

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____ X
 CHARLOTTE KRUMAN, CHARLES TABACHNICK, MORTAB :
 LIMITED, SOPHIE S. McGEE, TIMOTHY STOTHERT, MAGGS :
 BROS. LTD, RONALD W. BURKLE and NICOLA SMITH, individually :
 and on behalf of a class of persons similarly situated, :
 :
 Plaintiffs, :
 :
 v. :
 :
 CHRISTIE'S INTERNATIONAL PLC, CHRISTIE'S INC., SOTHEBY'S :
 HOLDINGS, INC. SOTHEBY'S INC., SIR ANTHONY J. TENNANT, :
 CHRISTOPHER M. DAVIDGE, CHRISTOPHER J. BURGE, :
 STEPHEN S. LASH, PATRICIA G. HAMBRECHT, DANIEL P. :
 DAVISON, FRANCOIS CURIEL, A ALFRED TAUBMAN, :
 DIANA D. BROOKS, MAX M. FISHER, MICHAEL AINSLIE, :
 and KEVIN A. BOUSQUETTE, :
 :
 Defendants. :
 _____ X

MASTER FILE
00 Civ. 6322 (LAK)

**NOTICE OF PENDENCY OF CLASS ACTION,
PROPOSED CLASS SETTLEMENT AND HEARING**

PLEASE READ THIS ENTIRE NOTICE CAREFULLY AS IT MAY AFFECT YOUR LEGAL RIGHTS.

This Notice discusses the proposed settlement of a class action lawsuit involving alleged overpayments by purchasers (the "Buyers") and sellers (the "Sellers") in non-internet auctions held outside of the United States by the Sotheby's Auction Houses ("Sotheby's") and the Christie's Auction Houses ("Christie's") (the "Settlement"). For a complete description of the History of the Class Action, see Appendix A attached hereto. You have received this Notice because, according to the books and records of Christie's and/or Sotheby's, you are a potential member of the proposed Class. For a definition of the proposed Class, see Appendix B hereto. **Although the Court has not yet made a determination whether to certify the Class or to approve the proposed Settlement, it has directed that this Notice be sent to you as a potential Class Member. IF YOU HAVE ANY QUESTIONS, UNITED STATES RESIDENTS MAY CONTACT THE CLAIMS ADMINISTRATOR AT 1-888-707-5883. APPENDIX E LISTS THE TOLL FREE NUMBERS FOR CLASS MEMBERS OUTSIDE OF THE UNITED STATES TO USE TO CONTACT THE CLAIMS ADMINISTRATOR.**

THERE ARE CHOICES YOU MUST MAKE AT THIS TIME.

FIRST: YOU MUST DECIDE WHETHER YOU WANT TO BE PART OF THE PROPOSED SETTLEMENT AND RECEIVE YOUR SHARE OF THE RECOVERY SHOULD THE CLASS BE CERTIFIED AND THE SETTLEMENT BE APPROVED BY THE COURT.

- If you wish to remain a member of the proposed Class and participate in the Settlement, you need not do anything at this time.
- If you do not want to be a part of the Settlement, you must specifically request exclusion from the proposed Settlement Class by May 19, 2003. For directions on how to properly exclude yourself from the proposed Class, see page 6 of this Notice.
- If you do not validly exclude yourself from the Settlement, you will automatically be part of the proposed Class if the Judge certifies the Class and approves the Settlement.

SECOND: IF YOU REMAIN PART OF THE PROPOSED CLASS AND PARTICIPATE IN THE SETTLEMENT:

- You have the right to object to any of the terms of the Settlement. For directions on how to file a valid objection, see pages 4 and 5 of this Notice.
- If the proposed Settlement is ultimately approved by the Court and becomes final, you will automatically receive a second notice and a personalized Proof of Claim Form which will include all of the information you will need to receive payment under the Settlement.

IF YOU DO NOT EXCLUDE YOURSELF FROM THE PROPOSED CLASS, THEN THE PROPOSED SETTLEMENT, IF APPROVED BY THE COURT, MAY AFFECT YOUR RIGHT TO COMMENCE OR CONTINUE ANY OTHER LAWSUIT OR PROCEEDING, EITHER IN THE UNITED STATES OR IN ANY FOREIGN JURISDICTION, REGARDING ANY ALLEGED COLLUSIVE ACTIVITY BY OR AMONG CHRISTIE'S, SOTHEBY'S, OR ANY OF THE PRESENT OR FORMER OFFICERS AND DIRECTORS AND EMPLOYEES OF CHRISTIE'S OR SOTHEBY'S.

I. SUMMARY OF THE PROPOSED SETTLEMENT

The proposed Settlement provides that Christie's and Sotheby's will each contribute \$20 million, or in the aggregate, \$40 million, in settlement of all Seller and Buyer-related claims asserted in the class action (the "Settlement Fund"). An amount equal to a reasonable estimate of the total overpayment Seller Class Members paid as the result of Defendants' alleged conspiracy, \$30 million (less any attorneys' fees, expenses or costs awarded by the Court) will be distributed to Seller Class Members who do not exclude themselves from the proposed Class. Ten million dollars of the Settlement Fund (less any attorneys' fees, expenses or costs awarded by the Court) will be distributed to Buyer Class Members who do not exclude themselves from the proposed Class. In addition to the Settlement Fund, Defendants are advancing all notice and administration costs. Under certain circumstances, these costs may be reimbursed to them. See II.B.2.iv. herein.

