

SOTHEBYS
Form 8-K
January 31, 2007

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

January 31, 2007

(Date of report)

January 25, 2007

(Date of earliest event reported)

Sotheby's

(Exact name of registrant as specified in its charter)

Delaware

(State or other
jurisdiction of
incorporation or
organization)

1-9750

(Commission
File Number)

38-2478409

(I.R.S. Employer
Identification No.)

1334 York Avenue

New York, NY

(Address of principal executive offices)

10021

(Zip Code)

(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))
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Item 1.01 Entry Into a Material Definitive Agreement

On January 25, 2007, Sotheby's (the "Company") and Bruno Vinciguerra, entered into a severance agreement, effective as of January 22, 2007 and through December 31, 2008 (the "Severance Agreement"). Mr. Vinciguerra is the Company's newly hired Executive Vice President, Director of New Initiatives.

Pursuant to the Severance Agreement, if Mr. Vinciguerra's employment is terminated by the Company without Cause or by Mr. Vinciguerra with Good Reason, as such terms are defined in the Severance Agreement, Mr. Vinciguerra will be entitled to (1) accrued but unpaid salary through the termination date, (2) any declared and earned but unpaid bonus for the prior calendar year and (3) a cash payment of \$1,000,000. Mr. Vinciguerra may terminate his employment for Good Reason if, among other things, the Company fails to pay him a base salary of not less than \$450,000, reduces his annual incentive bonus target below \$300,000 or discontinues his participation in the Sotheby's Executive Bonus Plan or a comparable plan. The material terms of the Sotheby's Executive Bonus Plan are described in a Form 8-K filed by the Company on May 10, 2005.

The Company will file a copy of the Severance Agreement as an exhibit to its Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.

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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/ Michael L. Gillis
Michael L. Gillis
Senior Vice President,
Controller and Chief
Accounting Officer

Date: January 31, 2007
