



AXIS Capital Holdings Limited

INVESTOR FINANCIAL SUPPLEMENT

THIRD QUARTER 2006

AXIS Capital Holdings Limited
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This report is for informational purposes only. It should be read in conjunction with the documents that we file with the Securities and Exchange Commission pursuant to the Securities Act of 1933 and the Securities Exchange Act of 1934.



AXIS Capital Holdings Limited

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AXIS Capital Holdings Limited

BASIS OF PRESENTATION

DEFINITIONS AND PRESENTATION

- All financial information contained herein is unaudited, except for the financial data relating to the years ended December 31, 2005 and December 31, 2004.
- Unless otherwise noted, dollar amounts are in thousands, except for share and per share amounts and ratio information.
- Return on average common equity ("ROACE") is calculated by dividing the net income available to common shareholders for the period by the average common shareholders' equity determined using the shareholders' equity balances at the beginning and the end of the period.
- The debt to capitalization ratio is calculated by dividing the company's debt by the total capital. Total capital represents the sum of equity (common equity and preferred equity) plus debt.
- Annualized effective investment yield is calculated by dividing the investment income generated from invested assets and other investments by the average balance of the assets managed by our portfolio managers and our other investments.
- Total return is calculated using the beginning and ending market portfolio values, adjusted for external cash flows.
- NM - Not meaningful
- NR - Not reported
- NA - Not applicable
- Underwriting income (loss) is a measure of profitability that takes into account net premiums earned and other insurance related income as revenue and net loss and loss expenses, acquisition costs and underwriting related general and administrative expenses as expenses. Underwriting income (loss) is the difference between revenues and expense items.

AXIS Capital Holdings Limited

FINANCIAL HIGHLIGHTS

HIGHLIGHTS	Quarter ended September 30,		Previous Quarter Change	Nine months ended September 30,		Previous Year Change
	2006	2005		2006	2005	
	Gross premiums written	\$734,910		\$794,571	(7.5)%	
<i>Gross premiums written - Insurance</i>	61.7%	58.0%	3.7%	52.5%	50.8%	1.7%
<i>Gross premiums written - Reinsurance</i>	38.3%	42.0%	(3.7)%	47.5%	49.2%	(1.7)%
Net premiums written	605,913	517,717	17.0%	2,418,973	2,195,584	10.2%
Net premiums earned	\$692,780	\$616,814	12.3%	\$2,005,473	\$1,866,817	7.4%
<i>Net premiums earned - Insurance</i>	47.3%	40.3%	7.0%	48.6%	47.4%	1.2%
<i>Net premiums earned - Reinsurance</i>	52.7%	59.7%	(7.0)%	51.4%	52.6%	(1.2)%
Net income (loss) available to common shareholders	\$226,222	(\$468,075)	NM	\$644,807	(\$143,431)	NM
Reserve for losses and loss expenses	4,995,074	4,514,277	10.7%	4,995,074	4,514,277	10.7%
Total shareholders' equity	4,140,949	2,871,612	44.2%	4,140,949	2,871,612	44.2%
PER COMMON SHARE AND COMMON SHARE DATA						
Basic earnings per common share	\$1.51	(\$3.32)	NM	\$4.31	(\$1.01)	NM
Diluted earnings per common share	\$1.37	(\$3.32)	NM	\$3.94	(\$1.01)	NM
Weighted average common shares outstanding	149,884,027	140,995,298	6.3%	149,656,707	142,711,852	4.9%
Diluted weighted average common shares outstanding	164,700,926	140,995,298	16.8%	163,862,658	142,711,852	14.8%
Book value per common share	\$24.27	\$18.52	31.1%	\$24.27	\$18.52	31.1%
Diluted book value per common share (as-if converted) [a]	\$22.48	\$17.59	27.8%	\$22.48	\$17.59	27.8%
FINANCIAL RATIOS						
ROACE, net income (loss) available to common shareholders [b]	26.0%	(64.7)%	90.7%	25.8%	(6.5)%	32.3%
Net loss and loss expense ratio	52.8%	167.8%	(115.0)%	54.7%	91.2%	(36.5)%
Acquisition cost ratio	15.0%	10.4%	4.6%	14.7%	12.9%	1.8%
General and administrative expense ratio	9.9%	7.2%	2.7%	9.1%	8.3%	0.8%
Combined ratio	77.7%	185.4%	(107.7)%	78.5%	112.4%	(33.9)%
INVESTMENT DATA						
Total assets	\$13,254,202	\$11,440,546	15.9%	\$13,254,202	\$11,440,546	15.9%
Total cash and investments [c]	8,895,758	6,893,530	29.0%	8,895,758	6,893,530	29.0%
Net investment income	98,787	67,015	47.4%	284,018	177,774	59.8%
Investment income from other investments	3,446	6,445	(46.5)%	22,316	10,642	109.7%
Realized losses	(1,722)	(6,435)	NM	(22,428)	(5,997)	NM
Total return on invested assets [d]	3.1%	(0.2)%	3.3%	3.4%	1.7%	1.7%
Annualized effective investment yield	4.8%	4.3%	0.5%	4.6%	4.0%	0.6%

[a] This is a non-GAAP financial measure. See the reconciliation at the end of this financial supplement.

[b] Percentages presented are annualized for the period where applicable.

[c] Cash and investments represents the total cash, fixed maturity investments and other investments, including accrued interest.

[d] Invested assets represents cash and fixed maturity investments managed by external investment managers.

NM Not meaningful

AXIS Capital Holdings Limited
CONSOLIDATED STATEMENTS OF INCOME (LOSS) - QUARTERLY

