# Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

**2011**

**This Form is Open to Public Inspection**

## Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

**A** This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

**B** This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [X] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

**C** If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

**D** Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

## Part II Basic Plan Information—enter all requested information

**1a** Name of plan
SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN

**1b** Three-digit plan number (PN) ▶ 002

**1c** Effective date of plan 12/01/1985

**2a** Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)

SOTHEBY'S, INC.

1334 YORK AVENUE
NEW YORK, NY 10021-4806

**2b** Employer Identification Number (EIN) 38-2478406

**2c** Sponsor's telephone number 212-606-7268

**2d** Business code (see instructions) 541990

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

| | | | |
|---|---|---|---|
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/16/2012 | MARK R. MCLEOD |
| | **Signature of plan administrator** | Date | Enter name of individual signing as plan administrator |
| **SIGN HERE** | Filed with authorized/valid electronic signature. | 10/16/2012 | PAMELA I. ASHBY |
| | **Signature of employer/plan sponsor** | Date | Enter name of individual signing as employer or plan sponsor |
| **SIGN HERE** | | | |
| | **Signature of DFE** | Date | Enter name of individual signing as DFE |

**3a** Plan administrator's name and address (if same as plan sponsor, enter "Same")
SOTHEBY'S, INC.

1334 YORK AVENUE
NEW YORK, NY 10021-4806

**3b** Administrator's EIN
38-2478406

**3c** Administrator's telephone number
212-606-7268

**4** If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

**a** Sponsor's name

**4b** EIN

**4c** PN

| | | | |
|---|---|---|---|
| **5** | Total number of participants at the beginning of the plan year | **5** | 837 |
| **6** | Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**). | | |
| **a** | Active participants | **6a** | 581 |
| **b** | Retired or separated participants receiving benefits | **6b** | 1 |
| **c** | Other retired or separated participants entitled to future benefits | **6c** | 310 |
| **d** | Subtotal. Add lines **6a**, **6b**, and **6c** | **6d** | 892 |
| **e** | Deceased participants whose beneficiaries are receiving or are entitled to receive benefits | **6e** | 0 |
| **f** | Total. Add lines **6d** and **6e** | **6f** | 892 |
| **g** | Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) | **6g** | 887 |
| **h** | Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested | **6h** | 47 |
| **7** | Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) | **7** | |

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2F 2G 2J 2K 2S 2T 3H

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

**9a** Plan funding arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**9b** Plan benefit arrangement (check all that apply)

| | | |
|---|---|---|
| **(1)** | | Insurance |
| **(2)** | | Code section 412(e)(3) insurance contracts |
| **(3)** | X | Trust |
| **(4)** | | General assets of the sponsor |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

| | | |
|---|---|---|
| **(1)** | X | **R** (Retirement Plan Information) |
| **(2)** | | **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary |
| **(3)** | | **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary |

**b General Schedules**

| | | |
|---|---|---|
| **(1)** | X | **H** (Financial Information) |
| **(2)** | | **I** (Financial Information – Small Plan) |
| **(3)** | | **A** (Insurance Information) |
| **(4)** | X | **C** (Service Provider Information) |
| **(5)** | X | **D** (DFE/Participating Plan Information) |
| **(6)** | | **G** (Financial Transaction Schedules) |

| SCHEDULE C (Form 5500) | Service Provider Information | OMB No. 1210-0110 |
|---|---|---|
| Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ **File as an attachment to Form 5500.** | **2011**<br>**This Form is Open to Public Inspection.** |

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

| **A** Name of plan | **B** Three-digit plan number (PN) ▶ |
|---|---|
| SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN | 002 |

| **C** Plan sponsor's name as shown on line 2a of Form 5500 | **D** Employer Identification Number (EIN) |
|---|---|
| SOTHEBY'S, INC. | 38-2478406 |

## Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

### 1 Information on Persons Receiving Only Eligible Indirect Compensation

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. . . . . [X] Yes [ ] No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

THE VANGUARD GROUP,INC.

23-1945930

**(b)** Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, $5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

**(a)** Enter name and EIN or address (see instructions)

| (b) Service Code(s) | (c) Relationship to employer, employee organization, or person known to be a party-in-interest | (d) Enter direct compensation paid by the plan. If none, enter -0-. | (e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h) Did the service provider give you a formula instead of an amount or estimated amount? |
|---|---|---|---|---|---|---|
| | | | Yes ☐ No ☐ | Yes ☐ No ☐ | | Yes ☐ No ☐ |

## Part I Service Provider Information (continued)

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received $1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

| **(a)** Enter service provider name as it appears on line 2 | **(b)** Service Codes (see instructions) | **(c)** Enter amount of indirect compensation |
|---|---|---|
| | | |
| **(d)** Enter name and EIN (address) of source of indirect compensation | **(e)** Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. | |
| | | |

## Part II Service Providers Who Fail or Refuse to Provide Information

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

| **(a)** Enter name and EIN or address of service provider (see instructions) | **(b)** Nature of Service Code(s) | **(c)** Describe the information that the service provider failed or refused to provide |
|---|---|---|
| | | |

## Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)

(complete as many entries as needed)

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

| | | |
|---|---|---|
| **a** | Name: | **b** EIN: |
| **c** | Position: | |
| **d** | Address: | **e** Telephone: |

Explanation:

# SCHEDULE D (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

## DFE/Participating Plan Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2011**

**This Form is Open to Public Inspection.**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

**A** Name of plan
SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan or DFE sponsor's name as shown on line 2a of Form 5500
SOTHEBY'S, INC.

