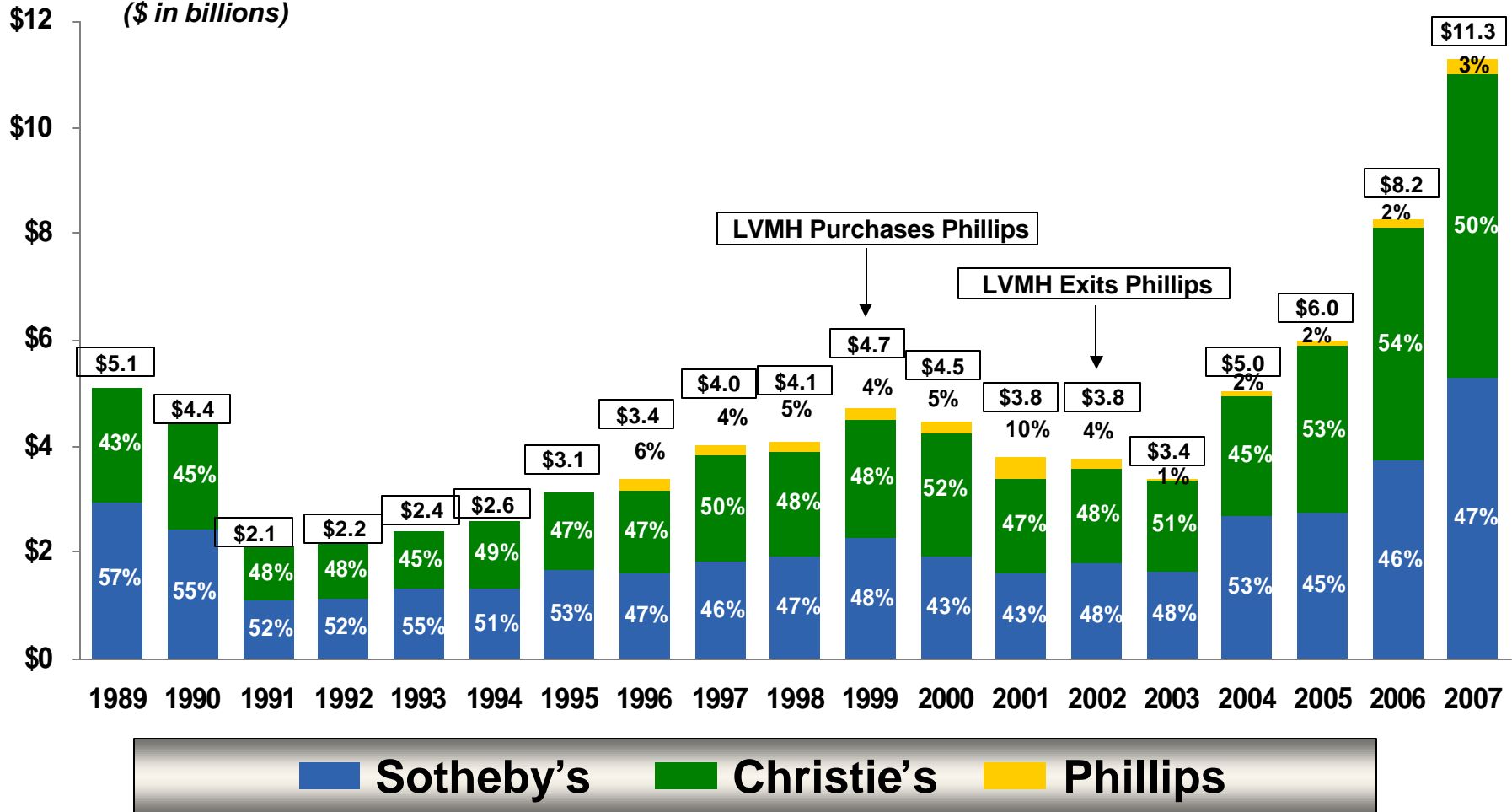
Total Aggregate Auction Sales: 1989 – 2007



Historical Auction Market Share

Total Aggregate Auction Sales: 1989 – 2007

(\$ in billions)



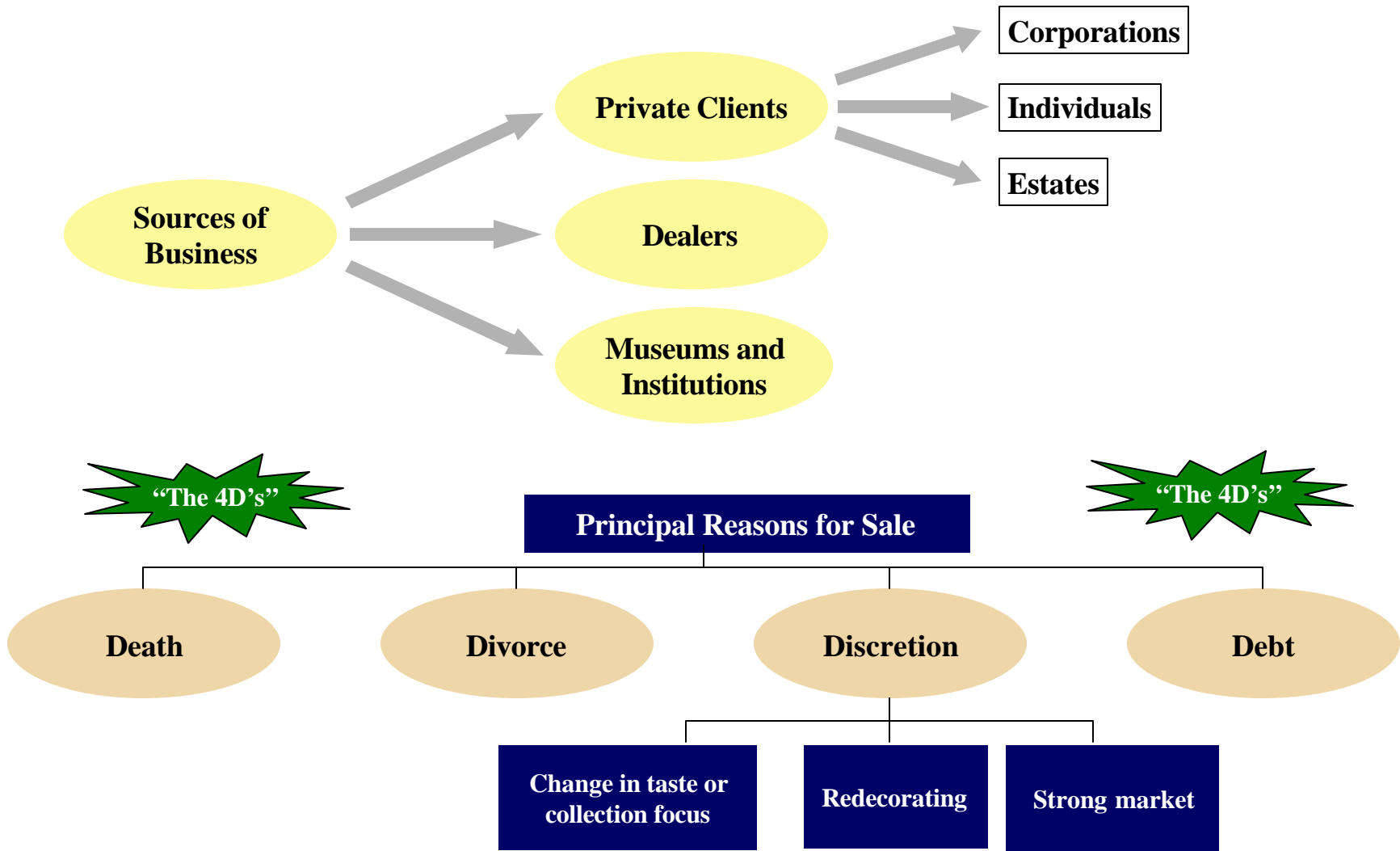
Note: Phillips' data not available for years 1989 – 1995