	Quarter ended					
	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005	September 30, 2004
UNDERWRITING REVENUES						
Gross premiums written	\$734,910	\$995,380	\$1,164,740	\$633,322	\$794,571	\$687,700
Premiums ceded	(128,997)	(174,648)	(172,412)	(169,917)	(276,854)	(125,688)
Net premiums written	<u>605,913</u>	<u>820,732</u>	<u>992,328</u>	<u>463,405</u>	<u>517,717</u>	<u>562,012</u>
Gross premiums earned	858,310	837,456	792,370	876,118	862,459	652,273
Ceded premiums amortized	(165,530)	(158,357)	(158,776)	(189,252)	(245,645)	(130,475)
Net premiums earned	<u>692,780</u>	<u>679,099</u>	<u>633,594</u>	<u>686,866</u>	<u>616,814</u>	<u>521,798</u>
Other insurance related income	804	438	624	198	236	7,206
Total underwriting revenues	<u>693,584</u>	<u>679,537</u>	<u>634,218</u>	<u>687,064</u>	<u>617,050</u>	<u>529,004</u>
UNDERWRITING EXPENSES						
Net losses and loss expenses	365,958	371,982	358,658	348,716	1,035,270	445,575
Acquisition costs	103,615	101,832	89,704	96,175	64,436	79,222
General and administrative expenses	48,303	46,374	43,769	39,968	40,942	37,344
Total underwriting expenses	<u>517,876</u>	<u>520,188</u>	<u>492,131</u>	<u>484,859</u>	<u>1,140,648</u>	<u>562,141</u>
UNDERWRITING INCOME (LOSS)	<u>175,708</u>	<u>159,349</u>	<u>142,087</u>	<u>202,205</u>	<u>(523,598)</u>	<u>(33,137)</u>
OTHER OPERATING REVENUE (EXPENSES)						
Net investment income	98,787	91,663	93,568	78,938	67,015	40,017
Net realized (losses) gains on investments	(1,722)	(9,777)	(10,929)	(10,915)	(6,435)	3,732
Interest expense	(8,239)	(8,315)	(8,085)	(8,191)	(8,360)	(469)
Total other operating revenue	<u>88,826</u>	<u>73,571</u>	<u>74,554</u>	<u>59,832</u>	<u>52,220</u>	<u>43,280</u>
OTHER (EXPENSES) REVENUE						
Net foreign exchange (losses) gains	(2,738)	18,901	9,264	(1,719)	(1,727)	3,459
Corporate expenses [a]	(20,167)	(11,283)	(11,642)	(17,539)	(3,295)	(9,724)
Total other (expenses) revenue	<u>(22,905)</u>	<u>7,618</u>	<u>(2,378)</u>	<u>(19,258)</u>	<u>(5,022)</u>	<u>(6,265)</u>
INCOME (LOSS) BEFORE INCOME TAXES	<u>241,629</u>	<u>240,538</u>	<u>214,263</u>	<u>242,779</u>	<u>(476,400)</u>	<u>3,878</u>
Income tax (expense) benefit	(6,181)	(7,912)	(9,447)	(4,908)	8,325	2,401
NET INCOME (LOSS)	<u>\$235,448</u>	<u>\$232,626</u>	<u>\$204,816</u>	<u>\$237,871</u>	<u>(\$468,075)</u>	<u>\$6,279</u>
Preferred share dividends	(9,226)	(9,226)	(9,631)	(4,379)	---	---
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	<u>\$226,222</u>	<u>\$223,400</u>	<u>\$195,185</u>	<u>\$233,492</u>	<u>(\$468,075)</u>	<u>\$6,279</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$347,354</u>	<u>\$200,285</u>	<u>\$148,376</u>	<u>\$214,839</u>	<u>(\$522,626)</u>	<u>\$60,469</u>
KEY RATIOS/PER COMMON SHARE DATA						
Net loss and loss expense ratio	52.8%	54.8%	56.6%	50.8%	167.8%	85.4%
Acquisition cost ratio	15.0%	15.0%	14.2%	14.0%	10.4%	15.2%
General and administrative expense ratio [a]	9.9%	8.5%	8.7%	8.4%	7.2%	9.0%
Combined ratio	<u>77.7%</u>	<u>78.3%</u>	<u>79.5%</u>	<u>73.2%</u>	<u>185.4%</u>	<u>109.6%</u>
Weighted average basic shares outstanding	149,884,027	149,765,181	149,314,313	144,750,783	140,995,298	152,534,495
Weighted average diluted shares outstanding	164,700,926	163,325,459	163,554,990	159,123,364	140,995,298	166,128,928
Basic earnings per common share	\$1.51	\$1.49	\$1.31	\$1.61	(\$3.32)	\$0.04
Diluted earnings per common share	\$1.37	\$1.37	\$1.19	\$1.47	(\$3.32)	\$0.04
ROACE [b]	26.0%	27.6%	25.4%	33.2%	(64.7)%	0.8%

[a] Corporate expenses are included in the calculation of the general and administrative expense ratio.

[b] Percentages presented are annualized for the period.

AXIS Capital Holdings Limited
CONSOLIDATED STATEMENTS OF INCOME (LOSS) - YTD

	Nine months ended			Year ended	
	September 30, 2006	September 30, 2005	September 30, 2004	December 31, 2005	December 31, 2004
UNDERWRITING REVENUES					
Gross premiums written	\$2,895,030	\$2,760,563	\$2,361,142	\$3,393,885	\$3,012,311
Premiums ceded	(476,057)	(564,979)	(412,063)	(734,896)	(588,628)
Net premiums written	<u>2,418,973</u>	<u>2,195,584</u>	<u>1,949,079</u>	<u>2,658,989</u>	<u>2,423,683</u>
Gross premiums earned	2,488,136	2,402,149	1,821,099	3,278,266	2,510,847
Ceded premiums amortized	(482,663)	(535,332)	(341,650)	(724,583)	(482,450)
Net premiums earned	<u>2,005,473</u>	<u>1,866,817</u>	<u>1,479,449</u>	<u>2,553,683</u>	<u>2,028,397</u>
Other insurance related income (loss)	1,866	(5,283)	7,650	(5,085)	11,253
Total underwriting revenues	<u>2,007,339</u>	<u>1,861,534</u>	<u>1,487,099</u>	<u>2,548,598</u>	<u>2,039,650</u>
UNDERWRITING EXPENSES					
Net losses and loss expenses	1,096,598	1,702,413	946,025	2,051,129	1,246,244
Acquisition costs	295,151	241,208	201,674	337,383	280,568
General and administrative expenses	138,446	126,145	103,032	166,113	148,196
Total underwriting expenses	<u>1,530,195</u>	<u>2,069,766</u>	<u>1,250,731</u>	<u>2,554,625</u>	<u>1,675,008</u>
UNDERWRITING INCOME (LOSS)	<u>477,144</u>	<u>(208,232)</u>	<u>236,368</u>	<u>(6,027)</u>	<u>364,642</u>
OTHER OPERATING REVENUE (EXPENSES)					
Net investment income	284,018	177,774	104,621	256,712	152,072
Net realized (losses) gains on investments	(22,428)	(5,997)	9,418	(16,912)	13,634
Interest expense	(24,639)	(24,257)	(688)	(32,447)	(5,285)
Total other operating revenue (expenses)	<u>236,951</u>	<u>147,520</u>	<u>113,351</u>	<u>207,353</u>	<u>160,421</u>
OTHER REVENUE (EXPENSES)					
Net foreign exchange gains (losses)	25,427	(52,371)	(4,099)	(54,090)	14,484
Corporate expenses	(43,092)	(29,190)	(28,328)	(46,729)	(39,109)
Total other (expenses) revenue	<u>(17,665)</u>	<u>(81,561)</u>	<u>(32,427)</u>	<u>(100,819)</u>	<u>(24,625)</u>
INCOME (LOSS) BEFORE INCOME TAXES	696,430	(142,273)	317,292	100,507	500,438
Income tax (expense) benefit	(23,540)	(1,158)	(3,369)	(6,067)	(5,440)
NET INCOME (LOSS)	<u>\$672,890</u>	<u>(\$143,431)</u>	<u>\$313,923</u>	<u>\$94,440</u>	<u>\$494,998</u>
Preferred share dividends	(28,083)	---	---	(4,379)	---
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	<u>\$644,807</u>	<u>(\$143,431)</u>	<u>\$313,923</u>	<u>\$90,061</u>	<u>\$494,998</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$696,015</u>	<u>(\$211,152)</u>	<u>\$311,756</u>	<u>\$3,687</u>	<u>\$482,749</u>
KEY RATIOS/PER SHARE DATA					
Net loss and loss expense ratio	54.7%	91.2%	63.9%	80.3%	61.4%
Acquisition cost ratio	14.7%	12.9%	13.6%	13.2%	13.8%
General and administrative expense ratio [a]	9.1%	8.3%	8.9%	8.3%	9.2%
Combined ratio	<u>78.5%</u>	<u>112.4%</u>	<u>86.4%</u>	<u>101.8%</u>	<u>84.4%</u>
Weighted average basic shares outstanding	149,656,707	142,711,852	152,523,144	143,225,774	152,553,677
Weighted average diluted shares outstanding	163,862,658	142,711,852	166,401,498	157,523,952	165,875,823
Basic earnings per share	\$4.31	(\$1.01)	\$2.06	\$0.63	\$3.24
Diluted earnings per share	\$3.94	(\$1.01)	\$1.89	\$0.57	\$2.98
ROAE, net income [b]	25.8%	(6.5)%	14.2%	2.9%	16.3%

[a] Corporate expenses are included in the calculation of the general and administrative expense ratio.

