

## AS DEMAND FOR HIGH VALUE WINES SHIFTS TO ASIA, SUPPLY REMAINS IN THE UNITED STATES & EUROPE

**DURING THE 2006-2007 SEASON, WE SAW PRICES OF FINE WINE INCREASE ACROSS THE MARKET. THIS RECALIBRATION WAS CAUSED BY THE VERY HIGH RELEASE PRICES OF THE 2005 BORDEAUX FUTURES AND WAS FURTHER FUELED BY THE EVEN HIGHER RELEASE PRICES FOR 2005 BURGUNDIES.**

The market's acceptance of this new level of pricing, with continued demand for all 2005's has meant that prices in the secondary market have been playing catch-up. After all, how can wines from a proven great vintage, such as 1982 and 1990 Bordeaux, which are already drinking, trade for less than the 2005's that still need 20 years in the bottle?

While it was feared that these new price levels would not be sustained, we have continued to see strong international demand, which has maintained pricing levels and, for some wines, even increased prices. In fact, since there is only a very small quantity of authentic, old wine from the greatest producers in the greatest vintages (such as 1945, 1959 and 1961 in Bordeaux), when these wines come to the market with verifiable provenance and in excellent condition, demand and prices are continuing to increase even further.

Most of this activity is focused at the top end of the market, where prices reached record levels for highly rated wines, from the greatest vintages: all DRC, especially Romanée Conti and La Tache; the



Sotheby's Jamie Ritchie, Serena Sutcliffe, Duncan Sterling and Robert Sleigh

First Growths from 1982, 1990, 2000 and 2005 and the "rare" wine market. The earlier maturing vintages and less fashionable Châteaux and Domaines therefore represent good value for the money, particularly against current release prices for new vintages, which are being purchased with the weak US dollar. It will only be a matter of time before these prices catch up with the rest of the market. We believe demand for wine, at all quality and price levels, is only going to increase, making now a good time to stock up.



United States buyers, who in the last 15 years have driven the increase in prices and underpinned the auction market, now remain active and steady, but are more price-conscious and, therefore winning a smaller percentage of lots. Factors contributing to this change are the weak dollar, the eradication of duty on wine in Hong Kong and a developing interest in wine from wealthy Russians.

As for supply, these strong prices continue to bring a good volume of wine into the market and we have an excellent series of sales lined up for the autumn, both in New York and London. It will be interesting to observe how much of it remains in the United States and in Europe.

Serena Sutcliffe, MW

Jamie Ritchie

Robert Sleigh

Duncan Sterling

Eli Rodriguez

# Single Owner Sales

## THE CELLAR OF THOMAS O. RYDER

7 SEPTEMBER 2007



Louisiana native Tom Ryder, who was previously Chairman & CEO of Reader's Digest, donated a portion of the proceeds from the sale of his cellar to Louisiana-based charitable organizations and schools. Tom's fabulous collection of 487 lots (5,477 bottles) of Bordeaux, Rhône and California brought \$1.7 million (est. \$1/1.5 million), exceeding the high estimate, with 99% sold.

*"I am very pleased and I genuinely appreciate Sotheby's efforts. I will respect Sotheby's forever as a result of this collaboration."*

– Tom Ryder

## MAGNIFICENT WINES FROM THE WARREN A. STEPHENS COLLECTION

17 NOVEMBER 2007



Now the CEO of his family's investment banking business, Stephens, Inc., Warren's interest in wine was first sparked during his travels through Europe as a young adult. After assembling an impressive collection over the span of two decades, Stephens donated the proceeds of the sale to the Episcopal Collegiate School in Little Rock, Arkansas. The auction included 4,765 bottles of Bordeaux and Burgundy, including 424 large format bottles, which brought \$3.8 million, with an average lot value of over \$7,000.

## AN EXCEPTIONAL PRIVATE CELLAR

25 FEBRUARY 2008

This single-owner sale featured 4,400 bottles including 155 magnums, 29 double magnums, 9 jeroboams and 9 imperials. The auction sale total of \$1.6 million exceeded its high estimate.

