

Sotheby's

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SOTHEBY'S REPORTS FIRST HALF 2014 FINANCIAL RESULTS

- 24% Increase in Net Auction Sales
 - 42% Increase in Adjusted Operating Income*
- 20% Increase in Adjusted Diluted Earnings Per Share*

NEW YORK, 8 August 2014 – Sotheby's (NYSE: BID) today reported financial results for the second quarter and first half ended 30 June 2014.

Bolstered by continued strength in the global art market and by excellent spring sales worldwide, Sotheby's achieved a 42% increase in adjusted operating income* and a 20% increase in operating income in the first half of 2014.

Sotheby's net auction sales increased 24% to \$2.7 billion on strong global sales during the period - particularly in Hong Kong and London - which led to an 18% increase in auction commission revenues to \$403.8 million as compared to the prior year.

“Sotheby's is seeing success across categories and around the world,” said Chairman, President and Chief Executive Officer Bill Ruprecht. “The number of buyers at all levels, the amount of property we were entrusted to sell, and the prices we achieved are all up significantly this year. We sold 487 lots at over \$1 million, more than any other art market participant. We are demonstrating that the art market is robust and we're serving new and existing clients who trust Sotheby's to deliver superior expertise and market knowledge and attractive results.

“The fact that 26% of our buyers in the first half of the year were first-time clients shows we are engaging with a new generation of collectors, and that's exciting. We're looking forward to building on the successes of these six months with a number of exceptional sales this fall and with our new eBay

partnership that will showcase our New York auctions to an unrivaled global online audience of millions of potentially new collectors,” he added.

In the first half of 2014, adjusted expenses* increased 4% to \$301.8 million, due to higher salaries and related costs, consistent with prior guidance and the increased earnings for the period. These factors were partially offset by lower marketing and general and administrative expenses, reflecting management’s ongoing efforts to reduce costs in those areas. In the first half of 2014, total expenses increased 22% due to the cost of Principal revenues attributable to a series of profitable transactions completed in the period (\$32.0 million) and special charges (\$24.3 million).

In July, Sotheby’s announced a restructuring plan that will reallocate resources to collecting categories and regions with the highest potential for growth and to further reduce costs. “We are engaging in this reallocation of staff and resources to achieve cost savings and to focus our resources and people on areas of the Company with the greatest growth opportunities,” said Executive Vice President and Chief Financial Officer Patrick McClymont.

Adjusted net income* increased 22% to \$84.9 million for the first half, resulting in adjusted diluted earnings per share* of \$1.20 as compared to \$1.00 per share in the prior year. The comparison of adjusted net income* to the prior period is significantly influenced by an increase in Sotheby’s effective tax rate from 23% to 39%, primarily due to the accrual of U.S. taxes on the earnings of foreign subsidiaries in 2014 and the impact of a non-recurring \$6.8 million tax benefit recorded in the second quarter of 2013 related to a loss on the tax basis in a foreign subsidiary.

Net income for the first half increased 3% to \$71.5 million, resulting in diluted earnings per share of \$1.01. First half net income was adversely impacted by after-tax special charges of \$13.3 million.

For the second quarter of 2014, adjusted operating income* increased 12% from the prior year. In the quarter, a 19% increase in net auction sales resulted in a \$35.5 million (13%) increase in auction commission revenues as auction commission margin decreased from 15.9% to 15.2%, primarily due to competitive conditions and sales mix. In the second quarter of 2014, operating income decreased \$2.9 million (2%) due to special charges of \$18.6 million.

Adjusted net income* for the second quarter of 2014 decreased 4% to \$87.8 million, resulting in Adjusted diluted earnings per share* of \$1.26, as compared to \$1.33 per share in the prior year, largely due to the increase in Sotheby's effective tax rate.

Net income for the second quarter decreased \$14.1 million (15%), resulting in diluted earnings per share of \$1.11. Second quarter net income was adversely impacted by after-tax special charges of \$10.2 million.

Second and Third Quarter 2014 Sales

London's June Impressionist and Modern Art sales brought \$247.3 million, near the high end of the pre-sale estimate and with a number of exceptional prices. The highlight of the sale was Claude Monet's *Nymphéas* which brought \$54.1 million and the second highest price for the artist at auction. Piet Mondrian's quintessential masterpiece, *Composition with Red, Blue and Grey*, which appeared at auction for the first time in our sale brought \$25.9 million. The evening sale was 91.3% sold by lot and two-thirds of works sold for above their high estimate.

The following week, our London Contemporary Art sales realized \$184.6 million, near the high end of the pre-sale estimate as well. Works by top British artists achieved record prices, with Bacon and Doig highlighting the results. Francis Bacon's *Three Studies for Portrait of George Dyer* brought the highest price of the Evening sale with \$45.4 million, a record for a small-scale triptych by the artist and surpassing the pre-sale estimate of \$34 million by a wide margin. Also, a new auction record was established for Peter Doig when his *Country-rock (wing mirror)* sold for \$14.4 million. 88% of the sold lots of the Evening sale achieved prices at or above their pre-sale estimates.