[b] Percentages presented are annualized for the period.

AXIS Capital Holdings Limited

CONSOLIDATED SEGMENT DATA

	Quarter ended September 30, 2006			Nine Months ended September 30, 2006		
	Insurance	Reinsurance	Total	Insurance	Reinsurance	Total
UNDERWRITING REVENUES						
Gross premiums written	\$453,116	\$281,794	\$734,910	\$1,519,771	\$1,375,259	\$2,895,030
Net premiums written	323,618	282,295	605,913	1,053,794	1,365,179	2,418,973
Gross premiums earned	490,150	368,160	858,310	1,448,421	1,039,715	2,488,136
Ceded premiums amortized	(162,449)	(3,081)	(165,530)	(474,436)	(8,227)	(482,663)
Net premiums earned	327,701	365,079	692,780	973,985	1,031,488	2,005,473
Other insurance related income	412	392	804	1,474	392	1,866
Total underwriting revenues	328,113	365,471	693,584	975,459	1,031,880	2,007,339
UNDERWRITING EXPENSES						
Net losses and loss expenses	182,280	183,678	365,958	486,235	610,363	1,096,598
Acquisition costs	40,796	62,819	103,615	117,006	178,145	295,151
General and administrative expenses	36,141	12,162	48,303	104,069	34,377	138,446
Total underwriting expenses	259,217	258,659	517,876	707,310	822,885	1,530,195
UNDERWRITING INCOME	\$68,896	\$106,812	\$175,708	\$268,149	\$208,995	\$477,144
KEY RATIOS						
Net loss and loss expense ratio	55.6%	50.3%	52.8%	49.9%	59.2%	54.7%
Acquisition cost ratio	12.4%	17.2%	15.0%	12.0%	17.3%	14.7%
General and administrative expense ratio	11.0%	3.3%	7.0%	10.7%	3.3%	7.0%
Corporate expense ratio			2.9%			2.1%
Combined ratio	79.0%	70.8%	77.7%	72.6%	79.8%	78.5%

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INSURANCE - SUB-SEGMENT DATA

	Quarter ended September 30, 2006			Nine Months ended September 30, 2006		
	Global Insurance	U.S. Insurance	Total Insurance	Global Insurance	U.S. Insurance	Total Insurance
UNDERWRITING REVENUES						
Gross premiums written	\$177,350	\$275,766	\$453,116	\$700,383	\$819,388	\$1,519,771
Net premiums written	169,128	154,490	323,618	604,684	449,110	1,053,794
Gross premiums earned	217,661	272,489	490,150	653,115	795,306	1,448,421
Ceded premiums amortized	(28,432)	(134,017)	(162,449)	(98,119)	(376,317)	(474,436)
Net premiums earned	189,229	138,472	327,701	554,996	418,989	973,985
Other insurance related income	---	412	412	---	1,474	1,474
Total underwriting revenues	189,229	138,884	328,113	554,996	420,463	975,459
UNDERWRITING EXPENSES						
Net losses and loss expenses	98,024	84,256	182,280	247,346	238,889	486,235
Acquisition costs	27,364	13,432	40,796	78,506	38,500	117,006
General and administrative expenses	11,502	24,639	36,141	32,674	71,395	104,069
Total underwriting expenses	136,890	122,327	259,217	358,526	348,784	707,310
UNDERWRITING INCOME	\$52,339	\$16,557	\$68,896	\$196,470	\$71,679	\$268,149
KEY RATIOS						
Net loss and loss expense ratio	51.8%	60.8%	55.6%	44.6%	57.0%	49.9%
Acquisition cost ratio	14.5%	9.7%	12.4%	14.1%	9.2%	12.0%
General and administrative expense ratio	6.1%	17.8%	11.0%	5.9%	17.0%	10.7%
Combined ratio	72.4%	88.3%	79.0%	64.6%	83.2%	72.6%

AXIS Capital Holdings Limited
GROSS PREMIUM WRITTEN BY SEGMENT BY LINE OF BUSINESS

	Quarter ended						Year ended	
	Sept. 30, 2006	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2004	Dec. 31, 2005	Dec. 31, 2004
INSURANCE SEGMENT								
GLOBAL INSURANCE								
Property	\$43,599	\$87,927	\$49,285	\$42,918	\$49,136	\$57,960	\$203,258	\$249,200
Marine	33,208	61,807	62,701	19,457	23,671	39,732	162,893	177,592
Terrorism and war risk	23,737	36,902	50,840	61,689	23,919	34,026	190,139	318,887
Aviation and aerospace	11,678	16,088	8,191	15,012	28,037	38,645	87,421	175,829
Political risk	35,392	70,770	13,586	21,372	45,743	31,018	128,904	125,448
Professional lines and other specialty	29,736	39,741	25,195	29,199	21,110	12,901	88,483	48,372
Total Global insurance	177,350	313,235	209,798	189,647	191,616	214,282	861,098	1,095,328
U.S. INSURANCE								
Property	\$114,032	\$122,095	\$82,864	\$90,968	\$116,250	\$103,517	\$366,578	\$322,302
Professional lines	83,296	111,793	69,049	101,440	84,665	58,962	343,635	272,224
Liability	65,381	77,491	65,107	77,660	64,977	64,901	285,168	229,562
Other specialty	13,057	4,991	10,232	12,488	3,075	---	18,538	147
Total U.S. insurance	275,766	316,370	227,252	282,556	268,967	227,380	1,013,919	824,235
TOTAL INSURANCE SEGMENT	\$453,116	\$629,605	\$437,050	\$472,203	\$460,583	\$441,662	\$1,875,017	\$1,919,563
REINSURANCE SEGMENT								
Catastrophe	\$100,759	\$118,432	\$227,501	\$50,605	\$106,627	\$56,209	\$519,307	\$424,847
Property	53,933	103,953	101,580	42,008	115,262	108,234	390,727	246,838
Professional lines	49,431	83,348	93,442	55,906	50,238	45,363	232,259	204,637
Credit and bond	1,889	3,008	89,483	(638)	1,865	4,820	103,277	73,352
Motor	5,896	7,985	67,329	(1,434)	1,809	5,788	73,992	37,761
Liability	48,640	35,863	113,120	3,462	50,344	20,007	165,122	80,496
Other	21,246	13,186	35,235	11,210	7,843	5,617	34,184	24,817
TOTAL REINSURANCE SEGMENT	\$281,794	\$365,775	\$727,690	\$161,119	\$333,988	\$246,038	\$1,518,868	\$1,092,748
TOTAL	\$734,910	\$995,380	\$1,164,740	\$633,322	\$794,571	\$687,700	\$3,393,885	\$3,012,311