*"I'm very pleased with the results of the wine auction that was held on 25 February 2008. I congratulate you and your entire team for creating an atmosphere that was professional, engaging and productive. I enjoyed the interactions with you and your colleagues and was delighted to find that the preparation, deliberations and decisions for the auction were unexpectedly relaxed and generally entertaining."*

– Consignor of an Exceptional Private Cellar

## SINGLE OWNER SALES RESULTS AUTUMN 2007 - SPRING 2008

	The Cellar of Thomas O. Ryder	The Warren A. Stephens Collection	An Exceptional Private Cellar	Magnificent Bordeaux and Burgundy
Low Estimate	\$1.0 million	\$2.4 million	\$1.0 million	\$3.7 million
High Estimate	\$1.5 million	\$3.6 million	\$1.4 million	\$5.7 million
<b>Total Hammer Price</b>	<b>\$1.4 million</b>	<b>\$3.2 million</b>	<b>\$1.3 million</b>	<b>\$5.1 million</b>
Total Aggregate Price	\$1.7 million	\$3.8 million	\$1.6 million	\$6.1 million
% to Low Estimate (Aggregate)	164%	161%	156%	165%
<b>% to High Estimate (Aggregate)</b>	<b>114%</b>	<b>106%</b>	<b>111%</b>	<b>108%</b>
% of Lots sold Above the High Estimate	69%	77%	68%	74%
% Sold by Lot	96%	99%	96%	99%
<b>% Sold by Value</b>	<b>99%</b>	<b>99%</b>	<b>98%</b>	<b>98%</b>
Number of Absentee Bids Received	2,777	3,995	2,087	2,898
Average Number of Absentee bids per Lot	6	8	4	6
Value of Bids Received	\$9.0 million	\$16.1 million	\$4.9 million	\$16.8 million
Average Lot Price	\$3,631	\$7,192	\$2,969	\$12,596

## MAGNIFICENT BORDEAUX AND BURGUNDY FROM AN IMPORTANT PRIVATE CELLAR

10 APRIL 2008

This landmark auction featured the greatest collection of rare Domaine de la Romanée-Conti wines ever offered by Sotheby's. Its sale total of \$6.1 million (est. \$3.7/5.5 million) made it Sotheby's third highest grossing single-owner wine sale worldwide. The sale attracted the interest of an extremely diverse group of bidders, with representation from over 15 countries, including the United Kingdom, Switzerland, Germany, Japan, Hong Kong, Brazil, Venezuela, Singapore and Indonesia. Four buyers, all from Hong Kong, purchased over 40% of the value of the sale.

SHOULD YOU WISH TO DISCUSS OFFERING YOUR COLLECTION IN A SINGLE OWNER SALE,  
PLEASE CALL US AT +1 212 606 7050.



# Duty Free Asian Buyers Multiply

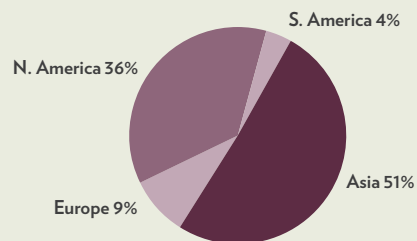
Since the import tax in Hong Kong was reduced to 0%, demand from Asia has exploded. The weakness of the US dollar has also meant that international collectors are willing to bid higher than US buyers for the greatest vintages because of the relative value they can obtain in New York. Nine new Asian buyers who never bought wine before 2008, purchased \$2.6 million worth of wine, comprising 18% of our sales this year, a bigger percentage than European and South American buyers combined in all of 2007.

Sotheby's has long valued this active and important part of the market and has invested significantly in our Asian operations over the last five years. As a result, we have offices in Hong Kong, Beijing, Shanghai, Seoul, Singapore, Tokyo and Bangkok.