Plaintiffs and their Counsel recommend the Settlement as fair, reasonable, and adequate. The Settlement provides a substantial benefit to Sellers, and avoids substantial risks continued litigation of the Seller claims entail. There remain significant procedural hurdles to the continued prosecution of the claims, any one of which could result in dismissal of the action in its entirety, including arguments regarding standing, venue, class certification, and the preclusive effect of the choice of law and forum provisions that were contained in Defendants' standard auction contracts. All potential Class Members also run the risk that, should Defendants succeed on their petition before the United States Supreme Court, the ability of the proposed Class to pursue these claims in a United States Court could be lost.

Finally, since the original filing of this class action, facts have come to light which throw into substantial question the existence of a buyer's conspiracy between Defendants. The investigation undertaken by Plaintiffs' Counsel, combined with the fact that the criminal trial of Alfred Taubman, and the investigations of the U.S. Department of Justice and its European counterpart all failed to result in any buyer-related antitrust claims being raised against any of the Defendants, highlights the significant risks Plaintiffs would face in proving these claims should this case proceed to trial. For a more detailed analysis of the potential risks of continued litigation, see Appendix D hereto.

In view of these facts, Plaintiffs and their Counsel believe the Settlement and the amounts allocated to compensate Seller claims and Buyer claims are fair, reasonable, and adequate, and are in the best interests of the proposed Class.

In exchange for the \$40 million to be paid by the Defendants under the Settlement, except as described below, all Class Members who sold in any auction during the Class Period and who do not exclude themselves from the proposed Class will automatically release their claims against the Auction Houses, and their current and/or former officers and employees, including the right to bring an action in any foreign court based on any foreign law claim. Class Members who only purchased (and did not sell any items) at any auction during the Class Period retain their right to pursue a foreign law claim in a foreign court even if they do not exclude themselves from the proposed Class, so long as they do not take any money under the Settlement. For a full description of the scope and effect of the Release of Claims on you, see Section VI. herein.

Pursuant to this proposed Settlement, Christie's, Sotheby's and Plaintiffs have entered into separate, formal Settlement Agreements, which set forth the terms and conditions of the Settlement. These Settlement Agreements may be read in their entirety on the following website, www.internationalauctionsettlement.com, and are also available for review during regular business hours in the public records of this case, *Kruman v. Christie's International plc*, 00 Civ. 6322 (LAK), on file at the United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312.

II. CLAIMS ADMINISTRATION AND DISTRIBUTION OF SETTLEMENT PROCEEDS

A. Submission of a Proof of Claim Form

If you do not exclude yourself from the proposed Class, the Class is certified, and the Settlement is approved and becomes final, you will be entitled to share in the Settlement Fund. Upon the Settlement becoming final, you will automatically be sent by first class mail a second notice informing you that the Settlement has become final (the "Second Notice"), and providing you a personalized Proof of Claim Form. The Proof of Claim Form will include personal transaction data for all purchases and sales you made during the applicable Class Periods described herein, as reflected in the books and records of Christie's and Sotheby's.

To receive payment under the Settlement, if you agree with the transaction data provided, you will need only to check a box, sign the form, and return it in the pre-addressed, postage prepaid envelope that will be provided. The Second Notice will also include necessary instructions on how to file a Proof of Claim electronically. Checks will be sent to each Class Member who submits a valid Proof of Claim Form ("Eligible Class Members"). The Proof of Claim Form will also include instructions to follow if you do not agree with the transaction data provided, as well as listing a toll free telephone number for you to call if you have any questions or you need assistance. If still in your possession, you should preserve all of your records relating to your applicable auction purchases and sales.

At all times, the Claims Administrator and the parties hereto and their respective counsel shall maintain the confidentiality of your identity, as well as any information relating to your claim, including, but not limited to, lot numbers, customer records, amounts of all claims made by, and payments to, you. In addition, if you did business with both Auction Houses, your identity and transactional information with each House will be kept confidential from the other House.

B. Receiving Payment From The Settlement Fund

Promptly after the Claims Administrator completes his review and evaluation of all returned Proofs of Claim and calculates the actual amount to be paid each Eligible Class Member from the Settlement Fund (the "Proof of Claim Review Process"), and the Court approves the distribution, checks will be mailed by first class mail to each Buyer and Seller Eligible Class Member (the "First Distribution").

To Buyers. There will be only one distribution to Buyer Eligible Class Members. The entire amount of the Settlement Fund allocated to Buyer claims, less any attorneys' fees, expenses or costs awarded by the Court, plus interest, will be distributed only to Buyer Class Members who return valid Proofs of Claim ("Buyer Eligible Class Members"). Buyer Eligible Class Members will receive a minimum of three percent of their total overcharge (less any attorneys' fees, expenses or costs awarded by the Court).¹ No Buyer Eligible Class Member will receive a check for less than \$20.00. This minimum check provision may result in percentage recoveries for low volume purchasers substantially in excess of the 3% minimum. The overcharge on each buyer's transaction is calculated by multiplying the hammer price of each transaction up to \$50,000 by five percent. The buyer's total overcharge is the sum of the overcharges on each individual transaction. Excluding that portion of the damages attributable to Buyer Eligible Class Members who receive the minimum check amount, the 3% minimum recovery represents the percentage that the remainder of the \$10 million portion of the Settlement Fund represents of the total overcharges allocable to Buyer Eligible Class Members.