Closing out the London summer sales season were the July Old Master and British Paintings sales series which totaled a record \$127.4 million for the week, surpassing the pre-sale estimate of \$73/108 million by a wide margin. The top lot of the series was George Stubbs' *Tygers at Play* which brought \$13.2 million, above the pre-sale high estimate of \$10 million. 97% of the works sold achieved prices within or above the pre-sale high estimate and 19 auction records were attained during the week including those for a drawing by Botticelli and works by Giovanni da Rimini and Jan Brueghel the Elder.

Upcoming Sales

We are excited to offer property from the Collection of Mrs. Paul Mellon in a series of auctions this autumn in New York. The more than 2,000 individual items together have an estimated value in excess of \$100 million and include exceptional fine art, jewelry, furniture and decorative artworks. Proceeds from the sales will benefit The Gerard B. Lambert Foundation, a charitable entity established by Mrs. Mellon in memory of her father. The Foundation supports horticultural and educational endeavors.

From 4th to 8th October, Sotheby's Hong Kong will hold its Autumn Sale series featuring Chinese Ceramics & Works of Art, Fine Chinese Paintings, Contemporary Literati, 20th Century Chinese Art, Contemporary Asian Art, Modern & Contemporary Southeast Asian Paintings, Jewellery, Watches and Wine. The five-day sales series will highlight a *Xuande "Fish" Stemcup* from the Chunzaizhai Collection (est. in excess of HK\$40 million), a 35.72-carat step-cut Colombian emerald ring (est. HK\$32/38 million) and a 26.27-carat fancy brown yellow diamond, conch pearl and diamond *Ballerina Butterfly* brooch (est. HK\$6/7 million), co-designed by renowned Asian jewellery designer Cindy Chao and actress, entrepreneur, and philanthropist Sarah Jessica Parker to benefit the New York City Ballet.

Sotheby's New York will offer more than 400 pieces of fine English and European furniture and decoration from New York's legendary Kentshire Galleries in a dedicated auction on 18th October. The impressive range of furniture and objects carries estimates spanning from \$100 to over \$100,000, with the majority of works being sold without reserve – a unique opportunity for new and established collectors and designers to acquire the very best from the celebrated connoisseurs.

On 11th November Sotheby's Geneva will present *The Henry Graves Supercomplication*. Made by Patek Philippe in 1933, this masterpiece of horology is the most famous watch in the world and the most complicated watch ever made completely by human hand. Its reappearance on the market, 15 years after its record sale, will coincide with Patek Philippe's 175th anniversary celebrations and will be a fitting tribute to the genius of the Swiss manufacturer. The watch will be offered in Sotheby's Geneva sale of Important Watches with an estimate in excess of CHF15 million.

On 11th and 12th December Sotheby's New York will present *175 Masterworks To Celebrate 175 Years Of Photography: Property from Joy of Giving Something Foundation*, a single owner sale of the most

significant collection of photographs in private hands today. The collection was meticulously put together over decades by Howard Stein (1926-2011), one of photography's greatest collectors, whose vision and keen understanding of the medium informed his purchases. The pre-sale estimate of \$13/20 million is the highest ever for a Photographs auction.

Upcoming Sales – Full Details

From 4th to 8th October, Sotheby's Hong Kong will hold its Autumn Sale series featuring Chinese Ceramics & Works of Art, Fine Chinese Paintings, Contemporary Literati, 20th Century Chinese Art, Contemporary Asian Art, Modern & Contemporary Southeast Asian Paintings, Jewellery, Watches and Wine. The five-day sales series will highlight a **Xuande "Fish" Stemcup** from the Chunzaizhai Collection (est. in excess of HK\$40 million) that had first appeared on the market at Sotheby's in 1956 from the collection of Allen J. Mercher and has since spent two decades in the Chang Foundation in Taipei, as well as illustrious collections from Japan spanning nine centuries from the 13th century to the present, and a 35.72-carat step-cut Colombian emerald ring (est. HK\$32/38 million). Sotheby's Hong Kong is also honored to present a 26.27-carat fancy brown yellow diamond, conch pearl and diamond **Ballerina Butterfly** brooch (est. HK\$6/7 million), co-designed by renowned Asian jewellery designer Cindy Chao and actress, entrepreneur, and philanthropist Sarah Jessica Parker to benefit the New York City Ballet. Following the success in the previous two seasons, the Modern and Contemporary Asian Art Evening Sale on 5th October will feature important works by Zao Wou-Ki, Liu Wei and Li Man Fong, among others.