Unparalleled Access to the World's Wealthiest People

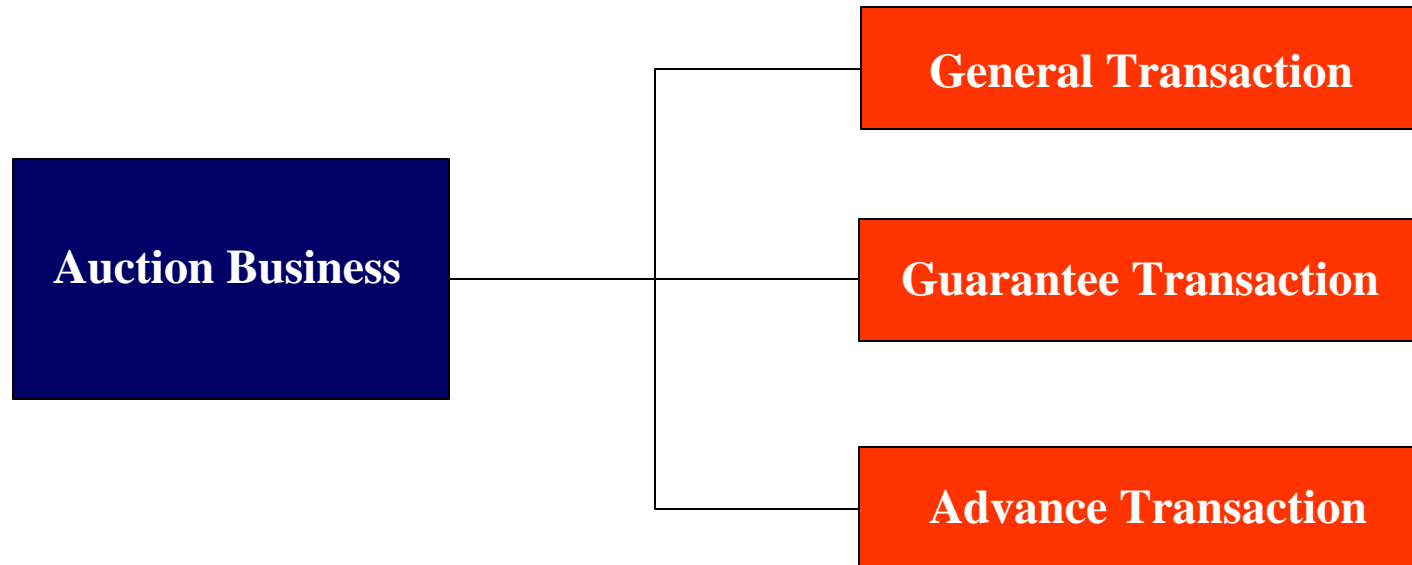
Sotheby's Clients Include:

- 86 of the *Forbes*' 100 World's Richest People
- 341 of the *Forbes*' 400 Richest Americans
- 92 of the *Forbes*' 100 Richest Americans
- 135 of the *Forbes*' Top 500 CEOs
- All 10 of the *Forbes*' Top 10 Billionaire Art Collectors
- 198 of the *Art News*' Top 200 Collectors
- Approximately 10% of clients are from the hedge fund/financial services industry

Relationships - Converting Auction Opportunities

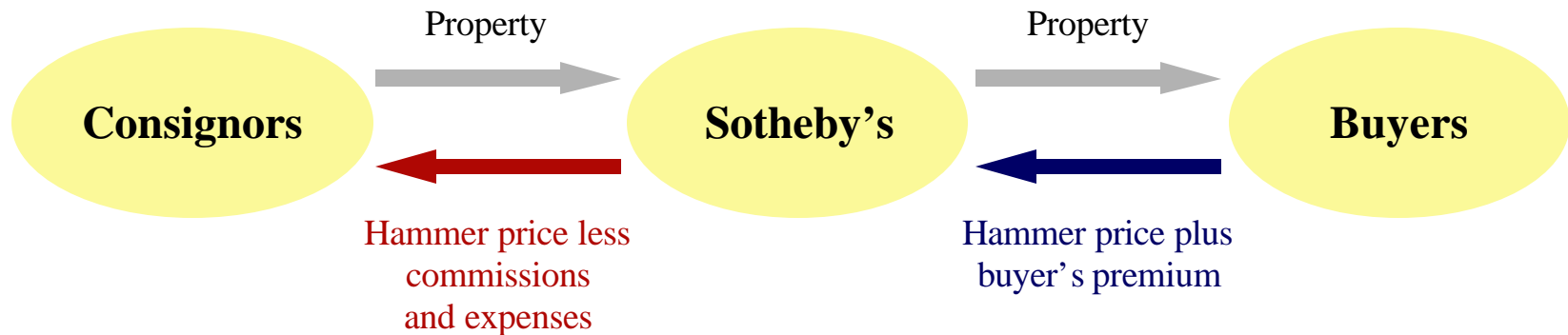


The Auction Business



The Auction Business Model

General Auction Transaction
(approx. 75-90% of aggregate auction sales)



“Agency Business”