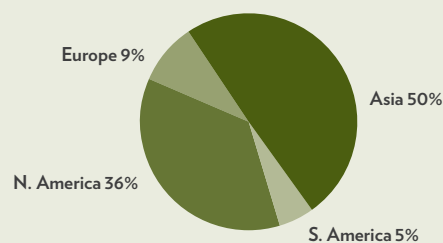
Asian buyers are increasingly active and play large roles in our sales:

- The top four buyers in our April evening sale came from Hong Kong
- Asian buyers in our April evening sale represented 57% of sales by value
- In 2007, Asian buyers purchased 38% of the top 100 wine lots

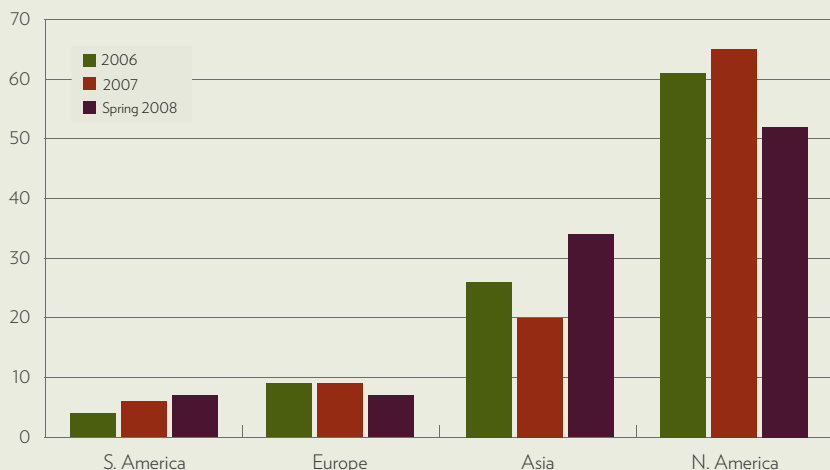
TOP 100 LOTS BY VALUE  
AUTUMN 2007 - SPRING 2008



DRC BUYERS BY VALUE  
AUTUMN 2007 - SPRING 2008



BUYERS 2006 - SPRING 2008



ASIAN BUYERS	2007	2008
% of Sale Value	21%	35%
Lots Over \$100,000	2 out of 5	4 out of 5
% of Top 100 Lots	33%	58%
% of Top 10 Lots per Sale	43%	52%

## ROMANÉE CONTI

Our top 6 lots from the 2007 - 2008 season all sold for more than \$100,000 and were all Romanée Conti.

SALE	SIZE	VINTAGE	PRICE
29 OCTOBER 2007	12 bottles	1990	\$262,900
10 APRIL 2008	6 magnums	1971	\$169,400
10 APRIL 2008	12 bottles	1985	\$157,300
29 OCTOBER 2007	12 bottles	1989	\$143,400
10 APRIL 2008	6 magnums	1966	\$121,000
10 APRIL 2008	4 magnums	1985	\$121,000



## EVENING AUCTIONS

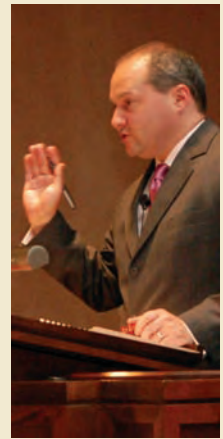
Sotheby's most important sales of Impressionist, Modern & Contemporary Art are sold in prestigious evening sales, where master works bring the highest prices. Wine has joined this category, with highly curated sales, where only the best wines are showcased in an exciting environment.

Following our successful evening sale of wines from Château Mouton Rothschild, Treasures from the Private Cellar of Baroness Philippine in February 2007, Sotheby's held an evening auction open to all consignors with An Evening of Exceptional Wines on 29 October 2007. In front of a full house, the 145-lot sale brought \$3.8 million, well exceeding its high estimate of \$3.6 million. Collectors from all over the world competed to buy wines from America's greatest cellars, resulting in a sold rate of over 98%, with more than 50% of the lots selling for more than their high estimates. The average lot value was over \$22,000.

*The next evening sale in New York is scheduled for 28 October 2008.*

These exclusive evening auctions are focused on:

- Offering the best wines, with a minimum average lot value of \$10,000
- Presentation in an exclusive over-size catalogue with approximately 200 lots (80% smaller than an average Sotheby's wine sale)



*Sotheby's Robert Sleigh*

**CONTACT US TO CONSIGN WINES FOR OUR NEXT EVENING SALE.**

## Client Events

Over the last year we have hosted a wide variety of trips, dinners and tastings, including taking a group of collectors to Bordeaux, where we visited La Mission Haut Brion, Pétrus, Angéus, Margaux and Smith Haut Lafitte. We also regularly host pre-auction dinners in the Sotheby's boardroom preceding such special auctions as The Cellar of Thomas O. Ryder and Magnificent Wines from the Warren A. Stephens Collection.