Sotheby's series of Asian Art auctions in New York this fall will commence on 16th September with *Chinese Art through the Eye of Sakamoto Gorō: Song Ceramics*. Song ceramics were, and still are, treated with the utmost reverence and regarded as the highest form of ceramic art in the world. This outstanding single-owner sale will be led by **The Vortex Jar: An Extremely Rare Black-Glazed Brush-Painted Jar**, Song Dynasty (est. \$2.5/3.5 million).

Over four sessions on 16th and 17th September the Chinese Works of Art Department in New York will present the four-session *Fine Chinese Ceramics and Works of Art* sale. The offerings will be led by three spectacular celadon glazed vases from the Kangxi, Yongzheng and Qianlong periods, a selection of Dehua porcelains from a Private New York Collection, Selected Highlights from the Norma Canelas Roth Collection, and a fine selection of China Trade paintings. Another highlight of the sale is an **Important Bronze Ritual Vessel (Hu)** from the Western Zhou dynasty, formerly in the collection of the Qianlong emperor. Among the many highlights is **The Zhou Zha Hu: An Important Ritual Bronze Wine Vessel**, Middle Western Zhou Dynasty, 10th – 9th Century BC (est. \$2.8/3.8 million).

The sale *Images of Enlightenment: Devotional Works of Art and Paintings* will feature Buddhist and devotional art on 17th September including **A Gilt-Copper Figure Depicting Indra Nepal**, 15th century, from the historic collections of the Dukes of Northumberland (est. \$100/150,000). Further highlights include an elegant group of Qianlong altar garniture; ritual objects; early stone sculpture; as well as a fine selection of Chinese and Tibetan bronzes and thangka paintings.

The *Fine Classical Chinese Paintings & Calligraphy* auction on 18th September will feature calligraphy masterpieces respectively by Wang Shouren, Xie Jin, Wen Zhengming and Ni Yuanlu representing the individual styles of the Ming masters. The cursive-styled calligraphy **Cui Jue's Poems In Cursive Script** by Xie Jin is unique in combining calligraphy and painting techniques (est. \$500/700,000). The Classical Paintings in the sale include the remarkable and highly rare **Bamboo and Rock** by Zheng Xie (est. \$850,000/1.2 million).

A special eight piece single-owner sale of *Chinese Paintings and Calligraphy Formerly in the Collection of General and Mrs. Zhu* will take place later in the day on 18th September. This will be led by Zhang Daqian's

Portrait Of Avalokitesvara From Dunhuang Buddhist Cave which was painted by the artist during his stay in Dunhuang in the early 1940s (est. \$2.6/3.2 million).

On 16th September Sotheby's Paris will offer *Tresors: The Frum Collection of Oceanic Art*, the most important selection of Oceanic Art to appear on the market in the last thirty years. The superb collection of pieces from Polynesia and Melanesia formed by the late Murray Frum and his family features a variety of objects from across the island nations.

In a series of sales this fall Sotheby's will offer property from the Collection of Mrs. Paul Mellon. The more than 2,000 individual items together have an estimated value in excess of \$100 million and include exceptional fine art, jewelry, furniture and decorative artworks. Proceeds from the sales will benefit The Gerard B. Lambert Foundation, a charitable entity established by Mrs. Mellon in memory of her father, which supports horticultural and educational endeavors.

The ninth annual *Beyond Limits* selling exhibition of monumental outdoor sculpture will take place at Chatsworth, one of Europe's greatest stately homes, from 8th September to 26th October. The exhibition will showcase spectacular works from modern masters and contemporary artists from around the world, such as Aristide Maillol, Eduardo Chillida, Marc Quinn, and Christopher Le Brun. Highlights include one of the largest and most impressive Xu Bing installations to date, **Tao Hua Yuan: A Lost Village Utopia**, which will be unveiled at the opening of this year's exhibition both in and around the Seahorse fountain, a circular pond on the historic South lawn in the Chatsworth Garden, a location usually off limits to the public.

The *Contemporary Art Evening Auction* in Doha, Qatar on 13th October will bring together highly sought-after pieces by both Middle Eastern and International artists. Among these, the sale will present the highest valued work by Damien Hirst to be offered at auction in the Middle East. This will be accompanied by artworks of the highest calibre from some of today's most celebrated artists from the region, including Ali Banisadr, Ayman Baalbaki, Monir Farmanfarmaian and Shirin Neshat.

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The Contemporary Art sales in London on 17th and 18th October will feature works of outstanding importance from two of Italy's leading collections of contemporary art. The *Contemporary Art Evening Auction* will incorporate paintings from the collection of Alessandro Grassi, including a scintillating early painting by Jean-Michel Basquiat, and iconic depictions of Chairman Mao and Jackie Onassis by Andy Warhol. The *20th Century Italian Art* auction will offer important pieces of "Zero" group post-war Italian art taken from the unique property, **Lo Scarabeo sotto la Foglia (The Beetle under the Leaf)**, designed by the legendary Italian architect and industrial designer Gio Ponti and built in collaboration with collector Giobatta Meneguzzo.