Auction Revenue Example

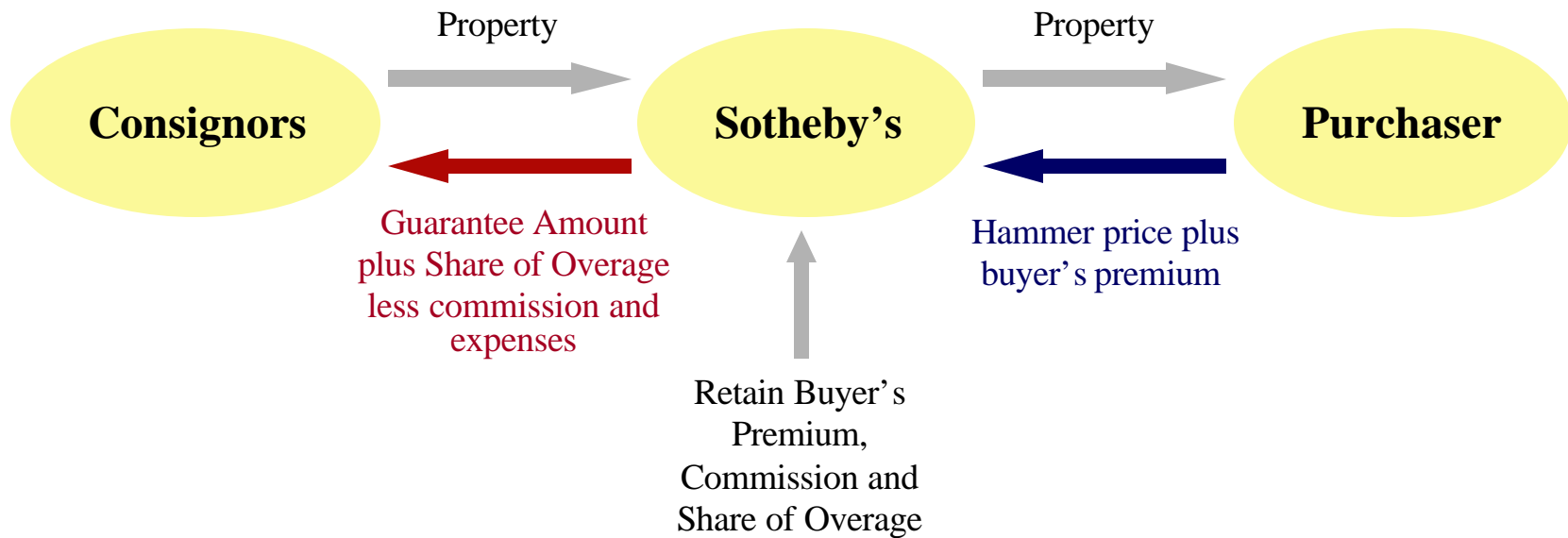
Hammer Price of \$750,000

Sotheby's Revenue

| | | | |
|------------------------|---|-------------------------|--------------|
| • Buyers' Premium | | | |
| – 25% x \$20,000 | = | \$5,000 | |
| – 20% x \$480,000 | = | 96,000 | |
| – 12% x \$250,000 | = | 30,000 | |
| • Vendors' Commission | | | |
| – 2% x \$750,000 | = | <u>15,000</u> | 19.9% of |
| • Recoverables | = | 3,000 | hammer price |
| • Total Revenue | = | <u>\$149,000</u> | |

The Auction Business Model

Guarantee Transaction (approx. 5-20% of aggregate auction sales)

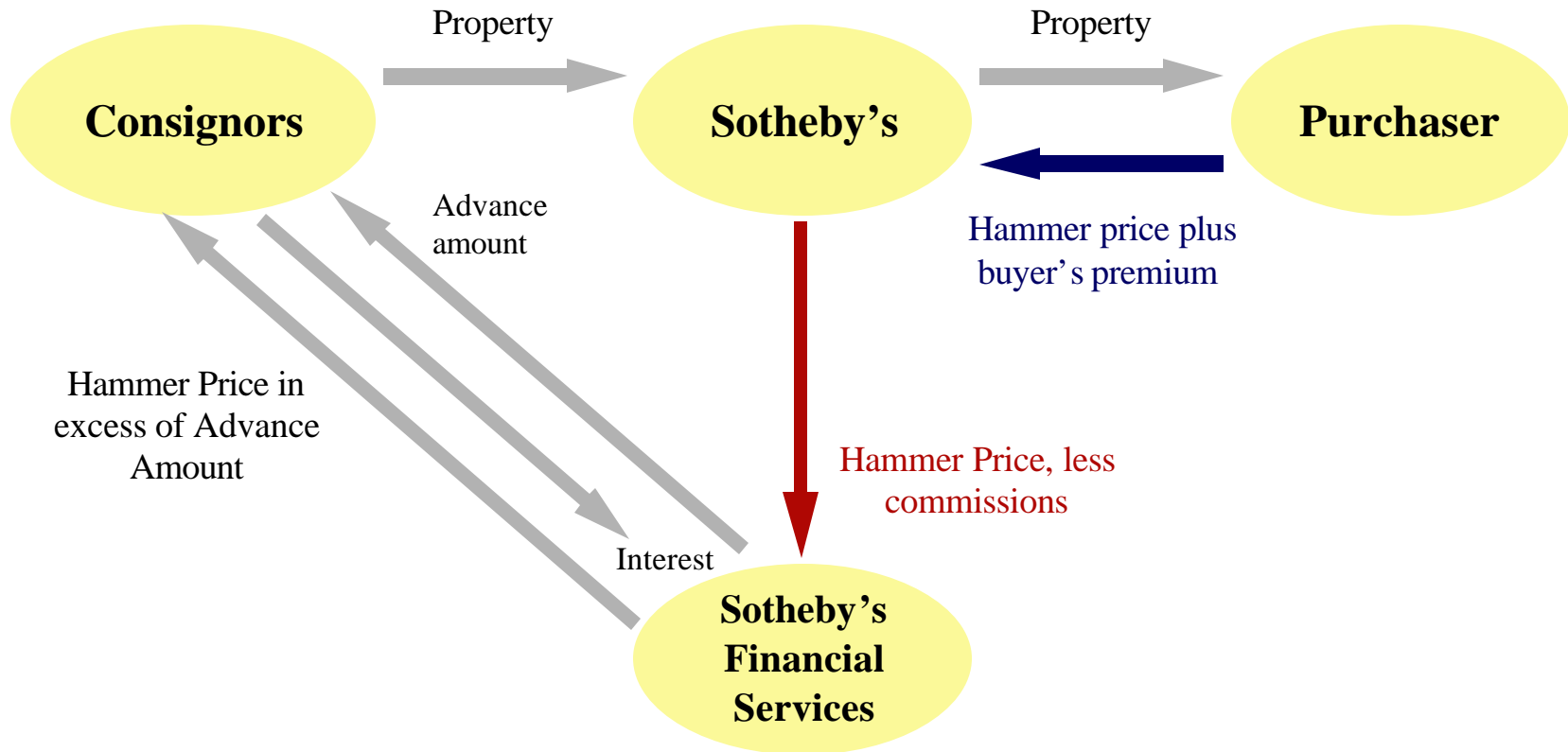


Guarantees

- Competition at the high end of the art market has increased over the past few years
- As a result, Sotheby's use of auction guarantees as a means of securing these highest end consignments has increased significantly over the period. However, in light of current economic realities, Management has adopted a more cautious approach to its guarantee portfolio
 - The current maximum level of guarantees has been brought back down to \$350 million from the previous \$500 million in late 2007.
- The total amounts of guarantees in recent years has been:
 - 2007: \$902 million
 - 2006: \$450 million
- And the resulting net revenues of guaranteed pieces was:
 - 2007: \$57.8 million
 - 2006: \$62.8 million
- On an aggregate basis, Sotheby's has never lost money on its guarantee portfolio in any year since we began using guarantees in the late 1980s.