Distribution will only be made to Buyer Class Members who return valid Proofs of Claim. The Proof of Claim Form sent to you will specify the estimated check amount based upon an assumed 100% participation in the Settlement by all Buyer Class Members. The ultimate share of the Settlement Fund paid to each Buyer Class Member will depend on the total number of Buyer Proof of Claim Forms actually submitted.

To Sellers. Pursuant to the terms of the Settlement, there may be two distributions to Seller Eligible Class Members. In the First Distribution Seller Eligible Class Members will receive a sum equal to a reasonable estimate of the percentage overcharge paid on each transaction (less any attorneys' fee, expenses or costs awarded by the Court).² No Seller Eligible Class Member will receive less than \$20.00. This minimum check amount may result in Seller Eligible Class Members who sold low volumes receiving in excess of a reasonable estimate of their single damage. The overcharge is calculated based on the hammer price of each sale transaction and the aggregate amount of business that the Seller Eligible Class Member did with that Auction House in the year in which the transaction occurred. Any monies remaining in the Settlement Fund will be available for distribution as follows:

1. Prior to June 7, 2006.

i. Seller claims filed after the due date set forth in the Second Notice will be accepted and reviewed by the Claims Administrator, and, if found valid, will be paid, with interest, from the Settlement Fund.

ii. If a Seller Class Member who did not exclude him or herself from the proposed Class and did not submit a valid Proof of Claim Form ("Non-Claimant Seller Class Member") commences or threatens to commence a suit in a foreign court against any Released Party (as that term is defined in the Settlement Agreements) relating to the subject matter of this Class Action, then Defendants will send him or her a letter within thirty (30) days after their receipt of notice of the suit, offering that Class Member the dollar amount allocable to his or her claim (based upon the Seller's allocation formula approved for use in this Settlement, less the proportionate share of any attorneys' fees, expenses or costs awarded by the Court, plus interest), and informing the Class Member that he or she will have thirty (30) days to decide whether to accept payment in the offered amount, including any interest earned thereon in escrow, as Settlement of the claim. The parties have agreed that the offer will not be deemed a waiver of any argument any Released Party might have in defense of the suit, including without limitation that the foreign court should bar the suit based on either the release agreed to in the Settlement Agreements, or applicable principles of preclusion. If the Non-Claimant Seller Class Member elects to take the designated monies from the Settlement Fund, a distribution of the offered amount, in complete settlement of the claim, will be made within sixty (60) days of that election. If not distributed, these designated monies will continue to be held in the Settlement Fund and will be distributed to the Defendants, with interest, to reimburse them, in the event the Seller Class Member subsequently obtains a judgment or settlement of the claim in a foreign court, but only up to the amount of that Seller Class Member's allocable share. Any remainder in the Settlement Fund will be distributed in accordance with this Section.

Please be aware that if you decide to bring such a foreign claim in any foreign court, under the terms of the Settlement Agreement, if you do not exclude yourself from the proposed Settlement, you may be deemed to have released your claims. Pursuant to the terms of the Settlement Agreement, this Court will continue to retain exclusive jurisdiction over your claim. For more information of the possible scope and effect of the Court's exclusive jurisdiction, see Appendix D hereto.

¹ As set forth in detail at Appendix A hereto, plaintiffs allege the buyer's premium overpayment defendants charged pursuant to the alleged conspiracy was 5% of the hammer price up to \$50,000.

² Plaintiffs allege the seller's commission overcharge defendants charged Class Members pursuant to the conspiracy was a declining percentage, based on the hammer price of the item sold and the aggregate amount of business the seller did with the auction house.

2. Following June 7, 2006. Any monies remaining in the Settlement Fund after June 7, 2006, including interest earned thereon will be distributed as set forth below. June 7, 2006 reflects the likely cut-off date under English law for any Class Members to bring a foreign claim in an English court.

i. First, an amount equal to the proportionate share (calculated based on the Seller allocation formula used for all Seller claims), plus interest, attributed to all suits filed by Non-Claimant Seller Class Members in a foreign court on or before June 7, 2006 and still pending as of that date will be retained in the Settlement Fund to pay any ultimate judgments awarded in or settlements of those claims.

ii. Second, to the extent monies remain in the Settlement Fund, such monies, in an amount up to the total dollar amount awarded by the Court in the form of attorneys' fees, expenses and costs, with interest, attributable to Seller Eligible Class Members and Non-Claimant Seller Class Members who accept payment of their distribution, will be distributed to these Seller Class Members in a second distribution to reimburse them for the attorneys' fees, expenses and costs attributable to such Seller Class Members' claims (the "Second Sellers' Distribution"). To the extent that the monies remaining in the Settlement Fund are insufficient to reimburse such Seller Class Members' portion of any attorneys' fees, expenses and costs awarded, the allocation of the Second Sellers' Distribution will be made on a proportionate basis to each of these Seller Class Member's First Distribution.