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INSURANCE SEGMENT GLOBAL INSURANCE - SUB-SEGMENT DATA

	Quarter ended					
	Sept. 30, 2006	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2004
UNDERWRITING REVENUES						
Gross premiums written	\$177,350	\$313,235	\$209,798	\$189,647	\$191,616	\$214,282
Net premiums written	169,128	278,370	157,186	168,455	63,813	203,469
Gross premiums earned	217,661	216,538	218,916	231,802	246,941	225,026
Ceded premiums amortized	(28,432)	(35,970)	(33,717)	(46,721)	(105,582)	(25,549)
Net premiums earned	189,229	180,568	185,199	185,081	141,359	199,477
Other insurance related income	---	---	---	---	---	7,106
Total underwriting revenues	189,229	180,568	185,199	185,081	141,359	206,583
UNDERWRITING EXPENSES						
Net losses and loss expenses	98,024	68,883	80,439	40,709	308,024	152,333
Acquisition costs	27,364	23,753	27,389	25,078	13,293	33,067
General and administrative expenses	11,502	11,304	9,868	8,271	9,039	8,592
Total underwriting expenses	136,890	103,940	117,696	74,058	330,356	193,992
UNDERWRITING INCOME (LOSS)	\$52,339	\$76,628	\$67,503	\$111,023	(\$188,997)	\$12,591
KEY RATIOS						
Net loss and loss expense ratio	51.8%	38.1%	43.4%	22.0%	217.9%	76.4%
Acquisition cost ratio	14.5%	13.2%	14.8%	13.5%	9.4%	16.5%
General and administrative expense ratio	6.1%	6.3%	5.3%	4.5%	6.4%	4.3%
Combined ratio	72.4%	57.6%	63.5%	40.0%	233.7%	97.2%

AXIS Capital Holdings Limited

INSURANCE SEGMENT U.S. INSURANCE - SUB-SEGMENT DATA

	Quarter ended					
	Sept. 30, 2006	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2004
UNDERWRITING REVENUES						
Gross premiums written	\$275,766	\$316,370	\$227,252	\$282,556	\$268,967	\$227,380
Net premiums written	154,490	176,656	117,964	151,673	124,061	124,812
Gross premiums earned	272,489	263,231	259,586	254,150	239,253	179,714
Ceded premiums amortized	(134,017)	(120,228)	(122,072)	(122,612)	(132,079)	(89,448)
Net premiums earned	138,472	143,003	137,514	131,538	107,174	90,266
Other insurance related income	412	438	624	198	236	---
Total underwriting revenues	138,884	143,441	138,138	131,736	107,410	90,266
UNDERWRITING EXPENSES						
Net losses and loss expenses	84,256	78,902	75,731	117,264	130,500	85,531
Acquisition costs	13,432	15,001	10,067	16,075	(1,722)	4,941
General and administrative expenses	24,639	23,569	23,187	20,105	19,716	18,222
Total underwriting expenses	122,327	117,472	108,985	153,444	148,494	108,694
UNDERWRITING INCOME (LOSS)	\$16,557	\$25,969	\$29,153	(\$21,708)	(\$41,084)	(\$18,428)
KEY RATIOS						
Net loss and loss expense ratio	60.8%	55.2%	55.1%	89.1%	121.8%	94.7%
Acquisition cost ratio	9.7%	10.5%	7.3%	12.2%	(1.6)%	5.5%
General and administrative expense ratio	17.8%	16.5%	16.9%	15.3%	18.4%	20.2%
Combined ratio	88.3%	82.2%	79.3%	116.6%	138.6%	120.4%

AXIS Capital Holdings Limited

REINSURANCE SEGMENT DATA

	Quarter ended					
	Sept. 30, 2006	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2004
UNDERWRITING REVENUES						
Gross premiums written	\$281,794	\$365,775	\$727,690	\$161,119	\$333,988	\$246,038
Net premiums written	282,295	365,706	717,178	143,277	329,843	233,731
Gross premiums earned	368,160	357,687	313,868	390,166	376,265	247,533
Ceded premiums amortized	(3,081)	(2,159)	(2,987)	(19,919)	(7,984)	(15,478)
Net premiums earned	365,079	355,528	310,881	370,247	368,281	232,055
Other insurance related income	392	---	---	---	---	100
Total underwriting revenues	365,471	355,528	310,881	370,247	368,281	232,155
UNDERWRITING EXPENSES						
Net losses and loss expenses	183,678	224,197	202,488	190,743	596,746	207,711
Acquisition costs	62,819	63,078	52,248	55,022	52,865	41,214
General and administrative expenses	12,162	11,501	10,714	11,592	12,187	10,530
Total underwriting expenses	258,659	298,776	265,450	257,357	661,798	259,455
UNDERWRITING INCOME (LOSS)	\$106,812	\$56,752	\$45,431	\$112,890	(\$293,517)	(\$27,300)
KEY RATIOS						
Net loss and loss expense ratio	50.3%	63.1%	65.1%	51.5%	162.0%	89.5%
Acquisition cost ratio	17.2%	17.7%	16.8%	14.9%	14.4%	17.8%
General and administrative expense ratio	3.3%	3.2%	3.4%	3.1%	3.3%	4.5%
Combined ratio	70.8%	84.0%	85.3%	69.5%	179.7%	111.8%

AXIS Capital Holdings Limited
CONSOLIDATED BALANCE SHEETS

	Sept. 30, 2006	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2004
ASSETS						
Cash and cash equivalents	\$1,640,914	\$1,615,448	\$1,511,619	\$1,280,990	\$862,184	\$935,331
Fixed maturity investments at fair market value	6,523,009	6,009,431	6,047,556	6,012,425	5,736,312	4,360,522
Other investments	714,381	627,721	543,866	409,504	340,502	83,143
Accrued interest receivable	65,235	68,381	58,602	59,784	47,800	33,588
Securities lending collateral	1,010,846	909,807	984,847	998,349	1,045,144	765,273
Insurance and reinsurance premium balances receivable	1,233,125	1,409,988	1,316,318	1,026,975	1,145,471	924,575
Deferred acquisition costs	272,110	290,627	266,566	196,388	242,478	229,102
Prepaid reinsurance premiums	274,972	309,881	295,215	281,579	300,872	234,182
Reinsurance recoverable balances	1,364,682	1,392,543	1,475,506	1,518,110	1,337,020	551,164
Intangible assets	34,543	35,500	36,056	37,013	37,969	23,536
Other assets	120,385	129,723	119,504	104,859	344,794	62,716
TOTAL ASSETS	\$13,254,202	\$12,799,050	\$12,655,655	\$11,925,976	\$11,440,546	\$8,203,132
LIABILITIES						
Reserve for losses and loss expenses	\$4,995,074	\$4,835,161	\$4,813,516	\$4,743,338	\$4,514,277	\$2,223,234
Unearned premiums	2,167,364	2,289,140	2,132,841	1,760,467	2,003,223	1,682,119
Insurance and reinsurance balances payable	287,445	333,547	311,933	314,232	325,924	190,195
Accounts payable and accrued expenses	109,656	75,393	84,357	101,179	92,099	59,957
Securities lending payable	1,006,806	904,974	982,499	995,287	1,041,124	765,333
Net payable for investments purchased	47,781	43,012	186,208	76	93,268	197,302
Debt	499,127	499,100	499,073	499,046	499,019	-
TOTAL LIABILITIES	9,113,253	8,980,327	9,010,427	8,413,625	8,568,934	5,118,140
SHAREHOLDERS' EQUITY						
Series A preferred shares	125	125	125	125	125	-
Series B preferred shares	31	31	31	31	-	1,906
Common shares	1,875	1,873	1,872	1,861	1,769	2,013,325
Additional paid-in capital	2,423,013	2,413,410	2,405,448	2,386,200	1,931,807	-
Accumulated other comprehensive (loss) income	(54,673)	(166,580)	(134,238)	(77,798)	(54,806)	22,997
Retained earnings	1,770,578	1,569,864	1,371,990	1,201,932	992,717	1,046,764
TOTAL SHAREHOLDERS' EQUITY	4,140,949	3,818,723	3,645,228	3,512,351	2,871,612	3,084,992
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$13,254,202	\$12,799,050	\$12,655,655	\$11,925,976	\$11,440,546	\$8,203,132
Book value per common share	<u>\$24.27</u>	<u>\$22.15</u>	<u>\$21.00</u>	<u>\$20.23</u>	<u>\$18.52</u>	<u>\$20.22</u>
Debt to total capitalization	<u>10.8%</u>	<u>11.6%</u>	<u>12.0%</u>	<u>12.4%</u>	<u>14.8%</u>	<u>N/A</u>
Debt plus preferred equity to total capitalization [a]	<u>21.5%</u>	<u>23.1%</u>	<u>24.1%</u>	<u>24.9%</u>	<u>22.2%</u>	<u>N/A</u>

[a] Since December 31, 2005 total preferred equity is \$500 million, of which \$250 million represents series A preferred shares and \$250 million represents series B preferred shares. As of September 30, 2005 only the \$250 million of series A preferred shares had been issued.