The Auction Business Model

Consignor Advance Loan Transaction (approx. 5% of aggregate auction sales)

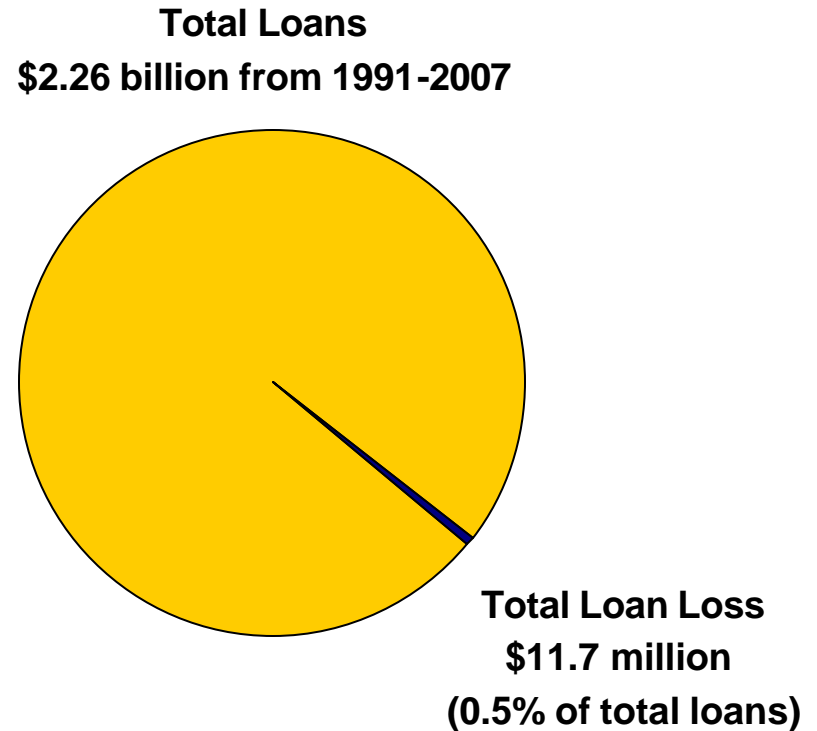


A unique vertically integrated, asset - based art lender

- **Sotheby's Financial Services** (SFS)' primary objective is to drive the auction business but also generates profit from interest spread
- Established in 1988 to market financial services
- Established to meet the liquidity needs of consignors in order to capture auction business – a competitive advantage
- Types of loans:
 - Consignor Advance
 - Term Loans
- 2007 Finance segment revenues were \$19.1 million with a segment income of \$4.2 million

Loan Risks and Historical Loan Loss

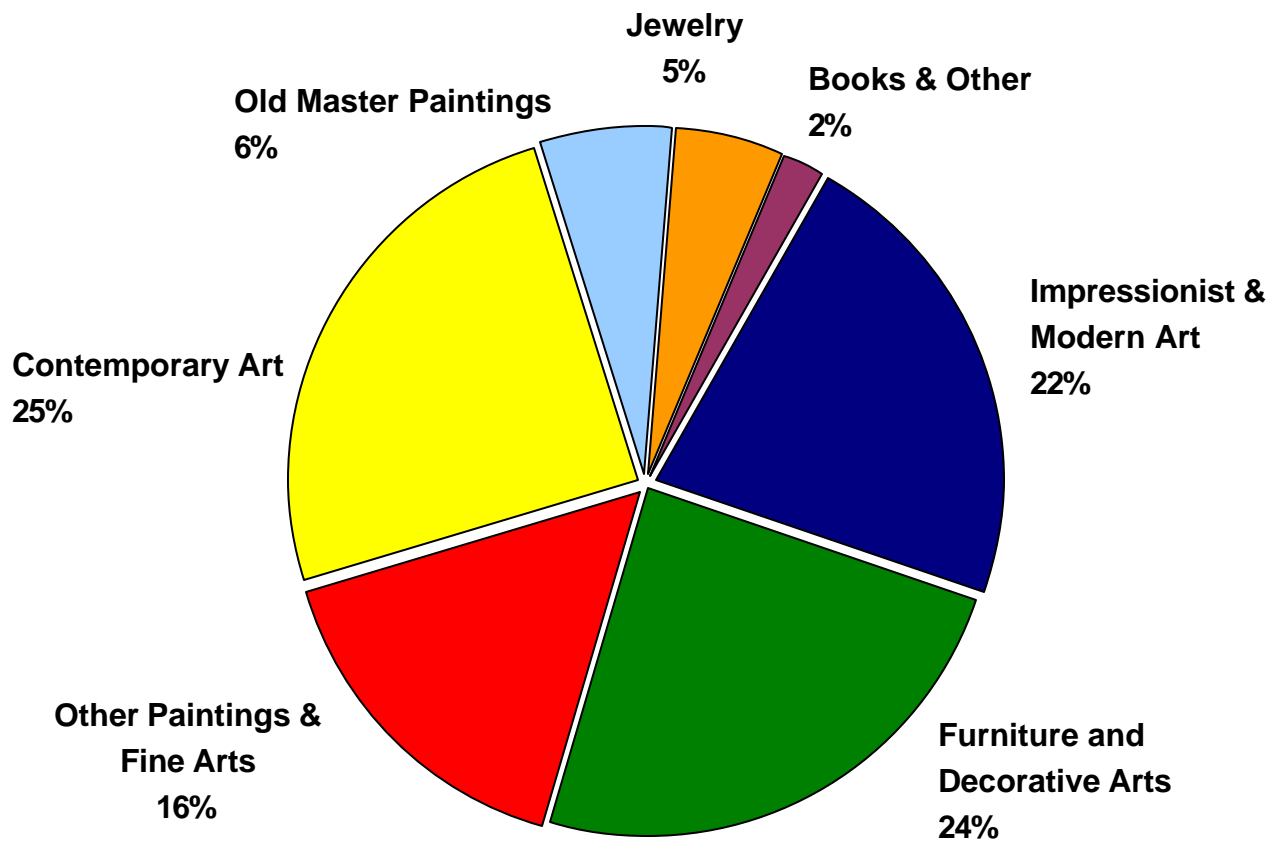
- Valuation appraisal error
- Macroeconomic decline
- Title defect
- Portability of collateral
- Prior liens
- Export/provenance claims
- Bankruptcy