iii. Third, to the extent any monies remain in the Settlement Fund following distribution in accordance with the above, any payments previously made by either Defendant to any Seller who opted out of the Settlement and brought a private claim in any jurisdiction, will be reimbursed to that Defendant, only up to the amount allocable to such Seller Opt Out (based upon the Seller's allocation formula approved for use in this Settlement), plus interest. If not distributed, these designated monies will continue to be held in the Settlement Fund in the event that Seller ultimately obtains a judgment or settlement of the claim, at which time the allocated amount, plus interest, will be paid to the appropriate Defendant in reimbursement of its costs in paying the judgment or settlement.

iv. Fourth, to the extent any monies remain in the Settlement Fund following distribution in accordance with the above, an amount not to exceed the actual costs of notice and administration of this Settlement will be paid, 50% to Christie's and 50% to Sotheby's, to reimburse such costs borne by each Defendant under the Settlement.

v. Finally, to the extent any monies remain in the Settlement Fund following distribution in accordance with the above, such monies will be donated to an art-related charity selected by Counsel for Plaintiffs, in consultation with Counsel for Defendants, and approved by the Court.

III. THE FAIRNESS HEARING

The Court will hold a hearing in Room 12D, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312, on June 2, 2003 at 9:30 A.M., to determine whether, as recommended by Counsel for Plaintiffs and Defendants, it should approve the proposed Settlement ("the Settlement Hearing"). At the Settlement Hearing, the Court will consider whether to approve: (i) the Settlement Agreements as fair, reasonable and adequate for the proposed Class, and to dismiss the claims of the proposed Class with prejudice, and to enter a final judgment releasing Class Members' claims as described herein; (ii) the certification of the proposed Class; (iii) payment of attorneys' fees, expenses and costs on behalf of the proposed Class; and (iv) a Plan of Allocation for the Settlement Fund to the members of the proposed Class. Class Members who support the proposed Settlement do not need to appear at the Settlement Hearing or take any other action to indicate their approval.

The time and date of the hearing may be postponed from time-to-time. Notice of any postponement will be posted at the United States Courthouse.

IV. ATTORNEY'S FEES AND EXPENSES

At the Fairness Hearing, Plaintiffs' Counsel in the above-captioned action will apply to the Court for an award from the Settlement Fund of attorneys' fees in an amount not to exceed 25% of the Settlement Fund, and the reimbursement of expenses and costs, plus interest. In addition, counsel in the Canadian Action and the English Action will seek fees to be paid from the Settlement Fund, not to exceed \$250,000 and £500,000 (approximately \$800,000), respectively. Such attorneys' fees, expenses, costs, and interest, as awarded by the Court, shall be paid from the Settlement Fund to Plaintiffs' Counsel within ten (10) days of the occurrence of the Effective Date, or as otherwise ordered by the Court.

V. OBJECTIONS TO THE PROPOSED SETTLEMENT

Any Class Member who does not opt out of the Settlement has the right to object to the proposed Settlement to Class Certification, to the Plan of Allocation, or to an award of attorneys' fees and expenses. For any objection to be valid, it must be filed in writing with the Clerk of Court, and served upon Plaintiffs' Counsel and counsel for Defendants (at the addresses below) on or before May 23, 2003.

Any member of the proposed Class who has not requested to be excluded from the proposed Class is further entitled to appear and be heard at the Settlement Hearing, in person or through duly authorized attorneys, and to show cause why the Class should not be certified; why the Settlement should not be approved as fair, reasonable and adequate; why any request for attorneys' fees and reimbursement of

litigation costs and expenses should not be approved; or why the Plan of Allocation should not be approved; provided, however, that no person shall be heard in opposition to any of the foregoing, and no paper or brief submitted by such person shall be received or considered by the Court unless, on or before May 23, 2003 that person files a notice of intention to appear, and a statement of the position to be asserted, and the grounds therefore, together with copies of any supporting papers or brief. These papers must be filed with the Clerk, United States District Court for the Southern District of New York, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312, with proof of service upon the five counsel identified below:

J. Douglas Richards, Esq.
MILBERG WEISS BERSHAD
HYNES & LERACH LLP
One Pennsylvania Plaza
New York, New York 10119-0165

Karen L. Morris, Esq.
MORRIS AND MORRIS LLC
COUNSELORS AT LAW
1105 North Market Street, Suite 803
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Michael D. Hausfeld, Esq.
COHEN, MILSTEIN, HAUSFELD & TOLL
West Tower, Suite 500
1100 New York Avenue, NW
Washington, D.C. 20005

Shepard Goldfein, Esq.
SKADDEN, ARPS, SLATE, MEAGHER
& FLOM LLP
Four Times Square
New York, New York 10036-6522

Steven Alan Reiss, Esq.
WEIL, GOTSHAL & MANGES LLP
767 5th Avenue
New York, New York 10153

Except as provided herein, no person shall be entitled to object to Class certification, contest the terms and conditions of the Settlement Agreements, any request for an award of attorneys' fees and reimbursement of litigation costs and expenses, or approval of the Plan of Allocation, unless the procedures set forth above are complied with. Any person who fails to object as provided herein shall be deemed to have waived, and shall be foreclosed forever from raising, any objections or appealing from any orders or judgments entered with respect to the Settlement Agreements, the award of attorneys' fees and expenses, or the Plan of Allocation.

