

## **SOTHEBY'S HOLDINGS, INC.**

### **CHARTER OF THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE**

**November 7, 2005**

#### **Purpose**

The Nominating and Corporate Governance Committee (the "Committee") will assist the Board of Directors (the "Board") of Sotheby's Holdings, Inc. (the "Company") in identifying individuals qualified to become Board members and will recommend Director nominees to be nominated by the Board to stand for election as Directors at the next Annual Meeting of Shareholders and to fill any vacancies on the Board. The Committee will also recommend to the Board nominees for each Board committee, including the Chairman of each such committee.

The Committee is also responsible for recommending to the Board appropriate Corporate Governance Guidelines applicable to the Company.

#### **Membership and Qualifications**

The Committee will consist of not less than two directors appointed by the Board. Each Committee member must meet the then applicable independence requirements of the New York Stock Exchange, as determined by the Board, and must have such additional qualifications and experience as may be determined by the Board or the Committee. The Chairman of the Committee shall be elected by the Board.

The Committee shall recommend to the Board such further substantive qualifications and requirements for membership on the Board, including policies limiting the number of Boards on which a

Director may sit and Director tenure, retirement and succession, as it deems appropriate from time to time.

Committee members will be selected annually by the Board for one-year terms, or until their successors are duly elected and qualified. Committee members may be replaced, and the Chairman may be changed, by the Board from time to time.

### **Duties and Responsibilities**

- Annually the Committee will review the performance of each member of the Board and recommend the selection of Director nominees to be voted on by the shareholders of the Company. From time to time, as vacancies occur or needs arise, the Committee will actively seek individuals qualified to become Board members and recommend their election to the Board.
- The Committee will seek comments from all Directors and report annually to the Board with an assessment of the Board's performance, which will be discussed with the full Board following the end of each fiscal year.
- The Committee will develop, review and reassess the adequacy of the Company's Corporate Governance Guidelines and recommend any proposed changes to the Board for approval.
- The Committee may form, and delegate authority to, subcommittees when appropriate.
- The Committee will make regular reports to the Board.
- If a search firm is employed to assist in the identification of Director candidates, the Committee will have the sole authority to retain and terminate the search firm, and the sole authority to approve the firm's fees and other retention terms. The Committee will also have the authority to retain and obtain advice and assistance from internal or external legal, accounting or other advisors.

- The Committee will annually review and make recommendations to the Board with respect to the compensation of Directors and any additional compensation for service on Board committees or for service as chair of a committee. In setting Director compensation, the Committee will adhere to any principles on Director compensation set forth in the Company's Corporate Governance Guidelines.
- The Committee will periodically review its policies and procedures and the scope of its activities and will, at least on an annual basis, review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval. The Committee will also annually review its own performance.
- The Committee will perform such other duties and responsibilities as may be assigned to the Committee from time to time by the Board.

## **Meetings**

The Committee will meet in person or by telephone, at such times as may be necessary. Meetings may be called by the Chairman of the Committee, the Chairman of the Board or the Chief Executive Officer. All meetings of and actions by the Committee will be held or taken pursuant to and in accordance with the Company's By-laws.

## **Continuing Effect of Indemnification and Exculpation Provisions of the Company's Articles of Incorporation and By-laws**

The members of the Nominating and Corporate Governance Committee, as Directors and in fulfilling their responsibilities hereunder, will continue to be fully covered by the exculpation and indemnification provisions applicable to the Company's Directors and officers set forth in the Company's Articles of Incorporation and By-laws, and such provisions are adopted by reference herein. Nothing contained herein, in any other document or elsewhere will abrogate or supersede the protective exculpation and indemnification

provisions set forth in the Company's Articles of Incorporation and By-laws.