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO

As of September 30, 2006

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,313,520	\$5,476	(\$17,563)	1,301,433	16.0%
Non U.S. government securities	150,826	4,706	(2,605)	152,927	1.9%
Corporate debt securities	1,288,986	3,749	(17,094)	1,275,641	15.7%
Mortgage-backed securities	2,790,927	9,448	(39,645)	2,760,730	34.0%
Asset-backed securities	476,983	837	(2,763)	475,057	5.9%
Municipals	534,846	1,858	(2,165)	534,539	6.6%
Mortgage derivatives [a]	22,556	182	(56)	22,682	0.3%
Total Fixed Maturities	\$6,578,644	\$26,256	(\$81,891)	\$6,523,009	80.4%
Cash, net of unsettled trades	333,344	---	---	333,344	4.1%
Total Invested Assets	\$6,911,988	\$26,256	(\$81,891)	\$6,856,353	84.5%
Operating Cash Balances	1,259,789	---	---	1,259,789	15.5%
Total Cash and Fixed Maturities	\$8,171,777	\$26,256	(\$81,891)	\$8,116,142	100.0%

CREDIT QUALITY OF INVESTED ASSETS

	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$5,100,728	77.5%	\$5,058,967	77.6%
AA	303,692	4.6%	301,024	4.6%
A	635,718	9.7%	631,538	9.7%
BBB	538,506	8.2%	531,480	8.1%
Total	\$6,578,644	100.0%	\$6,523,009	100.0%

MATURITY PROFILE OF INVESTED ASSETS

	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$371,731	5.6%	\$368,466	5.7%
From one to five years	1,768,013	26.9%	1,750,786	26.8%
From five to ten years	866,142	13.2%	862,875	13.2%
Above ten years	282,292	4.3%	282,413	4.3%
Asset-backed and mortgage-backed securities	3,290,466	50.0%	3,258,469	50.0%
Total	\$6,578,644	100.0%	\$6,523,009	100.0%

OTHER INVESTMENTS

	Cost	Percentage	Fair Value	Percentage
Collateralized loan obligations	\$247,038	35.0%	\$232,943	32.6%
Catastrophe bond	50,000	7.0%	50,000	7.0%
Investment funds	409,375	58.0%	431,438	60.4%
Total Other Investments	\$706,413	100.0%	\$714,381	100.0%

[a] Reflects securities classified as mortgage derivatives due to adoption of FAS 149, effective July 1, 2003. These securities were previously classified as mortgage-backed securities.

Unrealized gains/losses on these securities are now classified as realized gains/losses on the statement of operations.

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO COMPOSITION

	Sept. 30, 2006	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2004
TYPE OF INVESTMENT	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %
U.S. government and agency securities	16.0%	18.3%	20.0%	21.5%	23.8%	28.5%
Non U.S. government securities	1.9%	1.9%	1.3%	1.9%	2.2%	1.6%
Corporate debt securities [a]	15.7%	16.6%	17.2%	16.7%	17.7%	17.1%
Mortgage-backed securities	34.0%	32.2%	31.1%	33.4%	33.5%	26.7%
Asset-backed securities	5.9%	4.9%	4.8%	4.0%	4.7%	4.6%
Municipals	6.6%	4.8%	5.3%	4.9%	5.4%	4.9%
Mortgage derivatives	0.3%	0.6%	2.3%	---	0.9%	2.1%
Total Fixed Maturities	80.4%	79.3%	82.0%	82.4%	88.2%	85.5%
Cash, net of unsettled trades	4.1%	2.2%	1.9%	2.7%	2.9%	3.3%
Total Invested Assets	84.5%	81.5%	83.9%	85.1%	91.1%	88.8%
Operating Cash Balances	15.5%	18.5%	16.1%	14.9%	8.9%	11.2%
Total Cash and Fixed Maturities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
CREDIT QUALITY OF INVESTED ASSETS	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %
AAA	77.6%	78.2%	78.2%	78.8%	79.1%	78.4%
AA	4.6%	4.5%	3.3%	3.3%	3.8%	4.3%
A	9.7%	8.8%	9.8%	8.9%	9.4%	11.1%
BBB	8.1%	8.5%	8.7%	9.0%	7.7%	6.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
MATURITY PROFILE OF INVESTED ASSETS	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %
Within one year	5.7%	5.6%	6.5%	6.0%	9.1%	2.5%
From one to five years	26.8%	30.7%	31.3%	31.3%	27.9%	37.7%
From five to ten years	13.2%	13.5%	12.3%	14.8%	14.6%	16.7%
Above ten years	4.3%	2.7%	3.3%	2.6%	4.0%	4.0%
Asset-backed and mortgage-backed securities	50.0%	47.5%	46.6%	45.3%	44.4%	39.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PORTFOLIO CHARACTERISTICS	As of or for the quarter ended					
	Sept. 30, 2006	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2004
Annualized effective yield	4.8%	4.8%	5.1%	4.6%	4.3%	3.5%
Yield to maturity of invested assets	5.1%	5.4%	5.1%	4.9%	4.6%	3.6%
Average duration of invested assets	3.1 yrs	3.3 yrs	3.2 yrs	3.0 yrs	3.1 yrs	3.1 yrs
Average credit quality of invested assets	AA+	AA+	AAA	AAA	AAA	AA+

[a] Prior periods have been restated to reflect current classification of Medium Term Notes in Corporate debt securities.