VI. DISMISSAL AND RELEASE OF CLAIMS

The release of claims that is part of this Settlement is broad and will, with certain exceptions, release all claims under federal, state, and foreign laws that you may have against the Defendants and certain affiliated persons and companies based upon any alleged collusive activities among them. The terms of the release are set forth below:

a. FOR SELLERS. Upon the occurrence of the Effective Date (as that term is defined in the Settlement Agreements) and distribution of the Settlement Funds as provided in Section II.B. above, all Christie's Defendants and Christie's Entities (as defined in the Christie's Settlement Agreement), Sotheby's Defendants and Sotheby's Entities (as defined in the Sotheby's Settlement Agreement), and all other current and former employees, officers, directors, managing agents, partners, representatives, owners, and shareholders, predecessors, successors, subsidiaries, affiliates, parents, and divisions thereof (collectively, the "Released Parties") shall be released by each Seller in the proposed Class who has not validly excluded himself or herself from the Class, from any and all claims, causes of action, demands, rights, suits, and liabilities, including damages, interest, costs, and attorney's fees in law or equity, whether individual or collective, under United States law (including any state law) or foreign law (including, without limitation, the laws of any nation, any international law or custom, and any European Community law) that can be filed or asserted in any court in the United States (including any state court) or any foreign court, in connection with, arising out of or related in any way to any allegedly collusive activity or activities by, between, or among any of the Released Parties, wherever occurring or located, which are based upon, arise from or are related in any way to the events, transactions or occurrences set forth or referenced in the Complaint.

b. FOR BUYERS. Upon the occurrence of the Effective Date and distribution of the Settlement Funds as provided herein, all Released Parties shall be released by each Buyer in the proposed Class who has not validly excluded himself or herself from the Class, from any and all claims, causes of action, demands, rights, suits, and liabilities, including damages, interest, costs, and attorney's fees in law or equity, whether individual or collective, that can be filed or asserted in a United States court (including any state court) under either United States law (including any state law) or foreign law (including, without limitation, the laws of any nation, any international law or custom, and any European Community law) or that can be filed or asserted in any foreign court under United States law (including any state law), in connection with, arising out of or related in any way to any allegedly collusive activity or activities by, between, or among any of the Released Parties, wherever occurring or located which are based upon, arise from or are related in any way to the events, transactions or occurrences set forth or referenced in the Complaint.

In addition, any Buyers who take monies from the Settlement Fund will also release all Released Parties from any and all claims, causes of action, demands, rights, suits, and liabilities, including damages, interest, costs, and attorney's fees in law or equity, whether individual or collective, that can be filed or asserted in any foreign court under any foreign law (including, without limitation, the laws of any nation, any international law or custom, and any European Community law), in connection with, arising out of or related in any way to any allegedly collusive activity or activities by, between, or among any of the Released Parties, wherever occurring or located which are based upon, arise from or are related in any way to the events, transactions or occurrences set forth or referenced in the Complaint.

This release does not release the right of any Buyer to bring any action based on the subject matter of this class action under foreign law in any foreign court, so long as that Buyer (i) has not opted out of the proposed Class; and (ii) has not received any monies from the Settlement Fund.

VII. HOW TO BE EXCLUDED FROM THE PROPOSED CLASS

If you wish to be excluded from the proposed Class, you must do so in writing. The written request for exclusion must be signed by you, and must include your name, address, and a clear statement to the effect that: "I want to exclude myself from the Class in the Kruman Auction House Class Action Litigation." To be valid, this request for exclusion must be sent to the Claims Administrator at the following address: International Auction Houses Litigation, P.O. 9000 #6081, Merrick, NY 11566-9000, and must be postmarked no later than May 19, 2003. You should also indicate on the request for exclusion whether or not you desire your request to be treated with confidentiality.

By electing to be excluded you will not share in any recovery from this proposed Settlement, nor will you be entitled to participate in any recovery obtained should this action proceed to trial. You will not be bound by any judgment or release entered in this lawsuit. At your own expense, you may pursue any claims you have by filing your own lawsuit or taking other action, or you may choose to do nothing. The identity of any potential Class Member who chooses to be excluded from the proposed Class will be held in confidence by the Claims Administrator if the proposed Class Member so requests.

Each of the Settlement Agreements is subject to rescission by Sotheby's and Christie's, respectively, if the aggregate value of claims of proposed Class Members who validly exclude themselves from the proposed Class exceeds agreed-upon thresholds. These thresholds will be kept confidential until the hearing on final approval.

VIII. EXAMINATION OF PAPERS AND INQUIRIES

This Notice contains only a summary of the litigation, Settlement Agreements, and your rights as a potential Class Member. For more detailed information regarding the matters involved in this litigation, please refer to the papers on file in this litigation, which may be inspected at the Office of the District Clerk, Daniel Patrick Moynihan United States Courthouse, 500 Pearl Street, New York, NY 10007-1312 during regular business hours of each business day. In addition, the Settlement Agreements are posted at the following website: www.internationalauctionsettlement.com. Inquiries regarding this litigation may be addressed to:

J. Douglas Richards, Esq.
MILBERG WEISS BERSHAD
HYNES & LERACH LLP
One Pennsylvania Plaza
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Karen L. Morris, Esq.
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West Tower, Suite 500
1100 New York Avenue, NW
Washington, D.C. 20005

IX. NOTICE TO AGENTS

Pursuant to Order of the Court, each agent for a principal who: (i) purchased any item through non-internet auctions held by Sotheby's or Christie's outside the United States between January 1, 1993 and February 7, 2000, or (ii) sold any item through non-internet auctions held by Sotheby's or Christie's outside the United States between September 1, 1995 and February 7, 2000 must within seven (7) calendar days of receipt of this Notice (i) forward to all principals a copy of this Notice, or (ii) send a machine-readable list of the names and addresses of persons or entities for whom he purchased or sold items to the Claims Administrator at the following address:

International Auction Houses Litigation
P.O. Box 9000 #6081
Merrick, NY 11566-9000

The Claims Administrator will mail copies of this Notice to all persons or entities identified on such list.