On 11th November Sotheby's Geneva will present **The Henry Graves Supercomplication**. Made by Patek Philippe in 1933, this masterpiece of horology is the most famous watch in the world and the most complicated watch ever made completely by human hand. Its reappearance on the market, 15 years after its record sale, will coincide with Patek Philippe's 175th anniversary celebrations and will be a fitting tribute to the genius of the Swiss manufacturer. The watch will be offered in Sotheby's Geneva sale of Important Watches with an estimate in excess of CHF 15 million.

The 2014 London autumn season at Sotheby's S|2 gallery will open with *Stitched Up*, a selling exhibition showcasing works by some of the most sought-after contemporary artists working in the medium of textiles. The show will include work by pioneers in the field, Alighiero Boetti and Rosemarie Trockel, alongside some of

today's leading contemporary artists, including Sergei Jensen, Ethan Cook, Alek O. and Sterling Ruby. *Stitched Up* follows the phenomenally successful Banksy exhibition at S|2 London which attracted more than 16,000 visitors to the gallery.

On 11th and 12th December Sotheby's New York will present *175 Masterworks To Celebrate 175 Years Of Photography: Property from Joy of Giving Something Foundation*, a single owner sale of the most significant collection of photographs in private hands today. The works to be offered date from photography's earliest years in the 1840s to contemporary 21st Century color images and include major photographs from all of the medium's most important practitioners including: Julia Margaret Cameron, Henri Cartier-Bresson, Walker Evans, William Eggleston, Robert Frank, Gustave Le Gray, Irving Penn, August Sander, Alfred Stieglitz, and Edward Weston, among others. The collection was meticulously put together over decades by Howard Stein (1926-2011), one of photography's greatest collectors, whose vision and keen understanding of the medium informed his purchases. Mr. Stein donated the collection to the Joy of Giving Something Foundation, a not-for-profit organization dedicated to the photographic arts, which is the sole beneficiary of the sale. The pre-sale estimate of \$13/20 million is the highest ever for a Photographs auction.

Spring & Summer 2014 Sales

Fine Art

On 7th May at Sotheby's New York the *Impressionist & Modern Art Evening Sale* totaled \$219,010,000 (est. \$218/318 million). The sale was led by *Property from a Private American Collection* which included the top lot Picasso's **Le Sauvetage** which achieved the highest price of the week when it sold for \$31,525,000 after a prolonged bidding battle, soaring over its high estimate of \$18 million. Elsewhere in the sale three works by Claude Monet totaled \$28 million, led by **Le Pont Japonais** that sold for \$15,845,000 to a private Asian collector after a competition between four bidders. The following day the *Impressionist & Modern Art Day Sale* achieved \$66,366,500, marking a new record result for this auction in New York.

Sotheby's London *Impressionist & Modern Art* sales on 23rd and 24th June realized a combined total of £145,134,550 (\$247,335,486), with two-thirds of works sold achieving prices above their high estimate. The Evening Sale fetched £121,957,000 (\$207,875,707) and was led by Claude Monet's **Nymphéas (Water lilies)** which sold for £31,722,500 (\$54,071,001), the highest price for any Impressionist work sold at auction in the last two years and the second-highest price for the artist at auction. Piet Mondrian's masterpiece, **Composition with Red, Blue and Grey**, from 1927, sold for £15,202,500 (\$25,912,661), the second-highest price ever paid for a work by the artist at auction. The Day Sale totalled £23,177,550 (\$39,459,779), with over half the works sold achieving prices above their high estimate.

The 4th June *Impressionist & Modern Art* sale in Paris brought €23,837,225 (\$31,829,608) – Sotheby's highest ever Paris sale total in this category. A fierce battle between six bidders from around the world propelled Amedeo Modigliani's **Portrait of Paul Alexandre** to €13,537,500 (\$18,401,118) – a new record for the artist in France.

On 14th May Sotheby's *Contemporary Art Evening Auction* in New York totaled \$364,379,000, comfortably exceeding the low estimate of \$336.7 million with 85% of lots sold and nine artist records set. The sale achieved one of Sotheby's highest totals ever and was highlighted by Jeff Koons' **Popeye** which was purchased by Steve Wynn for \$28,165,000 (est. in excess of \$25 million). The auction opened with the offering of 19 works from The Sender Collection, which was 100% sold, totaling \$44,591,000 (est. \$21.2/30 million). There was global participation throughout the sale process with works consigned from 13 countries on five continents. These were sought after by participants from 37 countries including 33% from outside the US, with significant participation from Latin America and Asia. The *Contemporary Art Day Sale* brought \$96,839,751 – the highest total for five years.

