

SOTHEBYS  
Form 8-K  
April 15, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

April 15, 2014  
(Date of Report)

April 10, 2014  
(Date of Earliest Event Reported)

Sotheby's  
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-9750 (Commission File Number)	38-2478409 (IRS Employer Identification No.)
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1334 York Avenue New York, NY (Address of principal executive offices)	10021 (Zip Code)
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(212) 606-7000  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.03 Creation of a Direct Financial Obligation under an Off-Balance Sheet Arrangement of a Registrant  
Auction Guarantees

From time-to-time in the ordinary course of its business, Sotheby's (the "Company") will guarantee to a consignor a minimum sale price in connection with the sale of property at auction (an "auction guarantee"). In the event that the property sells for less than the guaranteed price, Sotheby's must perform under the auction guarantee by funding the difference between the sale price at auction and the amount of the auction guarantee. Sotheby's is generally entitled to a share of the excess proceeds if the property under the auction guarantee sells above the guaranteed price. If the property does not sell, the amount of the auction guarantee must be paid, but Sotheby's has the right to recover such amount through the future sale of the property.

Sotheby's may reduce its financial exposure under auction guarantees through contractual risk and reward sharing arrangements, such as irrevocable bids and partner sharing arrangements. Sotheby's counterparties to these contractual arrangements are typically major international art dealers or major art collectors. Sotheby's could be exposed to losses in the event any of these counterparties do not perform according to the terms of these contractual arrangements.

As reported in its Form 10-K for the year ended December 31, 2013, as of February 14, 2014, Sotheby's had outstanding auction guarantees totaling \$73.7 million. Subsequent to that date and through the date of this filing, Sotheby's has entered into additional auction guarantees totaling \$207.5 million and successfully cleared \$2 million in auction guarantees, which increased the aggregate amount of outstanding auction guarantees to \$279.2 million. Each of the outstanding auction guarantees has a minimum guaranteed price that is within the range of the pre-sale auction estimates for the underlying property. As of the date of this filing, Sotheby's financial exposure under these auction guarantees is reduced by risk and reward sharing arrangements, such as irrevocable bids and partner sharing arrangements, totaling \$64.9 million. Sotheby's may further reduce its exposure under these auction guarantees by entering into additional risk and rewarding sharing arrangements prior to sale. The property related to these auction guarantees will be offered at auctions primarily in the second quarter of 2014. As of the date of this filing, \$49.7 million of the aggregate guaranteed amount has been advanced by Sotheby's.

Subsequent to the date of this filing, Sotheby's may enter into additional auction guarantees. If any incremental auction guarantees are deemed to be material, individually or in the aggregate, Sotheby's will provide updated disclosure in a future Form 8-K or in its next quarterly periodic filing on Form 10-Q, dependent upon the timing of the execution of the related contracts.

Credit Facility Borrowings

Sotheby's and certain of its wholly-owned subsidiaries are party to separate dedicated revolving credit facilities for its Agency segment (the "Agency Credit Agreement") and Finance segment (the "Finance Credit Agreement") (collectively, the "Credit Agreements"). The Finance Credit Agreement has a maximum borrowing capacity of \$450 million, subject to a borrowing base, and borrowings may be used for the working capital and other general corporate needs of the Finance segment, including the funding of client loans. The Credit Agreements have a maturity date of February 13, 2019.

On April 14, 2014, Sotheby's initiated a borrowing of \$110 million under the Finance Credit Agreement, the proceeds of which will be used to fund growth in the Finance segment loan portfolio and, to a lesser extent, to continue the process of debt financing existing loans in accordance with Sotheby's capital allocation policies. Following this borrowing, total outstanding borrowings under the Finance Credit Agreement will be \$295 million, and, as of the date of this filing, the balance of the Finance segment loan portfolio is approximately \$564 million.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

SOTHEBY'S

By: /s/ Kevin M. Delaney

Kevin M. Delaney  
Senior Vice President,  
Controller and Chief Accounting Officer

Date: April 15, 2014