**D** Employer Identification Number (EIN)
38-2478406

**Part I** **Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)**
(Complete as many entries as needed to report all interests in DFEs)

**a** Name of MTIA, CCT, PSA, or 103-12 IE: VANGUARD RETIREMENT SAVINGS TRUST

**b** Name of sponsor of entity listed in (a): VANGUARD FIDUCIARY TRUST COMPANY

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions) |
|---|---|---|
| 23-2186884-002 | C | 22709545 |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103 12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103- 12 IE at end of year (see instructions) |
|---|---|---|
| | | |

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

| **c** EIN-PN | **d** Entity code | **e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|---|---|---|

## Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

| | |
|---|---|
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |
| **a** Plan name | |
| **b** Name of plan sponsor | **c** EIN-PN |

# SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

## Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2011**

**This Form is Open to Public Inspection**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

**A** Name of plan
SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
SOTHEBY'S, INC.

**D** Employer Identification Number (EIN)
38-2478406

## Part I Asset and Liability Statement

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

| Assets | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|
| **a** Total noninterest-bearing cash | 1a | | |
| **b** Receivables (less allowance for doubtful accounts): | | | |
| **(1)** Employer contributions | 1b(1) | 1918480 | 1687675 |
| **(2)** Participant contributions | 1b(2) | 3220 | 0 |
| **(3)** Other | 1b(3) | | |
| **c** General investments: | | | |
| **(1)** Interest-bearing cash (include money market accounts & certificates of deposit) | 1c(1) | | |
| **(2)** U.S. Government securities | 1c(2) | | |
| **(3)** Corporate debt instruments (other than employer securities): | | | |
| **(A)** Preferred | 1c(3)(A) | | |
| **(B)** All other | 1c(3)(B) | | |
| **(4)** Corporate stocks (other than employer securities): | | | |
| **(A)** Preferred | 1c(4)(A) | | |
| **(B)** Common | 1c(4)(B) | | |
| **(5)** Partnership/joint venture interests | 1c(5) | | |
| **(6)** Real estate (other than employer real property) | 1c(6) | | |
| **(7)** Loans (other than to participants) | 1c(7) | | |
| **(8)** Participant loans | 1c(8) | 1397758 | 1499118 |
| **(9)** Value of interest in common/collective trusts | 1c(9) | 19690448 | 22709545 |
| **(10)** Value of interest in pooled separate accounts | 1c(10) | | |
| **(11)** Value of interest in master trust investment accounts | 1c(11) | | |
| **(12)** Value of interest in 103-12 investment entities | 1c(12) | | |
| **(13)** Value of interest in registered investment companies (e.g., mutual funds) | 1c(13) | 85562207 | 85900805 |
| **(14)** Value of funds held in insurance company general account (unallocated contracts) | 1c(14) | | |
| **(15)** Other | 1c(15) | | |

| | | | (a) Beginning of Year | (b) End of Year |
|---|---|---|---|---|
| **1d** | Employer-related investments: | | | |
| | **(1)** Employer securities | 1d(1) | 1316761 | 988398 |
| | **(2)** Employer real property | 1d(2) | | |
| **e** | Buildings and other property used in plan operation | 1e | | |
| **f** | Total assets (add all amounts in lines 1a through 1e) | 1f | 109888874 | 112785541 |
| | **Liabilities** | | | |
| **g** | Benefit claims payable | 1g | | |
| **h** | Operating payables | 1h | | |
| **i** | Acquisition indebtedness | 1i | | |
| **j** | Other liabilities | 1j | | |
| **k** | Total liabilities (add all amounts in lines 1g through1j) | 1k | 0 | 0 |
| | **Net Assets** | | | |
| **l** | Net assets (subtract line 1k from line 1f) | 1l | 109888874 | 112785541 |

## Part II Income and Expense Statement

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

| | Income | | (a) Amount | (b) Total |
|---|---|---|---|---|
| **a** | **Contributions:** | | | |
| | **(1)** Received or receivable in cash from: **(A)** Employers | 2a(1)(A) | 2981606 | |
| | **(B)** Participants | 2a(1)(B) | 4077111 | |
| | **(C)** Others (including rollovers) | 2a(1)(C) | 2022 | |
| | **(2)** Noncash contributions | 2a(2) | | |
| | **(3)** Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)** | 2a(3) | | 7060739 |
| **b** | **Earnings on investments:** | | | |
| | **(1)** Interest: | | | |
| | **(A)** Interest-bearing cash (including money market accounts and certificates of deposit) | 2b(1)(A) | | |
| | **(B)** U.S. Government securities | 2b(1)(B) | | |
| | **(C)** Corporate debt instruments | 2b(1)(C) | | |
| | **(D)** Loans (other than to participants) | 2b(1)(D) | | |
| | **(E)** Participant loans | 2b(1)(E) | | |
| | **(F)** Other | 2b(1)(F) | 80683 | |
| | **(G)** Total interest. Add lines **2b(1)(A)** through **(F)** | 2b(1)(G) | | 80683 |
| | **(2)** Dividends: **(A)** Preferred stock | 2b(2)(A) | | |
| | **(B)** Common stock | 2b(2)(B) | 7875 | |
| | **(C)** Registered investment company shares (e.g. mutual funds) | 2b(2)(C) | 2298926 | |
| | **(D)** Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)** | 2b(2)(D) | | 2306801 |
| | **(3)** Rents | 2b(3) | | |
| | **(4)** Net gain (loss) on sale of assets: **(A)** Aggregate proceeds | 2b(4)(A) | 449741 | |
| | **(B)** Aggregate carrying amount (see instructions) | 2b(4)(B) | 466524 | |
| | **(C)** Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result | 2b(4)(C) | | -16783 |