Sotheby's London *Contemporary Art* sales on 30th June and 1st July brought a combined total of £108,489,600 (\$184,722,394) against a pre-sale estimate of £82.2/110.1 million. There was global participation, with

considerable activity from Asia, including Mainland China and Japan, with 25% of the buyers either new to Sotheby's or new to Sotheby's Contemporary sales. The Evening Auction realised £93,147,500 (\$158,490,471), set nine new artist records, and was led by Francis Bacon's **Three Studies for Portrait of George Dyer** which sold for £26,682,500 (\$45,400,274). The Day Auction brought £15,342,100 (\$26,231,923).

Sotheby's London *Modern & Post-War British Art* sales on 10th and 11th June brought a total of £8,208,000 (\$13,798,469). The top lot was L.S. Lowry's **Station Approach, Manchester**, which sold for £2,322,500 (\$3,904,355). The painting, first exhibited in the artist's sell-out 1961 exhibition at Lefevre Gallery London, had not been seen in public for a generation.

Sotheby's Evening Sale of *Contemporary Art* in Paris on 4th June posted a total of €28,567,175 (\$38,567,175): double the low-estimate, and the highest sale total ever recorded in the field by Sotheby's France. Five works sold for over €1 million with 68% of lots exceeding the top-estimate.

From 29th to 31st January Sotheby's annual *Old Masters Week* sales in New York achieved the impressive total of \$71,768,126. *Important Old Master Paintings & Sculpture* totalled \$51,361,251 (est. \$42/60 million) with works from the Dutch Golden Age performing particularly well. Multiple bidders entered into a prolonged battle for an important rediscovery by Gerrit van Honthorst, **A Merry Group Behind A Balustrade With A Violin And A Lute Player**, eventually driving the price to \$7,557,000, more than double the pre-sale estimate (est. \$2/3 million) and achieving an artist record at auction. **The Annunciation** by El Greco also far exceeded expectations, reaching \$5,877,000 (est. \$1/1.5 million), after five bidders fought for the composition previously known to scholars only from photographs.

Sotheby's themed sale, *The Courts of Europe: Renaissance to Rococo* on 30th January surpassed its high estimate, totalling \$16,400,750 with over 76% lots sold and over 90% of lots sold achieving prices at or above their estimate (est. \$10/15 million). Leading the sale was a bronze of **Samson Slaying The Philistine** attributed to Willem van Tetrode which achieved \$3,301,000, more than double the high estimate (est. \$800,000/1.2 million).

The *Old Master Drawings* auction on 29th January brought a total of \$4,006,125, within the pre-sale estimate (est. \$3.9/5.4 million). Highlighting the sale was a magnificent and well preserved drawing by Giandomenico Tiepolo, **Incontro al molo**: a 'codega' showing the way to a noble couple on a molo, which brought \$725,000, setting a new auction record for a work on paper by the artist. A second drawing by Tiepolo, **Punchinello collapses on the road**, which illustrates scenes from the life of Punchinello, sold for \$695,000, above the pre-sale estimate of \$400/600,000.

Sotheby's London inaugural *Made in Britain* sale on 1st April realized £2,311,777 (\$3,853,270). This unique auction brought together fine art, sculpture, studio ceramics, photography, prints and furniture to demonstrate the links between these often isolated disciplines and emphasized the crucial role that British craftsmanship played in the development of international Modernism. Enthusiastic bidding drove over two thirds of the items in the sale above their high estimate.

On 2nd April the New York Evening Sale of *The Inventive Eye: Photographs From A Private Collection* brought an outstanding total of \$5,414,750, well in excess of its \$4.5 million high estimate. The auction achieved a strong sell-through rate of 87% by lot, with every sold lot commanding a price at or above its pre-sale estimate. The highlight was Edward Weston's **Shells** which sold for \$905,000 (est. \$300/500,000). Together with the sale of *Photographs* from various owners, Sotheby's spring auctions in this category brought an overall total of \$9.4 million with 24 photographs selling in excess of \$100,000.

Sotheby's London sale of *Photographs* on 7th May brought a total of £1,851,575 (\$3,143,789). The top lot was a 'lost' 19th-century album of 44 photographic prints of Egypt and Algeria, taken between 1852 and 1856 by American photographer and archaeologist John Beasley Greene which sold for £482,500 (\$819,237), almost five times the pre-sale low estimate.

Sotheby's *Prints* auction in New York on 1st & 2nd May achieved \$9,577,631, well within the pre-sale estimate of (\$7.6/11 million). The sale was led by Richard Diebenkorn's large scale color etching from 1986, **Green**, arguably the artist's most important print, which brought \$533,000 to exceed the pre-sale estimate. Further highlights included works by Henri de Toulouse-Lautrec, Jasper Johns, Otto Dix, Roy Lichtenstein and Pablo Picasso.