PLEASE DO NOT CALL THE COURT OR THE DISTRICT CLERK'S OFFICE REGARDING THIS NOTICE.

Dated: March 25, 2003

BY ORDER OF THE COURT:

J. Michael McMahon
Clerk of the Court, New York City
Daniel Patrick Moynihan United States Courthouse
500 Pearl Street
New York, New York 10007-1312

APPENDIXES

APPENDIX A DESCRIPTION OF THE HISTORY OF THE CLASS ACTION

A. Plaintiffs' Claims

The Class Action asserts antitrust claims against Defendants on behalf of a proposed class of persons who purchased or sold items at auctions (other than internet auctions) held by Christie's and Sotheby's outside the United States, as described above. The Complaint alleges that Defendants agreed to fix the prices at which Sotheby's and Christie's provided non-internet auction services, including premiums and commissions charged to Buyers and Sellers. Plaintiffs further alleged, as a result of these alleged agreement or agreements to fix prices, Class Members were charged supra-competitive prices for non-internet auction services outside the United States.

Plaintiffs alleged Sotheby's and Christie's are the world's two largest auction houses, and that they dominate the global market for providing auction services of fine, decorative and applied arts, furniture, antiques, automobiles, collectibles, and other items. In providing auction services, Sotheby's and Christie's charge both buyers and sellers a percentage of the final bid or hammer price as payment for their services. The sellers' commission is an amount the auction house deducts from the sale proceeds paid to the Seller, typically calculated as a percentage of the final bid or hammer price. The buyers' premium is an amount the auction house charges to the Buyer over and above the actual final bid or hammer price, and is typically calculated as a percentage of such price.

On or about November 2, 1992, Sotheby's announced an increase in its buyers' premium from 10% on all purchases, regardless of amount, to 15% on the first \$50,000 of the final bid or hammer price, and 10% on amounts in excess of \$50,000. On or about December 22, 1992, Christie's announced that it was increasing its buyers' premium to 15% on the first \$50,000 of the final bid or hammer price, and 10% on amounts in excess of \$50,000. The Complaint alleged that these substantially identical changes in Defendants' premiums were the result of an agreement between Sotheby's and Christie's to set identical buyers' premiums and that these allegedly fixed buyers' premiums resulted in a substantial increase in revenue for both Sotheby's and Christie's.

In or about March 1995, Christie's announced that it was changing its sellers' commission schedule to a sliding scale commission based upon the final bid or hammer price, and that it would no longer negotiate these rates with prospective sellers. In or about April 1995, Sotheby's announced that it, too, was changing its sellers' commission schedule to a sliding scale commission based upon the amount of the final bid or hammer price, and that it, too, would no longer negotiate its rates with individual sellers. The Complaint alleged that these new, detailed sliding scale commission schedules by Sotheby's and Christie's were virtually identical, and were the result of the Defendants' continuing conspiracy and agreement to fix premiums and commissions at supra-competitive rates. Plaintiffs allege that Sotheby's and Christie's virtually identical commission and premium rates were the result of a continuing agreement and conspiracy to fix prices and restrain competition to the detriment of the proposed Class.

In or about December 1999, Christie's International plc's chief executive officer, Christopher M. Davidge, resigned. In or about late January 2000, Christie's announced that it had been conditionally accepted into the U.S. Department of Justice Antitrust Division's "Corporate Leniency Program." This program provides corporations with amnesty from criminal prosecution in return for the corporation's reporting their conduct to the U.S. Department of Justice. In October 2000, both Sotheby's and its former chief executive officer, Diana D. Brooks, pled guilty to violating Section 1 of the Sherman Antitrust Act, admitting that Sotheby's conspired with Christie's to fix sellers' commission rates. Sotheby's agreed to pay a \$45 million fine for the violation, while Diana D. Brooks paid a fine of \$350,000, and received a sentence of three-years probation, including six months home detention. In December 2001, former Sotheby's Chairman, A. Alfred Taubman was found guilty, following a jury trial, of one count of a conspiracy to fix sellers' commissions for auction services, in violation of Section 1 of the Sherman Act in the United States District Court for the Southern District of New York. In April 2002, Judge George B. Daniels sentenced Mr. Taubman to one year and one day in prison and ordered him to pay a fine of \$7.5 million. In July 2002, the United States Court of Appeals for the Second Circuit affirmed Mr. Taubman's sentence. Christie's former Chairman, Sir Anthony Tennant, was indicted with Mr. Taubman for conspiracy to fix sellers' commissions, but Mr. Tennant remains outside the United States and therefore has not been arraigned on the indictment. The government has not filed charges alleging that any of the Defendants have agreed to fix the buyers' premium rates, nor has any Defendant pled guilty to, or been found guilty of, fixing the buyers' premium rates.