The Ventures Process: High Value Partnerships

- **Sotheby's Ventures** acts as a merchant bank to create opportunities to acquire high-value property for resale in partnership with important dealers
- Purchase property or collection either:
 - In partnership investing cash with a dealer; or
 - Supply entire purchase price to the dealer as an unsecured loan
- No incremental headcount required
 - Leverages existing expert community and support functions
 - Underwriting experience and expertise

Auction Sales by Category



Total 2007 Aggregate Auction Sales: \$5.4 Billion
2006 Aggregate Auction Sales of \$3.75 Billion



Sotheby's New York Exhibition Space

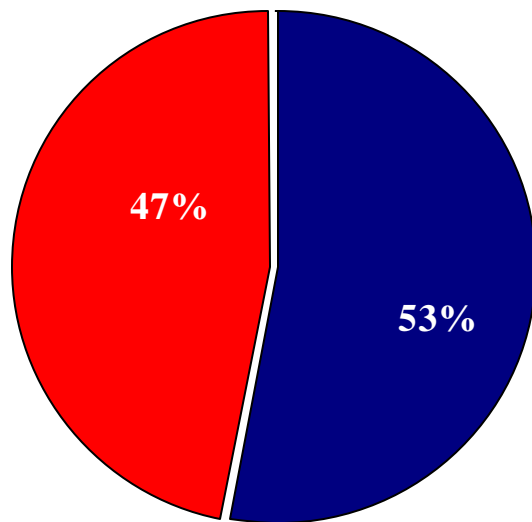
Sotheby's - Growth Opportunities

| Business | Opportunity |
|--------------------|---|
| Auction | <ul style="list-style-type: none">• Strong operating leverage with lower costs<ul style="list-style-type: none">– 2007 results highest in Company's 260+ year history• Emerging markets growing stronger – Russia and Asia in particular• Opening of offices in Beijing and Moscow and establishing a greater presence in the Middle East• Launch of “mySothebys” web based client portal in Spring 2007• Continued high end focus – minimum lot thresholds of £3,000 / €4,000 / \$5,000 |
| Financial Services | <ul style="list-style-type: none">• Expand size of loan portfolio• Significant source of additional property for sale at auction<ul style="list-style-type: none">- Loans bring auction consignments |
| Realty Agreement | <ul style="list-style-type: none">• Ongoing revenue from license agreement with Realogy (formerly known as Cendant) |
| Brand Extensions | <ul style="list-style-type: none">• Identify additional opportunities to leverage the brand• Opportunities in fine jewelry and potentially other retail categories<ul style="list-style-type: none">- Sotheby's Diamonds |

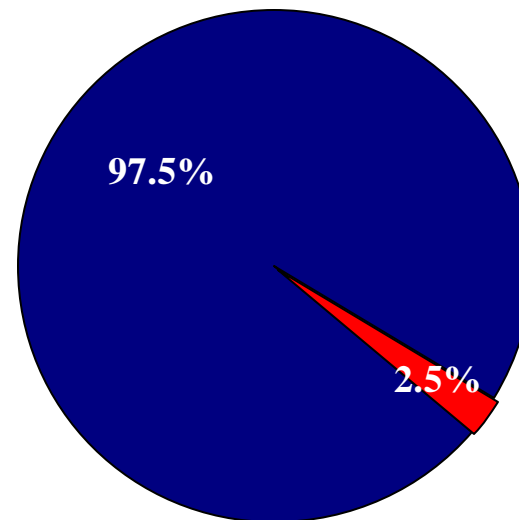
Raised our per lot minimums to £3,000 / €4,000 / \$5,000 globally in March of 2007

In 2006, 47% of our lot volume was at a hammer price of \$5,000 or under. Those lots only brought 2.5% of our total worldwide net sales.