The *American Art* auction in New York on 21st May achieved \$45,869,625 (est. \$33.2/49.7 million) among the highest totals for an American Art sale in the last five years. The sell-through rate of 80.7% marked the 5th consecutive American Art auction at Sotheby's with a sell-through rate over 80%. Ten works by Norman Rockwell totaled \$20 million, meeting their combined pre-sale high estimate led by **After the Prom**, which sold for \$9,250,000 – the 4th highest price at auction for the artist (est. \$8/12 million).

Sotheby's London sale on 22nd May of Christopher Cone's collection, *A Green and Pleasant Land, Two Centuries of British Landscape Painting*, was a 'white glove' sale, 100% sold with a total of £523,001 (\$883,192).

Sotheby's London sale of *British & Irish Art* on 22nd May brought £4,193,125 (\$7,080,930). An auction record for the artist Philip Wilson Steer was established when **Tired Out**, a painting not seen in public since 1885, sold for £674,500 (\$1,139,028).

Sotheby's London sale of *19th Century European Paintings* on 22nd May realized £4,423,950 (\$7,470,724). Symbolist landscapes by Vilhelm Hammershøi, Jakub Schikaneder and Lévy-Dhurmer fared particularly well, alongside bright and light-filled compositions by Joaquín Sorolla and Nils Dardel. The top lot was Joaquín Sorolla's **Camino De La Pesca, Valencia**, which sold for £1,426,500 (\$1,426,500).

Sotheby's London Sale of *19th & 20th Century Sculpture* on 22nd May achieved £1,362,375 (\$2,294,784). A life-size terracotta masterpiece by French sculptor Aimé-Jules Dalou, **Boulonnaise Allaitant Son Enfant**, was acquired by the National Museum of Canada for £362,500 (\$610,595).

The *Latin American Art Modern & Contemporary* sale in New York on 28th & 29th May brought a total of \$18,700,875 (est. \$14.5/20 million) with strong results achieved for many of the key names of Latin American Art such as Joaquín Torres-García, Diego Rivera, Lygia Clark, Jesús Rafael Soto, Rufino Tamayo, Carlos Cruz-Diez, and Emiliano di Cavalcanti. The sale was led by Lygia Clark, whose **Bicho-Em-Si-Md (Nº IV)** soared over the \$400/600,000 estimate to sell for \$1,169,000 as a major retrospective opened at the Museum of Modern Art, New York. Other highlights included: Mira Schendel's **Sem título (Objeto gráfico)**, which more than doubled the previous artist record to sell for \$845,000 (est. \$200/300,000) just months after an exhibition of her work at Tate Modern; Joaquín Torres-García's beautiful, monochromatic **Grafismo Infinito** from 1937, which was sought by six bidders before selling for \$1,025,000 (est. \$600/800,000); and a series of kinetic works by the likes of Carlos Cruz-Diez, Jesús Rafael Soto, and others, which all brought strong prices.

Sotheby's London *Russian Art Week* sales on 2nd and 3rd June brought a combined total of £23,761,570 (\$39,817,876). The Evening Sale of *Important Russian Art* realized £18,291,150 (\$30,655,967) and saw 11 new auction records established and eight lots sell for over £1 million. A group of 11 masterpieces of the Russian avant-garde from a German private collection was led by Kazimir Malevich's **Head of a Peasant** and Aristarkh Lentulov's **Children with Parasols** which were sold for £2,098,500 (\$3,517,086) each.

The *Russian Works of Art, Fabergé & Icons* sale totaled £2,392,600 (\$4,007,126). An Asian private collector acquired the star lot, a magnificent Fabergé gem-set silver casket modelled on the head of the warrior from Pushkin's epic poem *Ruslan and Ludmila*. One of the heaviest items ever created by Fabergé, it sold for £422,500 (\$707,603).

Asian Sales

For the first six months of 2014, Sotheby's Asia auction sales achieved HK\$3.82 billion (\$490 million), a 47% increase on the same period last year and a season high total amongst international auction houses in Asia. This outstanding result was anchored by the five-day Hong Kong Spring Sales series in April which brought outstanding results totaling US\$438 million, a 56% increase on the prior year and above the pre-sale high estimate. **The Meiyintang Chenghua "Chicken Cup"** sold for HK\$281 million (\$36 million), a world record at auction for Chinese Porcelain and one of three lots Sotheby's sold during the sales series for HK\$100 million or more, which also included the **Hutton-Mdivani Necklace**, acquired by the Cartier Collection for HK\$214 million (\$27.4 million), setting the world auction record for any jadeite jewellery and a Cartier jewel. Sotheby's also established auction records for 15 Asian artists as well as for any Southeast Asian Art. Sales of Fine Chinese Paintings, Wines and Watches all performed with exceptional sell-through rates.