In October 2002, the European Commission ruled that both Christie's and Sotheby's violated the European Union's competition rules by agreeing to fix the sellers' commission rates. As a consequence of this ruling, the European Commission fined Sotheby's £20.4 million. The European Commission did not fine Christie's, as it was the first participant in the conspiracy to provide inculpatory evidence, allowing the Commission to establish the existence of the cartel. The European Commission investigated whether the Auction Houses colluded with respect to the buyers' premium, but they declined to bring charges.

Beginning in August 2000, three actions were filed seeking damages under United States law and customary international law on behalf of an alleged class of Buyers and Sellers who participated in Sotheby's and Christie's auctions held outside the United States. On October 30, 2000, Plaintiffs' Counsel filed a Consolidated and Amended Class Action Complaint in this action. In addition to the litigations filed in the United States, a subsequent class action, entitled London Regional Art and Historical Museums v. Sotheby's Holdings, Inc., Court File No. 38497 CP (Sup. Ct. Ont. Jan. 11, 2002) was later filed in the Superior Court of Justice in Ontario (the "Canadian Action"), and a claim was pursued, but not yet filed, by the English firm of Class Law Solicitors (the "English Action.")³

B. Defendants' Denial of Liability

Defendants do not admit any liability or wrongdoing for the claims alleged.

C. Status of the Litigation

On November 20, 2000, Defendants filed a motion to dismiss the Plaintiffs' Complaint on the grounds that the Court lacked subject matter jurisdiction over Plaintiffs' claims; that Plaintiffs lacked antitrust standing to pursue their claims; and that exclusive forum selection and choice of law clauses in the terms and conditions of sale governing the foreign auctions required that any claims arising out of the foreign auctions be brought in foreign courts under foreign laws. On January 29, 2001, the District Court granted Defendants' motion to dismiss under both United States law and customary international law, concluding, *inter alia*, that pursuant to the Foreign Trade Antitrust Improvements Act, 15 U.S.C. §6a, it lacked jurisdiction over the Plaintiffs' Sherman Act claims. *See Kruman v. Christie's Int'l plc*, 129 F. Supp. 2d 620 (S.D.N.Y. 2001), rev'd, 284 F.3d 384 (2d Cir. 2002). Following the dismissal, Plaintiffs' counsel filed a notice of appeal and in March 2002, the United States Court of Appeals for the Second Circuit affirmed the District Court's ruling in part, but vacated the District Court's dismissal of this

³ Pursuant to the proposed Settlement, the parties will seek a dismissal without prejudice of the Canadian Action, and the Class Members' claims under the English Action will be released.

action, finding that the District Court could have subject matter jurisdiction over these alleged Sherman Act claims. See Kruman v. Christie's Int'l plc, 284 F.3d 384 (2d Cir. 2002). In June 2002, the Second Circuit denied Defendants' petition for a rehearing en banc and later, in July, remanded this action to the District Court to consider the alternative grounds for dismissal. Following the Second Circuit's rulings, Defendants filed a petition for a writ of certiorari with the United States Supreme Court on September 3, 2002 to obtain appellate review of the Second Circuit's decision. Intensive, arm's-length settlement negotiations commenced in earnest in the Spring of 2002. Following commencement of settlement negotiations the parties sought and obtained necessary postponements of the Supreme Court's consideration of the petition for certiorari.

APPENDIX B DEFINITION OF THE PROPOSED "CLASS"

The proposed "CLASS" is defined as all persons and entities who:

1. sold any items through an auction (excluding internet transactions) conducted outside of the United States by Christie's or Sotheby's between September 1, 1995 and February 7, 2000, and/or
2. purchased any items at an auction (excluding internet transactions) conducted outside of the United States by Christie's or Sotheby's between January 1, 1993 and February 7, 2000 and
3. are not Christie's Defendants, Sotheby's Defendants, Christie's Entities or Sotheby's Entities (as those terms are defined in the Settlement Agreements), parents, subsidiaries, and/or affiliates of any Christie's Entity or Sotheby's Entity, or any of their present and former officers, directors, and employees (to the extent that the claims of such persons are based on auction transactions conducted while they were officers, directors or employees during the Class periods).

In addition, the proposed Class includes, but is not limited to, persons who purchased or sold through agents.

APPENDIX C PLAINTIFFS' COUNSEL'S ASSESSMENT OF THE RISKS OF CONTINUED LITIGATION

Plaintiffs' Counsel have conducted a substantial investigation into the facts relating to the claims alleged by the proposed Class through extensive document discovery and, in addition, have retained and consulted with economic experts. As described at Appendix B hereto, Plaintiffs' Counsel have engaged in litigation against the Defendants for more than two years, evaluating the relevant law with respect to these foreign auction claims.