| | | (a) Amount | (b) Total |
|---|---|---|---|
| 2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate | 2b(5)(A) | | |
| (B) Other | 2b(5)(B) | -3039819 | |
| (C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B) | 2b(5)(C) | | -3039819 |
| (6) Net investment gain (loss) from common/collective trusts | 2b(6) | | 857949 |
| (7) Net investment gain (loss) from pooled separate accounts | 2b(7) | | |
| (8) Net investment gain (loss) from master trust investment accounts | 2b(8) | | |
| (9) Net investment gain (loss) from 103-12 investment entities | 2b(9) | | |
| (10) Net investment gain (loss) from registered investment companies (e.g., mutual funds) | 2b(10) | | -24853 |
| c Other income | 2c | | 15147 |
| d Total income. Add all **income** amounts in column (b) and enter total | 2d | | 7239864 |
| **Expenses** | | | |
| e Benefit payment and payments to provide benefits: | | | |
| (1) Directly to participants or beneficiaries, including direct rollovers | 2e(1) | 4305602 | |
| (2) To insurance carriers for the provision of benefits | 2e(2) | | |
| (3) Other | 2e(3) | | |
| (4) Total benefit payments. Add lines 2e(1) through (3) | 2e(4) | | 4305602 |
| f Corrective distributions (see instructions) | 2f | | |
| g Certain deemed distributions of participant loans (see instructions) | 2g | | |
| h Interest expense | 2h | | |
| i Administrative expenses: (1) Professional fees | 2i(1) | | |
| (2) Contract administrator fees | 2i(2) | | |
| (3) Investment advisory and management fees | 2i(3) | | |
| (4) Other | 2i(4) | 37595 | |
| (5) Total administrative expenses. Add lines 2i(1) through (4) | 2i(5) | | 37595 |
| j Total expenses. Add all **expense** amounts in column (b) and enter total | 2j | | 4343197 |
| **Net Income and Reconciliation** | | | |
| k Net income (loss). Subtract line 2j from line 2d | 2k | | 2896667 |
| l Transfers of assets: | | | |
| (1) To this plan | 2l(1) | | |
| (2) From this plan | 2l(2) | | |

## Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CROWE HORWATH LLP (2) EIN: 35-0921680

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

## Part IV Compliance Questions

**4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

| | | Yes | No | Amount |
|---|---|---|---|---|
| **a** | Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.) **4a** | | X | |
| **b** | Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.) **4b** | | X | |
| **c** | Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) **4c** | | X | |
| **d** | Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.) **4d** | | X | |
| **e** | Was this plan covered by a fidelity bond? **4e** | X | | 10000000 |
| **f** | Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? **4f** | | X | |
| **g** | Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? **4g** | | X | |
| **h** | Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? **4h** | | X | |
| **i** | Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.) **4i** | X | | |
| **j** | Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.) **4j** | | X | |
| **k** | Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? **4k** | | X | |
| **l** | Has the plan failed to provide any benefit when due under the plan? **4l** | | X | |
| **m** | If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.) **4m** | | X | |
| **n** | If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. **4n** | | | |

**5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If "Yes," enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

**5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

| **5b(1)** Name of plan(s) | **5b(2)** EIN(s) | **5b(3)** PN(s) |
|---|---|---|
| | | |
| | | |
| | | |
| | | |

# SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

# Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

**2011**

**This Form is Open to Public Inspection.**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

**A** Name of plan
SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN

**B** Three-digit plan number (PN) ▶ 002

**C** Plan sponsor's name as shown on line 2a of Form 5500
SOTHEBY'S, INC.

**D** Employer Identification Number (EIN)
38-2478406

## Part I Distributions

**All references to distributions relate only to payments of benefits during the plan year.**

**1** Total value of distributions paid in property other than in cash or the forms of property specified in the instructions ..... **1** 0

**2** Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 23-2186884

**Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.**

**3** Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. ..... **3** 0

## Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

**4** Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**If the plan is a defined benefit plan, go to line 8.**

**5** If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

**If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.**

**6** **a** Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) ..... **6a**

**b** Enter the amount contributed by the employer to the plan for this plan year ..... **6b**

**c** Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) ..... **6c**

**If you completed line 6c, skip lines 8 and 9.**

**7** Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

**8** If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

## Part III Amendments

**9** If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

## Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

**10** Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

**11** **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

**b** If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

**12** Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

## Part V Additional Information for Multiemployer Defined Benefit Pension Plans

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

---

**a** Name of contributing employer

**b** EIN **c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box* ☐ *and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

**e** Contribution rate information *(If more than one rate applies, check this box* ☐ *and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

**14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

| | | |
|---|---|---|
| **a** The current year | **14a** | |
| **b** The plan year immediately preceding the current plan year | **14b** | |
| **c** The second preceding plan year | **14c** | |

**15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

| | | |
|---|---|---|
| **a** The corresponding number for the plan year immediately preceding the current plan year | **15a** | |
| **b** The corresponding number for the second preceding plan year | **15b** | |

**16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

| | | |
|---|---|---|
| **a** Enter the number of employers who withdrew during the preceding plan year | **16a** | |
| **b** If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers | **16b** | |

**17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

## Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

**18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

**19** If the total number of participants is 1,000 or more, complete items (a) through (c)

**a** Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

**b** Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

**c** What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

# SOTHEBY'S, INC.
# RETIREMENT SAVINGS PLAN

## Financial Statements

As of December 31, 2011 and 2010 and
for the year ended December 31, 2011

**SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN**

**Financial Statements**

**As of December 31, 2011 and 2010 and for the year ended December 31, 2011**

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**Crowe Horwath LLP**
Independent Member Crowe Horwath International

# REPORT OF INDEPENDENT AUDITORS

To the Retirement Savings Administrative Committee
and Participants of Sotheby's, Inc. Retirement Savings Plan;

We were engaged to audit the financial statements and supplemental schedule of the Sotheby's, Inc. Retirement Savings Plan (the "Plan") as of December 31, 2011 and 2010 and for the year ended December 31, 2011, as listed in the accompanying contents page. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certification from the trustee as of December 31, 2011 and 2010 and for the year ended December 31, 2011 that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule as a whole. The information included in the supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Crowe Horwath LLP

Crowe Horwath LLP

New York, New York
October 11, 2012

**SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN**
**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS**
**As of December 31, 2011 and 2010**

| | 2011 | 2010 |
|---|---|---|
| **Assets** | | |
| Investments at fair value (Note 3) | | |
| Participant-directed investments | $ 109,598,748 | $ 106,569,416 |
| Receivables | | |
| Employer contributions | 1,687,675 | 1,918,480 |
| Participant contributions | - | 3,220 |
| Notes receivable from participants | 1,499,118 | 1,397,758 |
| Total receivables | 3,186,793 | 3,319,458 |
| Total assets and net assets reflecting all investments at fair value | 112,785,541 | 109,888,874 |
| Adjustments from fair value to contract value for fully benefit-responsive investment contracts | (1,051,597) | (775,373) |
| **Net assets available for benefits** | $ 111,733,944 | $ 109,113,501 |

See accompanying notes to financial statements.

**SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN**
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**
**For the year ended December 31, 2011**

| | 2011 |
|---|---|
| **Additions** | |
| Dividend and interest income | 2,888,526 |
| Interest income on notes receivable from participants | 80,683 |
| Contributions | |
| Employer contributions | 2,981,606 |
| Participant contributions | 4,077,111 |
| Rollover contributions | 2,022 |
| Total contributions | 7,060,739 |
| Total additions | 10,029,948 |
| **Deductions** | |
| Net depreciation in fair value of investments | 3,066,308 |
| Benefits paid to participants | 4,305,602 |
| Administrative expenses | 37,595 |
| Total deductions | 7,409,505 |
| **Net increase in net assets** | 2,620,443 |
| **Net assets available for benefits** | |
| Beginning of year | 109,113,501 |
| End of year | $ 111,733,944 |

See accompanying notes to financial statements.

## NOTE 1 - DESCRIPTION OF THE PLAN

The following is a description of the Sotheby's, Inc. Retirement Savings Plan (the "Plan") and is provided for general information purposes only. Participants should refer to the Plan Document, as amended and restated effective January 1, 2007, and to the Summary Plan Description, both as amended from time to time, for more complete information.

### General

The Plan is a defined contribution plan established December 1, 1985 sponsored by Sotheby's, Inc. (the "Company" or "Plan Sponsor").The Retirement Savings Administrative Committee of the Company (the "Committee") controls and manages the operation and administration of the Plan. Vanguard Fiduciary Trust Company ("Trustee" or "Vanguard") serves as the trustee of the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") and is intended to comply with ERISA section 404(c).

### Eligibility

Salaried employees of the Company, or another domestic subsidiary of Sotheby's who have reached age 21 and who have completed three months of consecutive service are eligible to participate in the Plan on the first day of the month coincident with or following three months of consecutive service. Union employees are eligible to participate in the Plan only if their respective collective bargaining agreement expressly provides for their participation in the Plan.

### Contributions

Participants direct the investment of their contributions into various investment options offered by the Plan. Participants have the option of contributing an amount between 2% and 6% of their eligible compensation, as defined in the Plan document, to the Plan on a Before-Tax basis (the "Basic Contribution").Each participant who has designated a 6% Basic Contribution percentage may make supplemental pre-tax contributions not greater than 14% (the "Supplemental Contribution"), for a total contribution of up to 20% of their eligible compensation. After-Tax Contributions have not been permitted since May 1, 1996.

Prior to May 1, 2009, the Company made matching contributions equal to the participant's Basic Contribution ("Employer Matching Contribution"). Effective May 1, 2009, the Company amended the Plan, whereby the Employer Matching Contribution is 50% of the Basic Contribution.

Effective January 1, 2005, the Company added a provision to make an annual discretionary profit sharing contribution, based on the Company's financial performance (the "Employer Profit Sharing Contribution"). The Employer Profit Sharing Contribution is allocated to the accounts of those Participants who are actively employed and eligible to participate in the Plan on the last day of the Plan year for which the Employer Profit Sharing Contribution is made and is based on eligible compensation. A Participant who is actively employed but not eligible to participate in the Plan on the last day of the Plan year because he has been transferred to a non-domestic affiliate during the Plan year is credited with an Employer Profit Sharing Contribution with respect to his compensation earned for the portion of the Plan year in which he was eligible to participate in the Plan. For the Plan year ended December 31, 2011, the Company made an Employer Profit Sharing Contribution of $1,687,675, which was equal to 3% of eligible wages.

**NOTE 1 - DESCRIPTION OF THE PLAN** (Continued)

Effective January 1, 2006, newly hired employees who have reached age 21 and who have completed three months of consecutive service are automatically enrolled in the Plan. Such employees are deemed to have elected to make Basic Contributions to the Plan in an amount equal to 3% of the employee's eligible compensation subject to Plan limitations. Beginning April 1, 2011, participants who are automatically enrolled in the Plan and have been enrolled in the Plan for 12 months are subject to an automatic 1% annual increase in their Basic Contribution percentage, each April. The automatic increase feature will cease once the participant's Basic Contribution percentage reaches 6%. Additionally, on April 1, 2011, on a one-time only basis, any participants who, as of February 11, 2011, were not making Basic Contributions to the Plan were automatically enrolled in the Plan at a Basic Contribution rate of 3% and subject to the annual increases noted above. Further, on April 1, 2011, on a one-time only basis, any participants who, as of February 11, 2011, were making Basic Contributions between 2% and 5% became subject to the annual increases noted above. The above provisions do not apply to participants who have opted out, made a previous voluntary automatic increase election or were suspended from contributing due to a hardship withdrawal. Participants may opt out of any of the above features or select different deferral rates at any time, subject to Plan procedures.

Participants who have participated in a qualified plan other than this Plan are permitted to make a rollover contribution to a Rollover Contribution account in the Plan of an amount received by the participant that is attributable to participation in such other qualified plan. Such rollover contributions must comply with certain provisions of the Internal Revenue Code ("IRC").

Participants may not invest their Basic, Supplemental or Rollover Contributions in the Company common stock fund (the "Sotheby's Stock Fund"); only Employer Matching Contributions, Employer Profit Sharing Contributions, and Sotheby's Pension Transfer Accounts are eligible for investment in the Sotheby's Stock Fund. Effective January 1, 2006, no more than 35% of a participant's total account balance may be invested in the Sotheby's Stock Fund at any time, and a participant is not permitted to direct the investment of more than 15% of his future Employer Matching Contribution and future Employer Profit Sharing Contribution into the Sotheby's Stock Fund. Participants subject to Section 16(b) of the Securities and Exchange Act of 1934 are not permitted to invest in the Sotheby's Stock Fund at any time.