Following the success of the Spring sales, the May auction series from 26th to 28th May comprising specially curated auctions of Timepieces, Wine as well as Chinese Ceramics and Works of Art spanning three consecutive days at brought a combined total of \$21 million. Chinese ceramics and works of art featuring *Snuff Bottles From The Mary And George Bloch Collection: Part VI, Playings from the Collection of Edward T. Chow* and *Chinese Art through the Eye of Sakamoto Goro*, among other private collections, achieved US\$15.6 million against an estimate of \$8 million. Fine Timepieces fetched \$2 million against an estimate of \$1.4 million, while *A Celebration of Year of the Horse: Cheval Blanc Direct from the Château* and *An Important European Cellar* bought US\$3.1 million against an estimate of US\$2.1 million.

In China, Sotheby's Beijing Spring Sale and Selling Exhibition 2014 attracted new Chinese bidders and buyers who responded enthusiastically to the rich, rewarding art experience involving a selling exhibition of works on paper by important 20th Century Modern masters, *Masters on Paper – From Picasso to Sanyu*, educational programmes and an auction of Modern and Contemporary Chinese Art, which achieved US\$18.6 million against an estimate of US\$13.7 with 85% of the lots sold.

Decorative Arts

Sotheby's London *Orientalist & Islamic Week* sales on 8th and 9th April brought a combined total of £11,806,075 (\$19,707,070), against a pre-sale estimate of £9.3/13.6 million. *The Orientalist Sale* on 8th April realised £4,825,900 (\$8,020,163). The top lot was Etienne Dinet's **Conciliabule dans la nuit (The Night Conspirators)**, which sold for £782,500 (\$1,300,437). A record for a modern Egyptian sculptor at auction was achieved when **Au Bord du Nil (On the banks of the Nile)** by Mahmoud Mokhtar brought £458,500 (\$761,981), soaring above its pre-sale estimate of £50/70,000.

The *Arts of the Islamic World* auction on 9th April achieved a total of £6,980,175 (\$11,686,907) and was led by the most important Persian royal portrait to appear on the market in decades. Depicting Fath 'Ali Shah and dating from circa 1920, it sold for £2,994,500 (\$5,013,691), establishing a new auction record for any Qajar portrait.

Following Sotheby's best ever year for Asian Art auctions in New York in 2013, the March *Asia Week* sales totaled \$56,145,252 a solid increase on the previous March. There was consistent bidding throughout the five sales with a strong sell through rate and an overall sold-by-value rate of 80% driven by collectors from throughout Asia, the US, and Europe doggedly pursuing the rarest objects often to prices several times the high estimates. In addition to the auctions Sotheby's once again staged the *Shuimo / Water Ink* selling exhibition which doubled in size from 2013.

The auctions of Chinese Art on 18th, 19th, and 20th March brought a combined total of \$43,687,377 million – comfortably exceeding the high estimate for the three sales of \$31.3 million. The top lot of the week at Sotheby's was **A Rare Molded Blue And White Barbed Rim Dish**, Yuan Dynasty, 14th Century, which sold for \$4,197,000, dwarfing the \$200/300,000 estimate after it was sought by eight bidders in the *Fine Chinese Ceramics and Works of Art* auction. The *Fine Classical Chinese Paintings and Calligraphy* sale was led by the

Wang Shouren album, **Parting At The Ye River** which sold for \$2,045,000, many multiples of the \$60/80,000 estimate.

The sale of *Indian, Himalayan & Southeast Asian Works of Art* on 19th March far exceeded the pre-sale estimates, reaching \$5,794,000 (est. \$2.3/3.4 million). The auction was led by works from the important and historic *Tamashige Tibet Collection* which included examples of rare and important thangkas, sculptures and ritual objects from the collection of Mr. Yoshitomo Tamashige, one of the pioneering and preeminent Japanese collectors of Tibetan art. Almost 83% of lots sold with over 94% of lots sold bringing at or above their pre-sale estimates. The week's sales of Indian art totaled over \$12 million with the auction of *Modern & Contemporary South Asian Art* on 18th March, bringing \$6,663,875, well within the pre-sale estimate of \$5.3/7.8 million. The top lot of the sale was the cover lot, **Painting No. 3**, an ethereal work from 1962 by Vasudeo S. Gaitonde, which fetched \$2,517,000 (est. \$2/3 million).

Sotheby's London sale of *Fine Chinese Ceramics & Works of Art* on 14th May brought a total of £7,002,225 (\$11,802,950). The top lot was a pair of white jade bowls, once owned by Kenneth Dingwall, one of the founders of the Oriental Ceramic Society, which sold for £458,000 (\$772,848). Fine pieces of Imperial Qing porcelain and gilt-bronze were enthusiastically received, in many cases pushing prices well beyond pre-sale estimates.