Total Number of Lots Sold



Total Net Sales

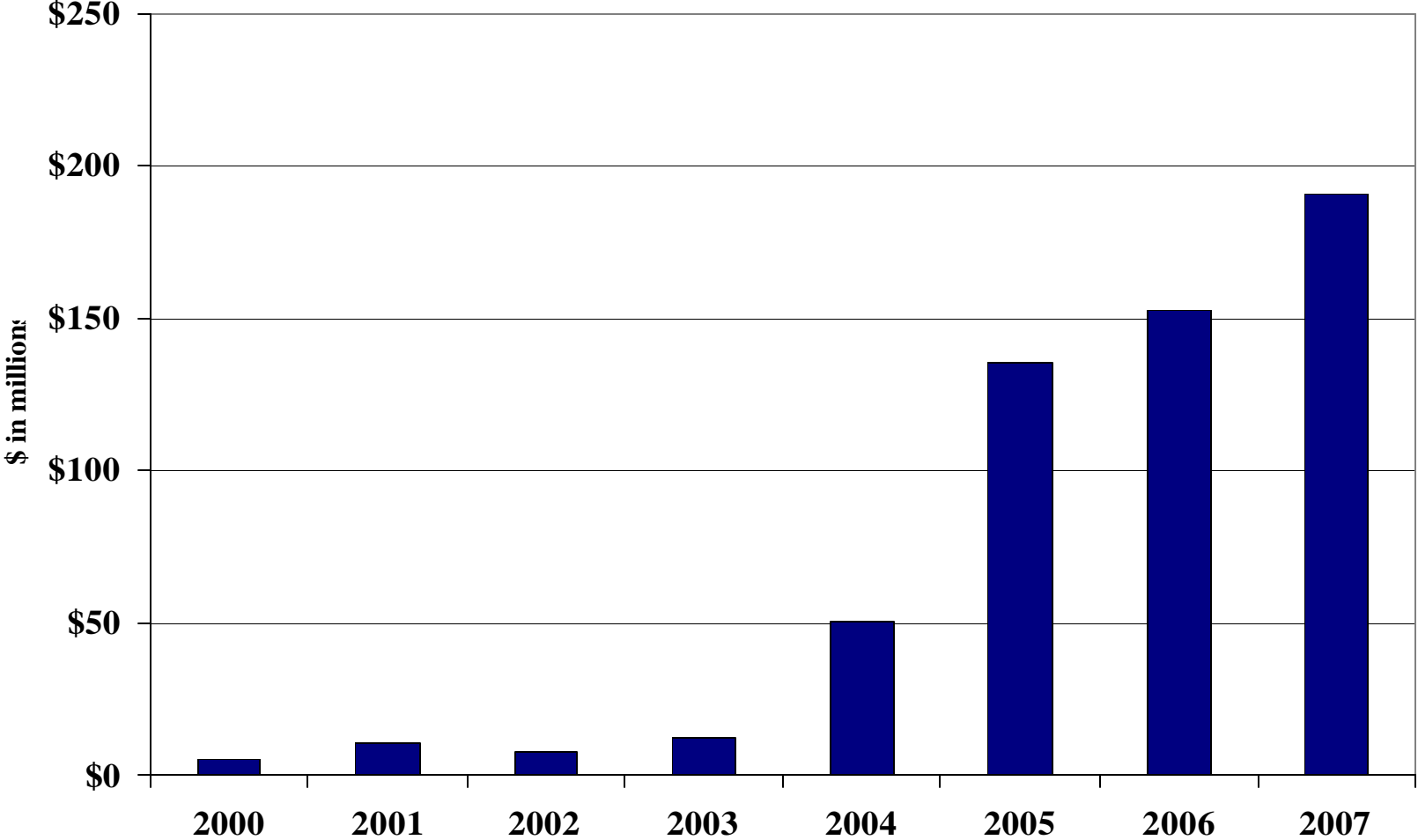


■ Lots Sold under \$5,000
■ Lots Sold over \$5,000

Auction Market

Russian Art Market at Sotheby's

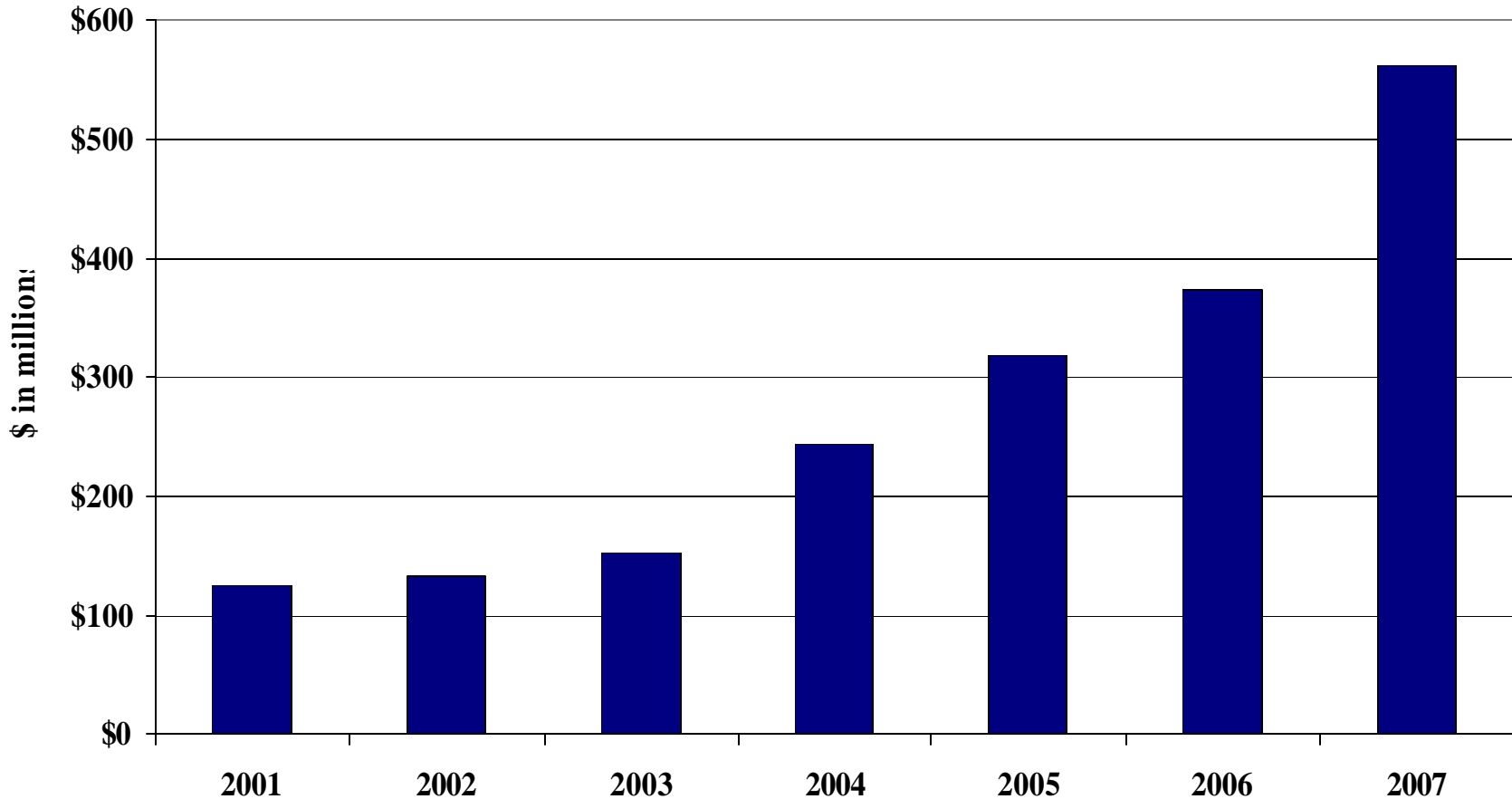
Auction Sales Increased
3,371% from 2000



Auction Market

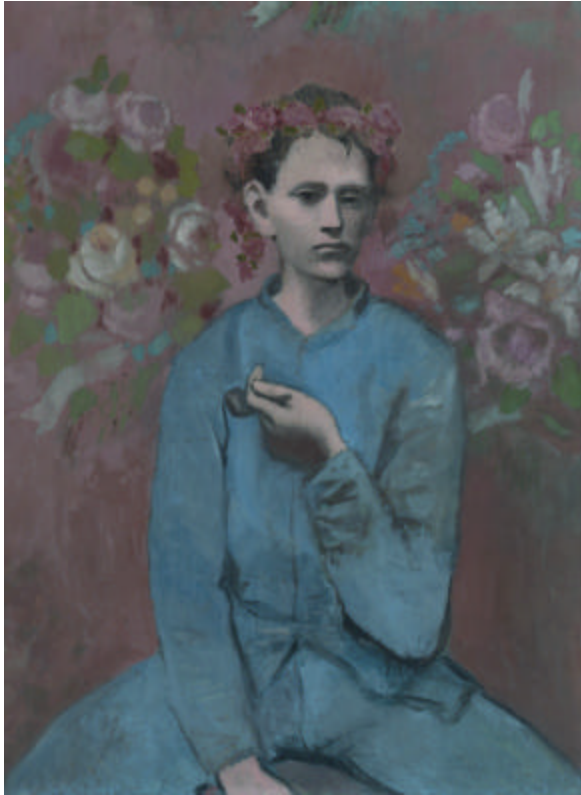
Asian Art Sales at Sotheby's

Auction Sales More than
Quadrupled from 2001
(CAGR of 24%)



Note: Figures include all sales from Asian offices as well as sales of Chinese Paintings, Chinese Works of Art, Japanese, Korean and Indian Works of Art from New York and European offices.

