

# CtW Investment Group

February 29, 2012

Mr. Michael Sovern, Chairman  
Sotheby's  
1334 New York Avenue  
New York, NY 10021

Dear Mr. Sovern,

With today's announcement of James Murdoch resignation from his position as executive chairman of News International, we call on the Sotheby's board to remove him from his position on the board. Sotheby's has heretofore refused to heed shareholder calls (including our correspondence dated October 21, 2011 and November 8, 2011) for James' resignation, but today's news demands immediate action. If Sotheby's chooses to re-nominate him at the upcoming annual meeting, we will oppose this election and urge other shareholders to vote likewise.

Retaining Murdoch on the board would be a clear violation of Sotheby's own policy requiring that any director whose principal occupation has changed is required to tender his resignation. Specifically, Sotheby's policy states that "(i)f a Director's principal occupation or business association changes significantly from the principal occupation or business association that the Director held when the Director joined the Board, the Director shall tender his or her resignation from the Board to the Nominating and Corporate Governance Committee." In addition to the change in employment announced today, we note that Murdoch has already resigned from the GlaxoSmithKline board.

The company will soon file its proxy for the annual shareholder meeting in early May, and that proxy should not include James Murdoch. The company's October 24 letter defends Murdoch as a "valued member of the Sotheby's board." We believe that this has always been an untenable position—today's news reinforces that point.

We look forward to your prompt response.

Sincerely,



Richard Clayton  
Director of Research