Books and Manuscripts

On 4th June in New York the single-owner auction *John Lennon: You Might Well Arsk: Original Drawings And Manuscripts, 1964-65* was 100% sold bringing the outstanding total of \$2,899,000, well over the \$1.2m high estimate with a significant proportion of the lots receiving online bids. The sale was led by **The Singulare Experience of Miss Anne Duffield**, the manuscript of Lennon's bizarre and hilarious parody of Sherlock Holmes from his book *A Spaniard in the Works* which sold for \$209,000 (est. \$50/70,000).

On 24th June in New York Bob Dylan's original hand-written lyrics for the 1965 epic "Like A Rolling Stone" fetched \$2,045,000 to set an auction record for a popular music manuscript (est. \$1/2 million). The lyrics, which sold to a private collector, were the top lot in the *Rock & Roll History: Presley to Punk* auction, the first dedicated music history sale at Sotheby's for over a decade. Overall the sale brought \$4,088,630 and included strong prices for material related to Elvis Presley, The Rolling Stones, The Beatles, and Joni Mitchell among others.

Sotheby's London sale of *English Literature, History, Children's Books & Illustrations* on 15th July realized £2,689,616 (\$4,590,906). The top lot was one of about only 20 recorded copies surviving of the first book ever to be printed in the English language, **The Recuyell of the Historyes of Troye**, printed circa 1473-74 in Flanders by William Caxton, which sold for £1,082,500 (\$1,847,719).

Jewellery & Watches

The auction of *Magnificent Jewels* in New York on 29th April achieved \$44,313,500 in total, led by a **Magnificent Fancy Intense Orangy Pink Diamond and Diamond Ring** that brought \$6,101,000 (est. \$6/7 million). The beautifully-shaped, cushioncut diamond of 15.23 carats, VS2 clarity, displays a soft, feminine color reminiscent of pink diamonds in historic and royal collections. Additional highlights of the sale included The El Dorado Emerald, an emerald-cut Colombian emerald weighing 36.53 carats that sold for \$2,165,000 (est. \$1.8/2.2 million), as well as a selection of jewels from the estate of American entertainment icon Eydie Gorme that together fetched \$2.2 million.

On 13th May Sotheby's Geneva set a world record for a jewellery auction. The sale of *Magnificent Jewels and Noble Jewels* totaled an outstanding CHF 125,507,450 (\$141,492,079) (est. CHF 82.4/125.5 million). A record for a yellow diamond was established when the sensational **Graff Vivid Yellow**, an exceptional 100.09 carat daffodil yellow diamond ring sold for CHF 14,501,000 (\$16,347,847). This gem of extraordinary beauty, fire and brilliance is one of the largest fancy vivid yellow diamonds in the world.

On 14th May at Sotheby's Geneva the sale of *Important Watches* was led by an exceptionally rare 19th century gold and enamel snuff box with a concealed timepiece and musical automaton. Two passionate bidders competed for this masterpiece of Swiss horology, driving the final price to CHF49,000 (\$842,408). The auction totalled CHF10,123,625 (\$11,386,142) (est. CHF6.9/10.6 million).

On 10th June in New York *The Titanium Collection* of unique and remarkable wristwatches by Patek Philippe achieved \$7.1 million – comfortably exceeding the \$4.9 million high estimate. The full auction of *Important Watches* totaled \$11.7 million, marking the highest-ever result for a various-owners sale of watches at Sotheby's New York, with more than half of all sold lots surpassing their pre-sale high estimates.

Wine

The spring wine sales in New York were led by the sale of *Finest And Rarest Wines Featuring The First Ever Offering Of Rare Burgundy Direct From The Drouhin Family Cellar* on 8th March. The sale brought the outstanding total of \$3,215,319 comfortably exceeding the pre-sale high estimate of \$2.7 million with 98% of lots sold. The sale marked the first time that the Drouhin family had offered wine direct from their cellar in Burgundy at auction. The rare treasures were fiercely fought over by collectors and achieved a total of \$930,694, against an estimate of \$468,500/645,500, with all selling and 79% of lots exceeding the high estimate. Bidding was characterized by the continuing resurgence of American collectors as well as substantial activity from Asia and Latin America.

Sotheby's London sale of *Finest & Rarest Wines: A Remarkable Single Owner Collection* on 26th February brought a total of £1,635,848 (\$2,715,508) and was 96% sold by lot. The collection's focus was Bordeaux and many lots went over the high estimate, especially for the more mature vintages. There was also keen demand for rare vintages of Château d'Yquem. Private collectors dominated the auction with strong live online bidding from across the globe throughout the sale.

* Non GAAP financial measure. See Appendix for details.

Note: Estimates do not include buyer's premium and prices achieved include the hammer price plus 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 9:00 AM EDT on 8 August 2014, to discuss its second quarter and first half 2014 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 66982246.

The conference call will also be accessible via webcast on the Investor Relations section of the Sotheby's web site at <http://investor.shareholder.com/bid/events.cfm>.

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 Tables Follow

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