Plaintiffs' Counsel have examined the evidence relating to the existence of a conspiracy between the Defendants to fix the buyers' premium, and recognize that Buyers face substantial risks in being able to prove the presence of any conspiracy as to such premium at trial. The Department of Justice did not charge Sotheby's, Diana D. Brooks, Sir Anthony Tennant, or A. Alfred Taubman with conspiracy to fix the buyers' premium. In addition, Plaintiffs' Counsel followed the trial of Mr. Taubman, where the prosecution's evidence arguably contradicted the existence of such conspiracy. Nor did the European Commission find Christie's and Sotheby's breached the European Union's competition rules in connection with their increases in the buyers' premium.

Plaintiffs' Counsel recognize that substantial risks exist should the litigation not be settled. These risks include facing arguments from Defendants on multiple procedural grounds, any one of which could result in the action being dismissed in its entirety. These arguments include those regarding a lack of standing, a lack of venue, forum non conveniens, class certification, and the preclusive effect of the choice of law and forum provisions provided for in the Auction Houses' standard contracts. In addition, plaintiffs would run the risk that the United States Supreme Court will grant the Auction Houses' pending petition for a writ of certiorari; and that the Supreme Court may reverse the Second Circuit's decision in Kruman, with the result that Plaintiffs' Sherman Act claims would be dismissed. The Second Circuit's decision conflicts with the decision of the United States Court of Appeals for the Fifth Circuit, and the United States Department of Justice, the Federal Trade Commission and the Chamber of Commerce of the United States have taken the position in the Supreme Court that the Fifth Circuit's decision is correct. Plaintiffs face the further substantial risk of an award limited to single damages in foreign jurisdictions based on the application of foreign law antitrust principles.

Plaintiffs' Counsel also recognize that the District Court could dismiss this suit on alternative grounds to those already addressed in Kruman v. Christie's Int'l plc, 284 F.3d 384 (2d Cir. 2002). The Defendants sought to dismiss this suit on grounds that (i) the Class Plaintiffs lacked antitrust standing; and (ii) venue was not proper because Plaintiffs agreed, by contract, to bring suit as to these claims in foreign courts under foreign laws. Finally, Plaintiffs' Counsel note that additional substantial risks exist, including those inherent in continuing any litigation to trial, and attendant appeals thereafter.

In light of the entirety of these circumstances, and based upon their evaluation of the claims and damages of the proposed Class, the defenses that might be asserted to them, and the substantial risks the proposed Class faces should the case proceed to trial, Plaintiffs' Counsel believe that the proposed Settlement is fair, reasonable, and adequate and in the best interests of the proposed Class.

APPENDIX D SCOPE AND EFFECT OF CONSENT TO EXCLUSIVE JURISDICTION

Pursuant to the Settlement Agreements, Sotheby's, Christie's and each Class Member who does not validly exclude himself from the proposed Class irrevocably submits to the exclusive jurisdiction of the Court for any suit, action, proceeding or dispute arising out of or relating to the Settlement Agreements or the applicability of the Settlement Agreements. This includes, without limitation, any dispute concerning the provisions of the release described at Section VI. herein, as well as any suit, action, or proceeding in which the provisions of the release are asserted as a defense in whole or in part to any claim or cause of action or are otherwise raised as an objection. In the event that the provisions of the release are asserted by any Released Party as a defense in whole or in part to any claim or cause of action or otherwise raised as an objection in any suit, action or proceeding, it is agreed that such Released Party shall be entitled to a stay of that suit, action or proceeding until the Court has entered a final judgment no longer subject to any appeal or review determining any issues relating to the defense or objection based on such provisions. Solely for the purposes of such suit, action or proceeding, to the fullest extent that they may effectively do so under applicable law, the Class Members, Sotheby's and Christie's irrevocably waive and agree not to assert, by way of motion, as a defense or otherwise, any claim or objection that they are not subject to the in personam jurisdiction of the Court. Nothing in the Settlement Agreements shall be construed as a submission to jurisdiction for any purposes other than enforcement of the Settlement Agreements. The Court will retain jurisdiction over the implementation and enforcement of the Settlement Agreements.

APPENDIX E**LIST OF TOLL FREE NUMBERS FOR CLASS MEMBERS
OUTSIDE OF THE UNITED STATES**

If you would like additional information, you may reach the Claims Administrator toll free by dialing the number associated with the country you are calling from as listed below. If the country you are calling from is not listed below, toll free service is not available in your area. You may reach the Claims Administrator by calling 1-888-707-5883. Please be advised, those calling from countries that are not listed below, will be responsible for any toll charges associated with making a call. Additional information can also be obtained by accessing our website at: www.internationalauctionsettlement.com.

<u>Country</u>	<u>Toll Free Number</u>
United States/Canada	1-888-707-5883
United Kingdom	800-77686265
Germany	800-77686265
France	800-77686265
Switzerland	800-77686265
Spain	800-77686265
Australia	800-77686265
Ireland	800-77686265
Israel	800-77686265
Netherland Antilles/Curaçao	800-77686265
New Zealand	800-77686265
Philippines	800-77686265
Portugal	800-77686265
Singapore	800-77686265
Sweden	800-77686265
Thailand	800-77686265
Colombia	01800-9-155482
Venezuela	0800-1-00-4568
Bermuda	1-8888056092
Finland	0-800-1-12080
Latvia	800-0112
Peru	0800-51649
Russia	8-10-8002-3763011
South Africa	080-09-93363
Turkey	00800-151-1242
Uruguay	000-413-598-2918
Brazil	0800-8911337