Recent Auction Records



*Pablo Picasso's Garçon à la Pipe
Sold: \$104.2 million May 2004
World's Most Expensive Painting
Sold at Auction*

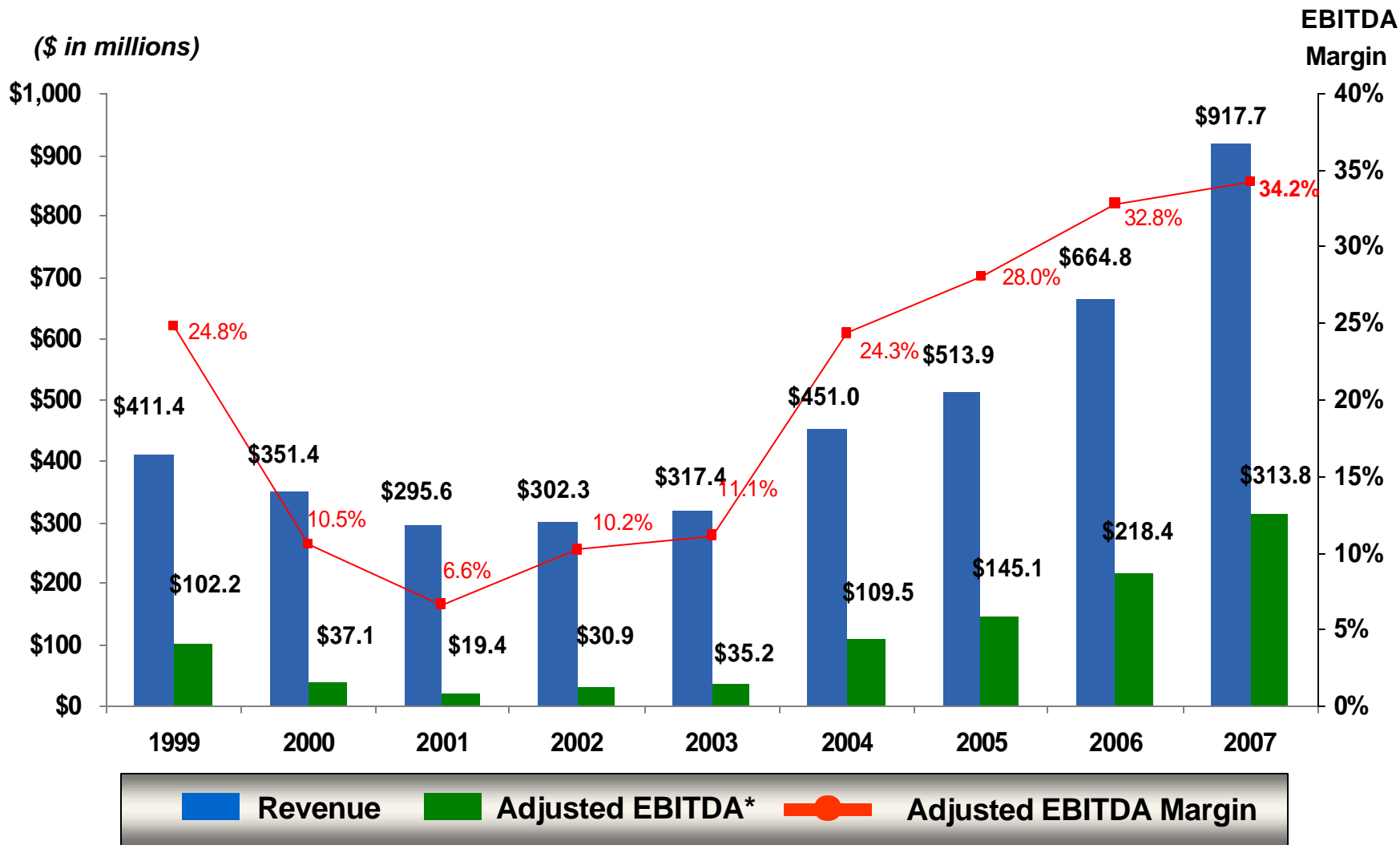


*Pablo Picasso's Dora Maar au Chat
Sold: \$95.2 million May 2006
Second Highest Price Ever at Auction*



*Mark Rothko's White Center (Yellow,
Pink and Lavender on Rose)
Sold: \$72.8 million May 2007
Highest Price Ever for a
Contemporary Work at Auction*

Financial Update - Summary



* "Adjusted" non-GAAP financial measure, see Appendix.

2007 Full Year Results

(\$ in millions)

| | Full Year 2007 | Full Year 2006 | Full Year 2005 | Full Year 2004 |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| <i>Revenues</i> | | | | |
| Auction and Related | \$833.1 | \$631.3 | \$496.9 | \$439.5 |
| Other | \$84.6 | 33.5 | 17.0 | 11.8 |
| Total Revenues | \$917.7 | \$664.8 | \$513.9 | \$451.3 |
| <i>Expenses</i> | | | | |
| Adjusted Operating Expenses* | 631.7 | 467.7 | 390.6 | 365.9 |
| Adjusted Operating Income* | \$286.0 | \$197.2 | \$123.3 | \$85.4 |
| Net Interest Expense & Other | (12.8) | (31.4) | (29.2) | (30.0) |
| Adjusted Income Before Taxes* | 273.2 | 165.8 | 94.1 | 55.4 |
| Adjusted Net Income* | \$204.8 | \$107.4 | \$65.3 | \$35.6 |
| Adjusted EBITDA* | \$313.8 | \$218.4 | \$145.1 | \$109.5 |