AXIS Capital Holdings Limited
INVESTMENT PERFORMANCE

	Quarter ended				Nine months ended		
	Sept. 30, 2006	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2005
Aggregate AXIS Capital Invested Assets	3.11%	0.29%	(0.08)%	0.60%	(0.18)%	3.36%	1.71%
Composite Benchmark [a]	3.17%	0.18%	(0.20)%	0.55%	(0.33)%	3.15%	1.42%
	(0.06)%	0.11%	0.12%	0.05%	0.15%	0.21%	0.29%
Individual portfolios							
Total return liquidity portfolio	1.95%	0.88%	0.64%	0.81%	0.34%	3.50%	1.35%
Merrill Lynch 1-3 year Treasury Index	1.96%	0.64%	0.39%	0.69%	0.09%	3.02%	0.97%
	(0.01)%	0.24%	0.25%	0.12%	0.25%	0.48%	0.38%
Total return intermediate duration portfolios	3.33%	0.28%	(0.17)%	0.59%	(0.19)%	3.46%	1.84%
Customized benchmark [b]	3.42%	0.12%	(0.26)%	0.55%	(0.39)%	3.27%	1.44%
	(0.09)%	0.16%	0.09%	0.04%	0.20%	0.19%	0.40%
Total return long duration portfolios	3.88%	(0.02)%	(0.59)%	0.61%	(0.66)%	3.25%	1.88%
Customized benchmark [b]	3.81%	(0.08)%	(0.64)%	0.59%	(0.68)%	3.06%	1.84%
	0.07%	0.06%	0.05%	0.02%	0.02%	0.19%	0.04%
Total return U.S. combined portfolios	3.22%	0.08%	(0.06)%	0.60%	(0.32)%	3.38%	1.47%
Customized benchmark [b]	3.26%	0.15%	(0.18)%	0.52%	(0.34)%	3.23%	1.39%
	(0.04)%	(0.07)%	0.12%	0.08%	0.02%	0.15%	0.08%
Total return Euro portfolio	1.64%	(0.04)%	0.64%	0.36%	0.30%	0.98%	3.39%
Merrill Lynch 1-7 year EMU Gov't Index	1.43%	0.10%	0.76%	0.37%	(0.04)%	0.76%	3.17%
	0.21%	(0.14)%	(0.12)%	(0.01)%	0.34%	0.22%	0.22%

[a] The return for the composite benchmark is calculated using the market value weighted average of each individual portfolio's benchmark.

[b] The benchmarks are customized to reflect the desired duration and composition of the portfolio. Benchmarks may be adjusted frequently.

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO LARGEST TEN CORPORATE HOLDINGS As of September 30, 2006

Issuer	Lowest Rating	Fair Value at September 30, 2006	% of Total Fair Value
General Electric Company	Aaa/AAA	\$49,825	0.73%
HSBC Holdings PLC	A1/A	37,629	0.55%
Morgan Stanley	A1/A	31,270	0.46%
American International Group	A1/AA-	27,329	0.40%
Goldman Sachs Group, Inc.	Baa2/BBB	26,701	0.39%
Citigroup, Inc.	Aa2/A+	24,611	0.36%
Lehman Brothers Holdings, Inc	A1/A+	23,617	0.34%
Bank of America Corporation	Aa3/A	21,768	0.32%
Wachovia Corporation	Aa3/A+	21,441	0.31%
Countrywide Financial Corporation	A3/A	20,822	0.30%
Total		<u>\$285,013</u>	<u>4.16%</u>

AXIS Capital Holdings Limited

Reinsurance Recoverable Analysis

	Quarter ended					
	Sept. 30, 2006	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005
<u>Reinsurance recoverable on paid losses and loss expenses:</u>						
Global Insurance	\$4,362	\$16,340	\$33,988	\$16,236	\$434	\$2,404
U.S. Insurance	25,306	69,133	18,946	33,633	28,767	7,829
Total Insurance	29,668	85,473	52,934	49,869	29,201	10,233
Reinsurance	19,619	35,619	75,368	12,993	12,993	28,626
Total	<u>\$49,287</u>	<u>\$121,092</u>	<u>\$128,302</u>	<u>\$62,862</u>	<u>\$42,194</u>	<u>\$38,859</u>
<u>Reinsurance recoverable on unpaid losses and loss expenses: OSLR</u>						
Global Insurance	\$377,243	\$381,939	\$404,080	\$402,120	\$311,534	\$57,575
U.S. Insurance	300,036	321,418	380,390	437,225	321,865	163,470
Total Insurance	677,279	703,357	784,470	839,345	633,399	221,045
Reinsurance	---	---	---	76,500	18,250	---
Total	<u>\$677,279</u>	<u>\$703,357</u>	<u>\$784,470</u>	<u>\$915,845</u>	<u>\$651,649</u>	<u>\$221,045</u>
<u>Reinsurance recoverable on unpaid losses and loss expenses: IBNR</u>						
Global Insurance	\$24,320	\$20,301	\$2,866	\$3,246	\$83,685	\$19,297
U.S. Insurance	610,882	545,396	558,846	537,535	549,613	371,008
Total Insurance	635,202	565,697	561,712	540,781	633,298	390,305
Reinsurance	18,137	17,620	16,245	14,219	17,796	5,733
Total	<u>\$653,339</u>	<u>\$583,317</u>	<u>\$577,957</u>	<u>\$555,000</u>	<u>\$651,094</u>	<u>\$396,038</u>
<u>Provision against reinsurance recoverables:</u>						
Global Insurance	---	---	---	---	---	---
U.S. Insurance	(794)	(2,604)	(2,604)	(2,604)	(7,917)	(7,917)
Total Insurance	(794)	(2,604)	(2,604)	(2,604)	(7,917)	(7,917)
Reinsurance	(14,429)	(12,619)	(12,619)	(12,993)	---	---
Total	<u>(\$15,223)</u>	<u>(\$15,223)</u>	<u>(\$15,223)</u>	<u>(\$15,597)</u>	<u>(\$7,917)</u>	<u>(\$7,917)</u>
<u>Net reinsurance recoverables:</u>						
Global Insurance	\$405,925	\$418,580	\$440,934	\$421,602	\$395,653	\$79,276
U.S. Insurance	935,430	933,343	955,578	1,005,789	892,328	534,390
Total Insurance	1,341,355	1,351,923	1,396,512	1,427,391	1,287,981	613,666
Reinsurance	23,327	40,620	78,994	90,719	49,039	34,359
Total	<u>\$1,364,682</u>	<u>\$1,392,543</u>	<u>\$1,475,506</u>	<u>\$1,518,110</u>	<u>\$1,337,020</u>	<u>\$648,025</u>
<u>Net reinsurance recoverables relating to Katrina, Rita and Wilma:</u>						
	<u>\$494,878</u>	<u>\$594,599</u>	<u>\$699,211</u>	<u>\$807,420</u>	<u>\$642,410</u>	

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

	Quarter ended September 30, 2006			For the nine months ended September 30, 2006		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$4,835,161	(\$1,392,543)	\$3,442,618	\$4,743,338	(\$1,518,110)	\$3,225,228
Total incurred losses and loss expenses	470,603	(104,645)	365,958	1,313,383	(216,785)	1,096,598
Total paid losses and loss expenses	(311,408)	132,506	(178,902)	(1,072,029)	370,213	(701,816)
Foreign exchange loss	718	---	718	10,382	---	10,382
Reserve for losses and loss expenses, end of period [a]	<u>\$4,995,074</u>	<u>(\$1,364,682)</u>	<u>\$3,630,392</u>	<u>\$4,995,074</u>	<u>(\$1,364,682)</u>	<u>\$3,630,392</u>
Paid to incurred percentage	<u>66.2%</u>	<u>126.6%</u>	<u>48.9%</u>	<u>81.6%</u>	<u>170.8%</u>	<u>64.0%</u>

[a] As at September 30, 2006, the gross reserve for losses and loss expenses included IBNR of \$3,068.4 million, or 61.4%, of total gross reserves for loss and loss expenses. As at December 31, 2005, these comparable amounts were \$2,711.8 million, or 57.5%.