*Christian Moueix at Château Pétrus*



*Visiting Château Angéus*



*With Daniel and Florence Cathiard at Château Smith Haut Lafitte*

## VERIFIABLE PROVENANCE

Provenance continues to be a much discussed topic for collectors around the world. Buyers deserve to be confident that the wines they are purchasing are authentic, in good condition and that their subsequent enjoyment is assured.

Sotheby's position has remained consistent:

- We maintain a “prove it's right” rather than “prove it's wrong” policy
- We will only offer wines which we believe are 100% authentic
- We stand behind all the wines we offer at auction
- We will continue to reject large quantities of wines submitted for auction for either condition or authenticity reasons



Duncan Sterling inspecting wine for auction

## Winery Direct Perfect Provenance



Hubert de Boüard de Laforest

You cannot get better provenance than direct from the winery cellars, so it is always a great pleasure to work with the owners of great wineries. In May, we were lucky to work with both Hubert and Corinne de Boüard de Laforest of Château Angélu and Sir Peter and Paul Michael from Peter Michael Winery, whose winemaking philosophies all reflect their commitment to making the best possible wines from their individual terroirs.

The Sir Peter and Lady Michael Foundation received all the proceeds from the sale of wines from the Peter Michael Winery.

### HIGHLIGHTS FROM PETER MICHAEL WINERY

Size	Wine	Vintage	Price Achieved
6 magnums	Les Pavots	1996	\$4,235
12 bottles	Les Pavots	2005	\$3,932
6 bottles	Point Rouge	2005	\$3,630
6 bottles	Point Rouge	2002	\$3,630

### HIGHLIGHTS FROM CHÂTEAU ANGÉLUS

Size	Wine	Vintage	Price Achieved
6 magnums	Angélu	2005	\$5,445
2 double magnums	Angélu	2000	\$5,445
1 jeroboam	Angélu	1998	\$4,537
2 double magnums	Angélu	1998	\$4,235
1 double magnum	Angélu	1989	\$3,025

## SEASON AUCTION RESULTS 2007 - 2008

*In the last year, our auctions performed 153% above our low pre-sale estimates.*

Low Estimate    \$21 million

High Estimate    \$31 million

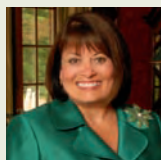
Total Sold        \$32 million

Sold by Value    98%

## WOMEN AND WINE

The Collection of V. Cheryl Womack

*Over the past five years, 11% of the wine consignments offered at Sotheby's New York were from female collectors.*



In March 2008, we were proud to offer The Cellar of V. Cheryl Womack, one of America's most successful entrepreneurs, innovators and business leaders, and Chairperson of the non-profit organization Leading Women Entrepreneurs of the World™. Womack started her first company in the basement of her home,

focusing her attention on succeeding in two male-dominated industries – trucking and insurance. In 2002, she sold her Kansas City-based operation that is now valued at \$100 million, with more than 90 employees and insuring more than 12,000 independent truckers throughout the United States.

Her collection of 4,775 bottles brought \$1.7 million, above the high estimate of \$1.6 million.

As interest in wine expands, we are pleased to work with a growing number of female collectors. We hope to have the opportunity to not only offer more wines for sale from great women collectors, but also to assist the next V. Cheryl Womack in building a supreme collection.

## 2008 NEW YORK FALL SALES

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20 SEPTEMBER

Finest & Rarest Wines

28 OCTOBER

An Evening of Exceptional Wines

22 NOVEMBER

Finest & Rarest Wines

6 DECEMBER

Finest & Rarest Wines

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## AULDEN CELLARS

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Aulden Cellars retail store is located in the lobby of Sotheby's worldwide headquarters in New York. Sotheby's specialists have selected the wines, and the knowledgeable staff members are always available to assist you in choosing for any occasion. Should you be interested in buying wines at retail, call +1 212 894 1990.

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