Participant contributions are subject to certain Internal Revenue Service ("IRS") limitations. The aggregate total of participant and employer contributions in 2011 is limited to the lesser of: (a) 100% of a participant's total eligible annual compensation or (b) $49,000.In addition, there are other limitations set forth in the IRC which the Plan must satisfy. In the event that these requirements are not met, participant contributions exceeding such limitations will be returned to the participant. All contributions are made on a semi-monthly basis.

Effective January 1, 2002, employees who have attained age 50 before the close of the Plan year are eligible to make catch-up contributions (the "Catch-up Contribution").Catch-up Contributions in the amount of $5,500 were permitted for 2011.

**Participant Accounts**

Individual accounts are maintained for each Plan participant. Each account is credited with participant and employer contributions, as well as the participant's share of investment earnings. Each participant's individual account is charged with withdrawals from the account, the participant's share of investment losses, and for participants with loans, loan administrative expenses. Fees for accounts of terminated participants or for participants who partake in the Managed Account Program, which is a participant advisory program, are allocated as a reduction to their accounts. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested balance.

**NOTE 1 - DESCRIPTION OF THE PLAN** (Continued)

**Investments**

As of December 31, 2011, the Plan offered a variety of mutual funds, one collective trust fund (the "Retirement Savings Trust") and the Sotheby's Stock Fund as investment options for participants. Investment elections in the Sotheby's Stock Fund are limited as described above.

**Vesting**

Participant contributions plus actual earnings thereon vest immediately. For employees hired on or after January 1, 2005, employer contributions vest 40 percent after completion of two full years of vesting service and 20 percent per year in each of the subsequent three years and are 100% vested after five years of continuous service. All contributions automatically and fully vest if the participant dies while employed by the Company or while on military leave, or if the participant becomes totally and permanently disabled or reaches Normal Retirement Age while still employed.

**Forfeited Accounts**

Forfeitures are used to reduce future employer contributions pursuant to the Plan document. Accordingly, for the year ended December 31, 2011, employer contributions were reduced by $151,775 from previously forfeited nonvested accounts. At December 31, 2011 and 2010, there were $180,356 and $224,111 in forfeited nonvested accounts available to offset future Company contributions to the Plan.

**Notes Receivable from Participants**

Participants may borrow a minimum of $1,000 up to a maximum of the lesser of: (a) $50,000 or (b) 50% of the participant's vested account balance. All such loans from the Plan must be repaid within five years, except that a loan to acquire a principal residence may be repaid over 15 years. Upon a participant's termination of employment or death, the total amount of any outstanding loans is deducted from the participant's account prior to any distribution of benefits. Loans are secured by the balance in the participant's account and bear interest at a rate of 2% over the Prime lending rate as reported by Reuters. Principal and interest on outstanding loans are repaid through payroll deductions.

**Payment of Benefits**

In general, participant and employer contributions and earnings must remain in the Plan until attainment of age 59½, retirement, disability, death or termination of employment. Benefits are paid to participants as follows:

*In-Service Withdrawals*

A participant may receive in-service withdrawals in the order of and according to the rules provided below:

a) **After-Tax and Rollover Contributions**. A participant is permitted to withdraw one time during a six month period for any reason all or any portion of the total amount credited to his After-Tax Contribution account or Rollover Contribution account. After-Tax Contributions must be withdrawn first, then Rollover Contributions.

**NOTE 1 - DESCRIPTION OF THE PLAN** (Continued)

b) **Employer Matching Contributions**. Next, a participant may withdraw (1) the vested amount of his Employer Matching Contribution account which has been in the Plan for at least twenty four months; or (2) the total amount of his Employer Matching Contribution account if the participant has completed five years of service.

c) **Employer Profit Sharing Contributions and amounts transferred from a prior Sotheby's pension plan ("Sotheby's Pension Transfer account")**.

(i) Employer Profit Sharing Contributions. A Participant who is age 50 or older can withdraw (a) all or any portion of his vested Employer Profit Sharing Contribution Account which has been in the Plan for at least twenty-four (24) months; or (b) all or any portion of his vested Employer Profit Sharing Contribution Account if the Participant has completed five (5) Years of Service.

A Participant who is age 59 ½ or older can withdraw all or any portion of his vested Employer Profit Sharing Contribution Account at any time.

(ii) Sotheby's Pension Transfer Account. A Participant may withdraw all or any portion of his Sotheby's Pension Transfer Account only after the Participant attains age 59 ½.

d) **Before-Tax Contributions**. A participant may withdraw Before-Tax Contributions if he is at least age 59 ½ only after he has withdrawn other available funds under paragraphs (a), (b) and (c) above.

e) **Early Reservist Distributions**. A participant who is ordered or called to active duty after September 11, 2001 may receive a distribution of his Basic and Supplemental Contribution accounts on or after the date of the order or call to active duty.

*Hardship Withdrawals*

A participant may take a hardship withdrawal from his Before-Tax, After-Tax and Rollover accounts, as well as from his Employer Matching and Profit Sharing accounts if he is 100% vested in those accounts. In order to receive a hardship withdrawal, a participant must satisfy the financial need requirements provided in the Plan and his pre-tax contributions will be suspended for 6 months from the date of the withdrawal.

*Participant Retires or Becomes Disabled*

A participant is entitled to receive all amounts credited to his accounts under the Plan if he becomes totally and permanently disabled while employed, or if the participant's employment is terminated on or after Normal Retirement Age.

*Participant Terminates Employment*

A participant is entitled to receive his vested account balances in any one of the payment options outlined in the Plan document upon termination of employment. In the event that a participant has a Sotheby's Pension Transfer account, such payments may be required to be distributed in the form of a Qualified Joint and Survivor Annuity pursuant to IRC regulations.

**NOTE 1 - DESCRIPTION OF THE PLAN** (Continued)

*Participant Dies While Employed*

If a participant dies while employed, the participant's designated beneficiary is entitled to receive all undistributed amounts credited to the participant's account under the Plan (net of outstanding loan balances). This is generally distributed in a lump sum payment.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Plan management to make estimates and assumptions that affect certain reported amounts and disclosures, and actual results may differ from these estimates.