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS BY SEGMENT

	Quarter ended September 30, 2006					Nine months ended September 30, 2006				
	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company
<i>Gross losses paid</i>	\$86,114	\$77,528	\$163,642	\$147,766	\$311,408	\$284,553	\$332,466	\$617,019	\$455,010	\$1,072,029
<i>Reinsurance recoveries received</i>	(25,424)	(92,082)	(117,506)	(15,000)	(132,506)	(68,996)	(235,592)	(304,588)	(65,625)	(370,213)
Net losses paid	60,690	(14,554)	46,136	132,766	178,902	215,557	96,874	312,431	389,385	701,816
Change in:										
<i>Reported case reserves</i>	(18,676)	(11,536)	(30,212)	(23,293)	(53,505)	(30,501)	(131,387)	(161,888)	46,698	(115,190)
<i>IBNR</i>	43,351	109,832	153,183	59,517	212,700	46,452	200,601	247,053	109,492	356,545
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	12,659	514	13,173	14,688	27,861	15,838	72,801	88,639	64,788	153,427
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$98,024	\$84,256	\$182,280	\$183,678	\$365,958	\$247,346	\$238,889	\$486,235	\$610,363	\$1,096,598
Gross reserve for losses and loss expenses	\$1,520,551	\$1,631,531	\$3,152,082	\$1,842,992	\$4,995,074	\$1,520,551	\$1,631,531	\$3,152,082	\$1,842,992	\$4,995,074
Prior years favorable reserve development	\$20,469	\$7,471	\$27,940	\$28,626	\$56,566	\$115,582	\$36,491	\$152,073	\$30,033	\$182,106
Key Ratios										
Net paid to net incurred percentage	61.9%	-17.3%	25.3%	72.3%	48.9%	87.1%	40.6%	64.3%	63.8%	64.0%
Net paid losses / Net premiums earned	32.1%	-10.6%	14.1%	36.4%	25.8%	38.9%	23.1%	32.1%	37.7%	35.0%
Increase in net loss and loss expense reserves / Net premiums earned	19.7%	71.4%	41.5%	13.9%	27.0%	5.7%	33.9%	17.8%	21.5%	19.7%
Net loss and loss expense ratio	51.8%	60.8%	55.6%	50.3%	52.8%	44.6%	57.0%	49.9%	59.2%	54.7%

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS GLOBAL INSURANCE

	Quarter ended					Nine months ended	
	Sept. 30, 2006	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2005
<i>Gross losses paid</i>	\$86,114	\$121,109	\$77,330	\$79,187	\$65,460	\$284,553	\$161,288
<i>Reinsurance recoveries received</i>	(25,424)	(41,198)	(2,374)	(818)	(2,965)	(68,996)	(5,858)
Net losses paid	60,690	79,911	74,956	78,369	62,495	\$215,557	155,430
Change in:							
<i>Reported case reserves</i>	(18,676)	(33,971)	22,146	303,195	247,790	(30,501)	249,405
<i>IBNR</i>	43,351	541	2,560	(315,176)	314,117	46,452	387,122
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	12,659	22,402	(19,223)	(25,679)	(316,378)	15,838	(339,999)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$98,024	\$68,883	\$80,439	\$40,709	\$308,024	\$247,346	\$451,958
Gross reserve for losses and loss expenses	\$1,520,551	\$1,494,526	\$1,525,522	\$1,500,652	\$1,513,221	\$1,520,551	\$1,513,221
Prior years favorable reserve development	\$20,469	\$43,973	\$51,140	\$77,131	\$59,217	\$115,582	\$165,196
Key Ratios							
Net paid to net incurred percentage	61.9%	116.0%	93.2%	192.5%	20.3%	87.1%	34.4%
Net paid losses / Net premiums earned	32.1%	44.3%	40.5%	42.3%	44.2%	38.9%	27.6%
Increase in Net loss and loss expense reserves / Net premiums earned	19.7%	(6.1)%	3.0%	-20.3%	173.7%	5.7%	52.7%
Net loss and loss expense ratio	51.8%	38.1%	43.4%	22.0%	217.9%	44.6%	80.3%

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

U.S. INSURANCE

	Quarter ended					Nine months ended	
	Sept. 30, 2006	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2005
<i>Gross losses paid</i>	\$77,528	\$142,737	\$112,201	\$133,410	\$60,039	\$332,466	\$165,383
<i>Reinsurance recoveries received</i>	(92,082)	(58,803)	(84,707)	(86,893)	(19,754)	(235,592)	(105,652)
Net losses paid	(14,554)	83,934	27,494	46,517	40,285	96,874	\$59,731
Change in:							
<i>Reported case reserves</i>	(11,536)	(51,011)	(68,840)	129,311	187,480	(131,387)	201,022
<i>IBNR</i>	109,832	23,795	66,974	55,168	237,936	200,601	394,605
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	514	22,184	50,103	(113,732)	(335,201)	72,801	(382,482)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$84,256	\$78,902	\$75,731	\$117,264	\$130,500	\$238,889	\$272,876
Gross reserve for losses and loss expenses	<u>\$1,631,531</u>	<u>\$1,534,406</u>	<u>\$1,561,622</u>	<u>\$1,563,489</u>	<u>\$1,379,010</u>	<u>\$1,631,531</u>	<u>\$1,379,010</u>
Prior years favorable reserve development	<u>\$7,471</u>	<u>\$14,213</u>	<u>\$14,807</u>	<u>\$18,979</u>	<u>\$6,891</u>	<u>\$36,491</u>	<u>\$7,437</u>
Key Ratios							
Net paid to net incurred percentage	<u>-17.3%</u>	<u>106.4%</u>	<u>36.3%</u>	<u>39.7%</u>	<u>14.7%</u>	<u>40.6%</u>	<u>21.9%</u>
Net paid losses / Net premiums earned	-10.6%	58.7%	20.0%	35.4%	17.9%	23.1%	18.6%
Increase in Net loss and loss expense reserves / Net premiums earned	71.4%	-3.5%	35.1%	53.8%	103.9%	33.9%	66.2%
Net loss and loss expense ratio	<u>60.8%</u>	<u>55.2%</u>	<u>55.1%</u>	<u>89.1%</u>	<u>121.8%</u>	<u>57.0%</u>	<u>84.7%</u>

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS REINSURANCE

	Quarter					Nine months ended	
	Sept. 30, 2006	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Sept. 30, 2006	Sept. 30, 2005
<i>Gross losses paid</i>	\$147,766	\$155,835	\$151,409	\$172,745	\$53,248	\$455,010	\$144,431
<i>Reinsurance recoveries received</i>	(15,000)	(41,750)	(8,875)	-	(15,633)	(65,625)	(57,507)
Net losses paid	132,766	114,085	142,534	172,745	37,615	389,385	\$86,924
Change in:							
<i>Reported case reserves</i>	(23,293)	(21,107)	91,098	410,187	97,455	46,698	145,926
<i>IBNR</i>	59,517	92,842	(42,867)	(350,510)	476,357	109,492	718,937
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	14,688	38,377	11,723	(41,679)	(14,681)	64,788	25,793
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$183,678	\$224,197	\$202,488	\$190,743	\$596,746	\$610,363	\$977,579
Reserve for losses and loss expenses	\$1,842,992	\$1,806,229	\$1,726,372	\$1,679,197	\$1,622,046	\$1,842,992	\$1,622,046
Prior years favorable (adverse) reserve development	\$28,626	\$6,284	(\$4,877)	\$50,366	\$29,707	\$30,033	\$63,887
Key Ratios							
Net paid to net incurred percentage	72.3%	50.9%	70.4%	90.6%	6.3%	63.8%	8.9%
Net paid losses / Net premiums earned	36.4%	32.1%	45.8%	46.7%	10.2%	37.7%	8.9%
Increase in Net loss and loss expense reserves / Net premiums earned	13.9%	31.0%	19.3%	4.9%	151.8%	21.5%	90.7%
Net loss and loss expense ratio	50.3%	63.1%	65.1%	51.5%	162.0%	59.2%	99.6%