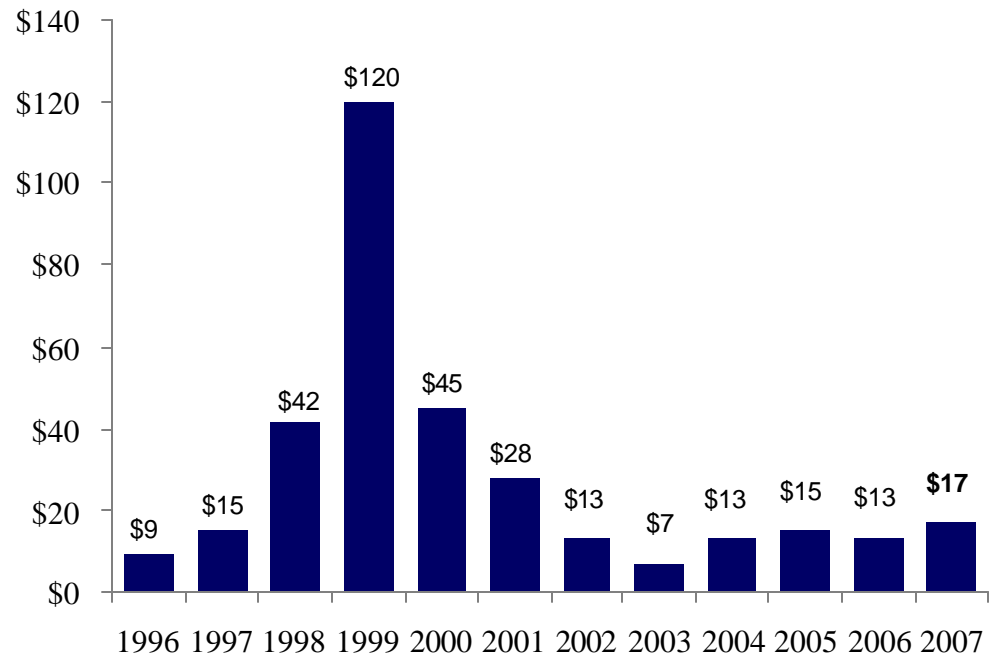
38% increase vs. 2006 (points to Total Revenues 2007 vs 2006)
45% increase vs. 2006 (points to Adjusted Operating Income* 2007 vs 2006)
91% increase vs. 2006 (points to Adjusted EBITDA* 2007 vs 2006)
44% increase vs. 2006 (points to Adjusted EBITDA* 2007 vs 2006)

* "Adjusted" non-GAAP financial measure, see Appendix.

Capital Expenditures Summary

- Capex should be in the range of \$30 million in 2008 due to investments in London premises
- Going forward, should be in the range of \$10-15 million
- Will consider strategic asset purchases adjacent to key London premises

Capital Expenditures
(\$ in millions)



Sotheby's Recapitalization (Taubman Transaction)

- In September 2005, Sotheby's purchased 14.0 million Class B shares from the Taubman family in exchange for 7.1 million Class A shares and \$168 million.
- Control of the Company now resides with all Sotheby's shareholders' EQUALLY (all Class A shares).
- Management believed the stock market would see this as a very positive development as it would enhance the Company's strategic and financial flexibility.
- Sotheby's now has a more contemporary governance structure in line with best practices of public companies.
- The recapitalization has eliminated the risk that the Taubman's could sell their control stake to a third party.

Sotheby's Declares Dividend

- As a result of the strong profitability in 2004, 2005 and 2006, Sotheby's began the payment of a quarterly \$0.10/ share dividend in the third quarter of 2006.
- After a six year hiatus in dividends, Sotheby's was pleased to reward its shareholders in this tangible way.
- As a result of continued strength in profitability and cash flow, Sotheby's increased the quarterly dividend 50% in the third quarter of 2007 to \$0.15/share.

Prior Downturn – Cost Savings

Summary of cost savings 2000 - 2003
(\$ in millions)

| | 2000 | - | 2003 | = Savings |
|---|-----------------------|---|----------------|---------------|
| Salaries and Related | \$168.6 | | \$144.7 | \$23.9 |
| Adjusted General & Admin | 113.8 ^{(a)*} | | 94.8 | 19.0 |
| Direct Costs | 78.4 | | 46.1 | 32.3 |
| Depreciation | 22.2 | | 25.3 | (3.1) |
| Total Adjusted Operating Expenses* | 383.0* | | \$310.9 | \$72.1 |

| Headcount Reductions | |
|----------------------|------------------|
| 1999 | 2,069 |
| 2003 | 1,439 |
| Change | 630 (30%) |

19% decrease

(a) Amount of savings reduced by the \$9 million Cohen loan write-off in Ventures in 2000

Note: All figures exclude Realty

* "Adjusted" non-GAAP financial measure; see Appendix

Cost Reduction Focus

- In the event of a downturn in the art market there are certain immediate, short-term cost reductions that are possible. Areas of focus would include:
 - Incentive bonus costs – the majority of which is variable (\$65.8 million in 2007)
 - Modest savings possible in the following areas:
 - Variable general and administrative costs:
 - Marketing expenses (\$19.8 million in 2007)
 - Travel and entertainment expenses (\$30.8 million in 2007)
 - Professional fees (\$53.4 million in 2007)
 - Direct costs which are primarily catalogue production costs (\$80.4 million in 2007)

First Quarter Auction Sales

- While first quarter 2008 aggregate auction sales are up a modest 3% to \$783.4 million (\$758.6 million in the first quarter of 2007), there is increased margin pressure due to competition from Christie's
- As a reminder, due to seasonality and the traditional sales calendar, first and third quarter auction sales are approximately 10-15% of annual sales each and have traditionally been loss quarters
- It is much more important to evaluate the business on either six or twelve month cycles

Changes to Sale Calendar

- Traditional late spring/early summer London Contemporary sales rescheduled from late June (second quarter) to July 1st and 2nd (third quarter)
- As with the February Impressionist and Contemporary sales in London, we have decided to split the late spring/early summer into two separate weeks due to the growth in both categories in recent seasons
- This will obviously impact second quarter results
- In 2007, the Contemporary evening and day sales brought a combined £97 million (approx. \$200 million)
- The late spring/early summer London Impressionist and Modern Art sales remain in June (second quarter)

Long Term Considerations – Global Wealth Creation

- In 2003 our top buyers – *those purchasing lots of \$500,000 and above* – came from 36 countries. In 2007 the number of these clients came from 58 countries, a 61% increase from 2003
- According to the “2007 World Wealth Report” published by Merrill Lynch and Cap Gemini about High Net Worth Individuals (HNWI) in 2006:
 - 9.5 million people globally hold more than US\$1 million in financial assets, an increase of 8.3% over 2005
 - HNWI wealth totals US\$37.2 trillion, representing an 11.4% gain since 2005
 - Wealth generation was driven by real GDP gains and continued market capitalization growth
 - Emerging markets registered strong advances in market capitalization, aiding wealth creation in regions such as Latin America, Eastern Europe and Asia-Pacific. Singapore, India, Indonesia and Russia witnessed the highest growth in HNWI populations
 - HNWI financial wealth is expected to reach US\$51.6 trillion by 2011, growing at an annual rate of 6.8%

Overall

- Antitrust litigation no longer a concern
- Continued focus on:
 - earnings and cash flow improvement,
 - growing the loan portfolio to enhance earnings, and
 - finding additional opportunities to “leverage” the brand
- The ongoing cyclical rebound in the auction cycle, has led to enhanced earnings due to the significant operating leverage in Sotheby’s core auction business model.
- Earnings and cash flows are strong and dividends have been resumed.