**Risks and Uncertainties**

The Plan holds various investment instruments, including mutual funds, a collective trust fund and the Sotheby's Stock Fund. Investment securities, in general, are exposed to various risks, such as interest rate, credit, liquidity, and overall market volatility risks. Due to the level of risk associated with certain investment securities and the sensitivity of certain fair value estimates to changes in valuation assumptions, it is reasonably possible that changes in the fair values of investment securities will occur in the near term and that such changes could materially affect participant account balances and the amounts reported in the statements of net assets available for benefits.

**Investment Valuation and Income Recognition**

The Plan's investments are stated at fair value. Security transactions are recorded on a trade-date basis. Gains or losses from the sale of investments are determined on the average cost basis. Realized and unrealized gains and losses on investments bought and sold as well as held during the year are included in net depreciation in fair value of investments in the accompanying statement of changes in assets available for benefits. Interest income is recorded on an accrual basis. Dividends are recognized on the ex-dividend date.

Management fees and operating expenses charged to the Plan for investments in the Plan funds are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expenses are reflected as a reduction of income from the Plan and are considered party-in-interest transactions.

**Notes Receivable from Participants**

Notes receivable from participants are reported at their unpaid principal balance plus any accrued but unpaid interest, with no allowance for credit losses, as repayments of principal and interest are received through payroll deductions and the notes are collateralized by participant account balances.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Payment of Benefits**

Benefit payments to participants are recorded upon distribution. There were no amounts allocated to accounts of participants who have elected to withdraw from the Plan but have not yet been paid as of December 31, 2011 and 2010.

**Administrative Expenses**

Administrative expenses of the Plan are paid by the Plan or the Plan Sponsor, as provided in the Plan document. For the year ended December 31, 2011, the Company paid all administrative expenses except loan administrative expenses, fees for terminated participant accounts and fees deducted from the income of the Plan. Loan administrative expenses are allocated to the borrower's account, as provided in the Summary Plan Description. Fees for accounts of terminated participants or for participants who partake in the Managed Account Program, an optional participant advisory program, are allocated as a reduction to their accounts.

**Fully Benefit-Responsive Investment Contracts**

While Plan investments are presented at fair value in the statements of net assets available for benefits, any material difference between the fair value of the Plan's direct and indirect interests in fully benefit-responsive investment contracts and their contract value is presented as an adjustment line in the statements of net assets available for benefits, because contract value is the relevant measurement attribute for that portion of the Plan's net assets available for benefits. Contract value represents contributions made to a contract, plus earnings, less participant withdrawals and administrative expenses. Participants in fully benefit-responsive contracts may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The Plan holds an indirect interest in a fully benefit-responsive contract through its investment in the Retirement Savings Trust.

**Reclassifications**

Certain reclassifications have been made to prior year amounts to conform with current year presentation.

**NOTE 3 - FAIR VALUE MEASUREMENTS**

Fair value is the price that would be received by the Plan for an asset or paid by the Plan to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Plan's principal or most advantageous market for the asset or liability. Fair value measurements are determined by a hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value, whenever possible. The hierarchy places the highest priority on unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and gives the lowest priority to unobservable inputs (Level 3 measurements).The three levels of inputs within the fair value hierarchy are defined as follows:

*Level 1*

Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Plan has the ability to access as of the measurement date.

**NOTE 3 - FAIR VALUE MEASUREMENTS** (Continued)

*Level 2*

Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

*Level 3*

Significant unobservable inputs that reflect the Plan's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In some cases, a valuation technique used to measure fair value may include inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the Plan to estimate the fair values of investments apply to investments held directly by the Plan.

*Mutual funds*

The fair values of mutual funds are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

*Company common stock fund*

The fair value of Sotheby's common stock held in the Sotheby's Stock Fund is determined by obtaining quoted prices from a nationally recognized exchange (Level 1 inputs).

*Collective trust fund*

The fair value of participation units held in the Retirement Savings Trust, are based on their net asset values, after adjustments to reflect all fund investments at fair value, including direct and indirect interests in fully benefit-responsive contracts, as reported in the audited financial statements of the fund (Level 2 inputs). The collective trust fund seeks to provide a relatively predicable return from current income, with no change in principal value. The collective trust fund invests solely in the Vanguard Retirement Savings Trust Master Trust (the "Master Trust").The underlying investments of the Master Trust are primarily in a pool of investment contracts that are issued by insurance companies and commercial banks and in contracts that are backed by bond trusts. The collective trust provides for daily redemptions by the Plan at reported net asset values per share, with no advance notice requirement.

**NOTE 3 - FAIR VALUE MEASUREMENTS** (Continued)

Investments measured at fair value on a recurring basis at December 31, 2011 and 2010 are summarized below:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Total Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| **2011** | | | | |
| Stable Value Collective | | | | |
| Trust Fund | $ 22,709,545 | $ - | $ 22,709,545 | $ - |
| Mutual Funds | | | | |
| Bond Funds | 8,599,528 | 8,599,528 | - | - |
| Target Date Funds | 9,678,410 | 9,678,410 | - | - |
| S&P 500 Index Fund | 23,078,471 | 23,078,471 | - | - |
| Balanced Fund | 12,440,510 | 12,440,510 | - | - |
| Large-Cap Value Equity Fund | 2,823,279 | 2,823,279 | - | - |
| Mid-Cap Core Equity Index Fund | 2,956,722 | 2,956,722 | - | - |
| Large/Mid Cap Growth Fund | 14,281,176 | 14,281,176 | - | - |
| Small-Cap Growth Fund | 1,537,792 | 1,537,792 | - | - |
| International Growth Fund | 7,972,532 | 7,972,532 | - | - |
| Real Estate Index Fund | 1,828,740 | 1,828,740 | - | - |
| Money Market | 229,471 | 229,471 | - | - |
| Government Treasury Fund | 474,174 | 474,174 | - | - |
| Company Common Stock Fund | 988,398 | 988,398 | - | - |
| Total | $ 109,598,748 | $ 86,889,203 | $ 22,709,545 | $ - |

There were no significant transfers between Level 1 and Level 2 during 2011.