AXIS Capital Holdings Limited

EARNINGS PER COMMON SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended Sept. 30,		Nine months ended Sept. 30,	
	2006	2005	2006	2005
Net income available to common shareholders	\$226,222	(\$468,075)	\$644,807	(\$143,431)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic weighted average common shares outstanding	149,884,027	140,995,298	149,656,707	142,711,852
Share equivalents				
Warrants	11,782,186	---	11,474,163	---
Options	2,009,716	---	1,940,837	---
Restricted stock	1,024,997	---	790,951	---
Diluted weighted average common shares outstanding	164,700,926	140,995,298	163,862,658	142,711,852
NET INCOME PER COMMON SHARE				
Basic	\$1.51	(\$3.32)	\$4.31	(\$1.01)
Diluted	\$1.37	(\$3.32)	\$3.94	(\$1.01)

AXIS Capital Holdings Limited

DILUTED BOOK VALUE PER COMMON SHARE - AS-IF CONVERTED METHOD

AS-IF CONVERTED METHOD	As at	
	September 30, 2006	December 31, 2005
Basic common shares outstanding	149,994,363	148,868,759
Add: warrants outstanding	19,672,737	19,650,509
Weighted average exercise price per share	\$12.44	\$12.46
Add: options outstanding	5,193,653	6,174,464
Weighted average exercise price per share	\$18.58	\$19.08
Add: restricted stock	2,250,750	1,172,550
Diluted shares outstanding	177,111,503	175,866,282
Shareholders' equity	\$4,140,949	\$3,512,351
Less: preferred equity	(500,000)	(500,000)
Common shareholders' equity	\$3,640,949	\$3,012,351
Add: proceeds from converted warrants	244,812	244,812
Add: proceeds from converted options	96,501	117,808
As if converted common shareholders' equity	\$3,982,262	\$3,374,971
Book value per common share	\$24.27	\$20.23
Diluted book value per common share	\$22.48	\$19.19
Diluted book value, excluding other comprehensive loss		
As if converted common shareholders' equity	\$3,982,262	\$3,374,971
Accumulated other comprehensive loss	(54,673)	(77,798)
As if converted shareholders' equity excluding other comprehensive loss	\$4,036,935	\$3,452,769
Diluted common shares outstanding	177,111,503	175,866,282
Diluted book value excluding other comprehensive loss - "as if converted method"	\$22.79	\$19.63

AXIS Capital Holdings Limited

DILUTED BOOK VALUE PER COMMON SHARE - TREASURY STOCK METHOD

	As at	
	September 30, 2006	December 31, 2005
TREASURY STOCK METHOD		
Closing price	\$34.69	\$31.28
Basic common shares outstanding	149,994,363	148,868,759
Add: warrants outstanding	19,672,737	19,650,509
Weighted average exercise price per share	\$12.44	\$12.46
Less: warrants bought back via treasury method	7,057,121	7,826,455
Add: options outstanding	5,193,653	6,174,464
Weighted average exercise price per share	\$18.58	\$19.08
Less: options bought back via treasury method	2,781,818	3,766,241
Add: restricted stock outstanding	2,250,750	1,172,550
Diluted common shares outstanding	167,272,564	164,273,586
Book value per common share	\$24.27	\$20.23
Diluted book value per common share	\$21.77	\$18.34
Diluted book value, excluding other comprehensive loss		
Shareholders' equity	\$4,140,949	\$3,512,351
Less: preferred equity	(\$500,000)	(\$500,000)
Common shareholders' equity	\$3,640,949	\$3,012,351
Accumulated other comprehensive loss	(54,673)	(77,798)
Shareholders' equity excluding other comprehensive loss	\$3,695,622	\$3,090,149
Diluted shares outstanding - "treasury stock method"	167,272,564	164,273,586
Diluted book value excluding other comprehensive loss - "treasury stock method"	\$22.09	\$18.81

AXIS Capital Holdings Limited

HURRICANE IMPACT ANALYSIS

Quarter ended September 30, 2005	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company
Gross loss and loss expenses:					
<i>Hurricane Katrina</i>	\$428,200	\$350,000	\$778,200	\$495,000	\$1,273,200
<i>Hurricane Rita</i>	134,200	10,000	144,200	30,000	174,200
<i>Other [a]</i>	1,943	5,005	6,948	1,500	8,448
Total gross loss and loss expenses	<u>\$564,343</u>	<u>\$365,005</u>	<u>\$929,348</u>	<u>\$526,500</u>	<u>\$1,455,848</u>
Net loss and loss expenses:					
<i>Hurricane Katrina</i>	190,843	56,000	246,843	476,750	723,593
<i>Hurricane Rita</i>	57,648	5,000	62,648	18,250	80,898
<i>Other [a]</i>	1,943	5,005	6,948	1,500	8,448
Total net loss and loss expenses	<u>250,434</u>	<u>66,005</u>	<u>316,439</u>	<u>496,500</u>	<u>812,939</u>
<i>Gross premiums earned</i>	---	---	---	(58,696)	(58,696)
<i>Ceded premiums expensed</i>	72,117	21,365	93,482	4,500	97,982
Net premium expensed (earned)	<u>72,117</u>	<u>21,365</u>	<u>93,482</u>	<u>(54,196)</u>	<u>39,286</u>
Net acquisitions costs	---	(319)	(319)	2,635	2,316
Net impact before income tax	322,551	87,051	409,602	444,939	854,541
Income tax recovery	(9,412)	(11,530)	(20,942)	(2,951)	(23,893)
Net impact after income tax	<u>\$313,139</u>	<u>\$75,521</u>	<u>\$388,660</u>	<u>\$441,988</u>	<u>\$830,648</u>

[a] Includes Hurricanes Dennis and Emily and European floods.

AXIS Capital Holdings Limited

HURRICANE IMPACT ANALYSIS

Quarter ended September 30, 2005	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company
Net premiums written - as reported	\$63,813	\$124,061	\$187,874	\$329,843	\$517,717
Q3 catastrophe impact	69,030	27,638	96,668	(55,217)	41,451
Net premiums written excluding Q3 catastrophes	<u>\$132,843</u>	<u>\$151,699</u>	<u>\$284,542</u>	<u>\$274,626</u>	<u>\$559,168</u>
Net premiums earned - as reported	\$141,359	\$107,174	\$248,533	\$368,281	\$616,814
Q3 catastrophe impact	72,117	21,365	93,482	(54,196)	39,286
Net premiums earned excluding Q3 catastrophes	<u>\$213,476</u>	<u>\$128,539</u>	<u>\$342,015</u>	<u>\$314,085</u>	<u>\$656,100</u>
KEY RATIOS					
Net loss and loss expense ratio - as reported	217.9%	121.8%	176.4%	162.0%	167.8%
Net loss and loss expense ratio excluding impact of Q3 catastrophes [a]	27.0%	50.2%	35.7%	31.9%	33.9%
Acquisition cost ratio - as reported	9.4%	(1.6)%	4.7%	14.4%	10.4%
Acquisition cost ratio excluding impact of Q3 catastrophes [a]	6.2%	(1.1)%	3.5%	16.0%	9.5%

[a] Represents the ratios for the quarter excluding the impact of catastrophes from net premiums earned, loss expenses and acquisition costs.