

SOTHEBYS
Form 4
September 18, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BAILEY GEORGE

(Last) (First) (Middle)

1334 YORK AVENUE

(Street)

NEW YORK, NY 10021

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
SOTHEBYS [BID]

3. Date of Earliest Transaction (Month/Day/Year)
09/14/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
____ Officer (give title below) Other (specify below)
Mang. Dir. Sotheby's Europe

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	09/14/2006		M	21,500 A (1)	69,065 (2)	D	
Common Stock	09/14/2006		S	400 D \$ 28.8	68,665 (2)	D	
Common Stock	09/14/2006		S	700 D \$ 28.81	67,965 (2)	D	
Common Stock	09/14/2006		S	1,400 D \$ 28.82	66,565 (2)	D	
Common Stock	09/14/2006		S	1,200 D \$ 28.83	65,365 (2)	D	

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Common Stock	09/14/2006	S	2,200	D	\$ 28.84	63,165 ⁽²⁾	D
Common Stock	09/14/2006	S	14,000	D	\$ 28.85	49,165 ⁽²⁾	D
Common Stock	09/14/2006	S	700	D	\$ 28.86	48,465 ⁽²⁾	D
Common Stock	09/14/2006	S	400	D	\$ 28.87	48,065 ⁽²⁾	D
Common Stock	09/14/2006	S	400	D	\$ 28.88	47,665 ⁽²⁾	D
Common Stock	09/14/2006	S	100	D	\$ 28.9	47,565 ⁽³⁾	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option-Right to Buy ⁽⁴⁾	\$ 18.6875	09/14/2006		M	21,500	⁽⁵⁾	10/30/2007	Common Stock	21,500

Reporting Owners

Reporting Owner Name / Address

Relationships

BAILEY GEORGE
1334 YORK AVENUE
NEW YORK, NY 10021

Director 10% Owner Officer Other

Mang. Dir. Sotheby's Europe

Signatures

/s/ George
Bailey

09/18/2006

__Signature of
Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Not Applicable
- (2) Includes of 47,565 shares of unvested restricted stock
- (3) Consists of 47,565 shares of unvested restricted stock
- (4) Granted under the Issuer's 1997 Stock Option Plan
- (5) 20,000 stock options became exercisable on each of the following: 10/30/98, 10/30/99, 10/30/00, 10/30/01 and 10/30/02

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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