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Total Fair Value | Quoted Prices in Active Markets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Unobservable Inputs (Level 3) |
| **2010** | | | | |
| Stable Value Collective | | | | |
| Trust Fund | $ 19,690,448 | $ - | $ 19,690,448 | $ - |
| Mutual Funds | | | | |
| Bond Funds | 7,514,818 | 7,514,818 | - | - |
| Target Date Funds | 8,385,990 | 8,385,990 | - | - |
| S&P 500 Index Fund | 23,310,612 | 23,310,612 | - | - |
| Balanced Fund | 11,677,018 | 11,677,018 | - | - |
| Large-Cap Value Equity Fund | 2,908,939 | 2,908,939 | - | - |
| Mid-Cap Core Equity Index Fund | 3,003,030 | 3,003,030 | - | - |
| Large/Mid Cap Growth Funds | 16,073,104 | 16,073,104 | - | - |
| Small-Cap Growth Fund | 1,440,685 | 1,440,685 | - | - |
| International Growth Fund | 9,229,193 | 9,229,193 | - | - |
| Real Estate Index Fund | 1,427,988 | 1,427,988 | - | - |
| Money Market | 284,429 | 284,429 | - | - |
| Government Treasury Fund | 306,401 | 306,401 | - | - |
| Company Common Stock Fund | 1,316,761 | 1,316,761 | - | - |
| Total | $ 106,569,416 | $ 86,878,968 | $ 19,690,448 | $ - |

## NOTE 4 - UNAUDITED INFORMATION - CERTIFIED INVESTMENTS AND NOTES RECEIVABLE FROM PARTICIPANTS

Substantially all of the information pertaining to the Plan's investments and notes receivable from participants included in the financial statements, including the associated investment income (loss) and interest earned on notes receivable from participants, was obtained or derived from information supplied to the Plan Sponsor and certified as complete and accurate by Vanguard. This information has not been audited by independent accountants.

During the year ended December 31, 2011, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value as follows:

| | 2011 |
|---|---|
| Company Common Stock Fund | $ (607,269) |
| Mutual Funds | (2,459,039) |
| Net depreciation | $ (3,066,308) |

The Plan's investments at fair value that represented 5% or more of the Plan's net assets available for benefits as of December 31, 2011 and 2010 are as follows:

| | 2011 | 2010 |
|---|---|---|
| **Mutual Funds** | | |
| Vanguard 500 Index Fund Signal Shares | $ 23,078,471 | $ 23,310,612 |
| Vanguard PRIMECAP Fund | $ 14,281,176 | $ 16,073,104 |
| Vanguard Wellington Fund Investor Shares | $ 12,440,510 | $ 11,677,018 |
| Vanguard International Growth Fund | $ 7,972,532 | $ 9,229,193 |
| Vanguard Total Bond Market Index Fund | $ 8,599,528 | $ 7,514,818 |
| **Collective Trust Fund** | | |
| Vanguard Retirement Savings Trust (a) | $ 22,709,545 | $ 19,690,448 |

(a) Stated at fair value. The contract value of the fund was $21,657,948 and $18,915,075 at December 31, 2011 and 2010, respectively.

The Plan earned interest and dividend income on investments of $2,888,526 for the year ended December 31, 2011.

## NOTE 5 - FEDERAL INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Company by letter dated December 19, 2007 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code ("IRC").The Plan has been amended since receiving such determination letter. The Plan Administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement dates. Subsequent to the year ended December 31, 2011, the Plan received a new determination letter dated May 30, 2012 that the Plan and related trust are designed in accordance with applicable sections of the IRC.

## NOTE 6 -PARTY-IN-INTEREST TRANSACTIONS

Parties-in-interest are defined under Department of Labor regulations as any fiduciary of the Plan, any party rendering service to the Plan, the employer, and certain others. Certain Plan investments are shares of mutual funds managed by Vanguard Group and a collective trust fund managed by Vanguard Fiduciary Trust Company. Vanguard Fiduciary Trust Company is a wholly owned subsidiary of Vanguard Group, Inc. Vanguard Fiduciary Trust Company is the trustee as designated by the Plan, and therefore, these investments and investment transactions qualify as party-in-interest transactions. As of December 31, 2011 and 2010, the fair value of these mutual funds and collective trust fund amounted to $108,610,350 and $105,252,655, respectively. Notes receivable from participants are also considered party-in-interest transactions and totaled $1,499,118 and $1,397,758 as of December 31, 2011 and 2010, respectively. Fees paid by the Plan for various administrative services totaled $37,595 for the year ended December 31, 2011.

At December 31, 2011 and 2010, the Plan held 34,574 and 29,203 shares, respectively, of common stock of Sotheby's. For the year ended December 31, 2011, the Plan recorded dividend income of $7,869 as a result of its holdings of shares of common stock of Sotheby's.

Additionally, certain employees and officers of the Company, who may also be participants in the Plan, perform administrative services to the Plan at no cost to the Plan.

## NOTE 7 - RIGHTS UPON PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, participants would become 100 percent vested in their accounts.

## NOTE 8 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of Net Assets Available for Benefits per the financial statements at December 31, 2011 and 2010 to Form 5500:

| | 2011 | 2010 |
|---|---|---|
| Net assets available for benefits per the financial statements | $ 111,733,944 | $ 109,113,501 |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts | 1,051,597 | 775,373 |
| Net assets per Form 5500 | $ 112,785,541 | $ 109,888,874 |

The following is a reconciliation of the Changes in Net Assets Available for Benefits per the financial statements for the year ended December 31, 2011 to Form 5500:

| | 2011 |
|---|---|
| Net increase per the financial statements | $ 2,620,443 |
| Adjustment from contract value to fair value for fully benefit-responsive investment contracts - 2010 | (775,373) |
| Adjustment from contact value to fair value for fully benefit-responsive investment contracts - 2011 | 1,051,597 |
| Net income per Form 5500 | $ 2,896,667 |

## NOTE 9 - SUBSEQUENT EVENTS

Plan management has evaluated subsequent events for recognition and disclosure through October 11, 2012 which is the date the financial statements were available to be issued.

**SUPPLEMENTAL SCHEDULE**

Name of Plan Sponsor: Sotheby's Inc.
Employer Identification Number: 38-2478406
Plan Number: 002

| (a) | (b) | (c) | (d) | (e) |
|---|---|---|---|---|
| | Identity of Issue, Borrower, Lessor, or Similar Party | Description of Investment Including Maturity Date Rate of Interest, Collateral, Par or Maturity Value | Cost | Current Value |
| | | **Mutual Funds** | | |
| * | Vanguard Group | 500 Index Fund | # | $ 23,078,471 |
| * | Vanguard Group | Explorer Fund | # | 1,537,792 |
| * | Vanguard Group | Extended Market Index Fund | # | 2,956,722 |
| * | Vanguard Group | International Growth Fund | # | 7,972,532 |
| * | Vanguard Group | PRIMECAP Fund | # | 14,281,176 |
| * | Vanguard Group | Prime Money Market Fund | # | 229,471 |
| * | Vanguard Group | REIT Index Fund Investor Fund | # | 1,828,740 |
| * | Vanguard Group | Short-Term Treasury Fund | # | 474,174 |
| * | Vanguard Group | Target Retirement 2005 Fund | # | 374,624 |
| * | Vanguard Group | Target Retirement 2010 Fund | # | 24,412 |
| * | Vanguard Group | Target Retirement 2015 Fund | # | 1,287,963 |
| * | Vanguard Group | Target Retirement 2020 Fund | # | 736,605 |
| * | Vanguard Group | Target Retirement 2025 Fund | # | 716,004 |
| * | Vanguard Group | Target Retirement 2030 Fund | # | 513,700 |
| * | Vanguard Group | Target Retirement 2035 Fund | # | 1,929,448 |
| * | Vanguard Group | Target Retirement 2040 Fund | # | 1,001,530 |
| * | Vanguard Group | Target Retirement 2045 Fund | # | 1,719,723 |
| * | Vanguard Group | Target Retirement 2050 Fund | # | 911,458 |
| * | Vanguard Group | Target Retirement 2055 Fund | # | 13,123 |
| * | Vanguard Group | Target Retirement Income Fund | # | 449,820 |
| * | Vanguard Group | Total Bond Market Index Fund | # | 8,599,528 |
| * | Vanguard Group | Wellington Fund | # | 12,440,510 |
| * | Vanguard Group | Windsor II Fund | # | 2,823,279 |
| | | **Collective Trust Fund** | | |
| * | Vanguard Fiduciary Trust Company | Vanguard Retirement Savings Trust | # | 22,709,545 |
| | | **Common Stock Fund** | | |
| * | Sotheby's, Inc. | Sotheby's Stock Fund | # | 988,398 |
| | | **Other** | | |
| * | Notes receivable from participants | Loans, maturing through 2025, interest rates ranging from 5.25% to 11.5% | # | 1,499,118 |
| | | | | $ 111,097,866 |

* Denotes a party-in-interest.
# Investments are participant directed; historical cost not required.

| | |
|---|---|
| **Plan Name** | **SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN** |
| **Plan Sponsor EIN** | **38-2478406** |
| **ERISA Plan #** | **002** |
| **Plan Year Ending** | **December 31, 2011** |

**The required attachment marked with an "X" in the Attachment column is included within the Accountant's Opinion attachment to Sch. H, Part III, Line 3, which consists of the entire audit report issued by the plan's Independent Qualified Public Accountant (IQPA).**

| Form / Schedule | Line # | Description | Attachment |
|---|---|---|---|
| 5500 Sch. H | Line 3 | Financial statements used in formulating the IQPA's opinion | X |
| 5500 Sch. H | Line 4i | Schedule of Assets (Held at End of Year) | X |
| 5500 Sch. H | Line 4i | Schedule of Assets (Acquired and Disposed of Within Year) | |
| 5500 Sch. H | Line 4j | Schedule of Reportable Transactions | |
| 5500 Sch. H | Line 4a | Schedule of Delinquent Participant Contributions | |

| | |
|---|---|
| **Plan Name** | **SOTHEBY'S, INC. RETIREMENT SAVINGS PLAN** |
| **Plan Sponsor EIN** | **38-2478406** |
| **ERISA Plan #** | **002** |
| **Plan Year Ending** | **December 31, 2011** |

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| 5500 Sch. H | Line 4j | Schedule of Reportable Transactions | |
| 5500 Sch. H | Line 4a | Schedule of Delinquent Participant Contributions | |

**Statement of Reasonable Cause**

| | |
|---|---|
| **Plan Name** | **Sotheby's, Inc. Retirement Savings Plan** |
| **Plan Sponsor EIN** | **38-2478406** |
| **ERISA Plan #** | **002** |
| **Plan Year Ending** | **December 31, 2011** |

We respectfully request a waiver of all penalties for late filing associated with the filing of Form 5500 for the above-referenced plan. For the reasons discussed below, the delay in filing the Form 5500 was due to reasonable cause and not willful neglect, as provided in Internal Revenue Code Section 6652(e). We also respectfully request that this statement be treated as a statement of reasonable cause for purposes of 29 C.F.R. Section 502c-2(b)(2) and that, pursuant to 29 C.F.R. Section 502c-2(b)(2), no penalty under Section 502(c)(2) of ERISA be assessed.

We believe that there were significant mitigating factors for the failure to file timely that establish reasonable cause for the late filing. The Plan Administrator has taken all reasonable and prudent steps to ensure that the Form 5500 was filed on a timely basis. The Form 5500 was prepared and submitted timely through an approved third party software vendor for timely filing to EFAST2. However, complications related to the EFAST2 and software requirements as well as the volume of Forms 5500 processed through the vendor's software and being accepted by EFAST2 resulted in a short delay of the filing past the filing deadline of October 15, 2012. There has been no intentional disregard of the filing requirements.

Therefore, we respectfully request an abatement of all penalties for failure to file timely.