



AXIS Capital Holdings Limited

INVESTOR FINANCIAL SUPPLEMENT

SECOND QUARTER 2006

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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
- With effect from January 1, 2004, we included the personnel expenses of our underwriters in general and administrative expenses; prior to that date, we had included them in acquisition costs. Disclosures relating to prior periods have been restated to reflect this change. In addition, with effect from January 1, 2004, we allocated all of our general and administrative costs, except for our corporate expenses, to each of our underwriting segments. Our corporate expenses include holding company costs necessary to support our worldwide insurance and reinsurance operations and costs associated with operating as a publicly-traded company. Prior periods have not been restated to reflect the full allocation of general and administrative costs, as our business segments were not fully operational throughout 2003.
- 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

	Quarter ended June 30,		Previous Quarter Change	Six months ended June 30,		Previous Year Change
	2006	2005		2006	2005	
HIGHLIGHTS						
Gross premiums written	\$995,380	\$767,293	29.7%	\$2,160,120	\$1,965,992	9.9%
<i>Gross premiums written - Insurance</i>	63.3%	66.9%	(3.6)%	49.4%	47.9%	1.5%
<i>Gross premiums written - Reinsurance</i>	36.7%	33.1%	3.6%	50.6%	52.1%	(1.5)%
Net premiums written	820,732	615,796	33.3%	1,813,060	1,677,867	8.1%
Net premiums earned	\$679,099	\$624,413	8.8%	\$1,312,693	\$1,250,003	5.0%
<i>Net premiums earned - Insurance</i>	47.6%	50.1%	(2.5)%	49.2%	50.9%	(1.7)%
<i>Net premiums earned - Reinsurance</i>	52.4%	49.9%	2.5%	50.8%	49.1%	1.7%
Net income available to common shareholders	\$223,400	\$172,845	29.2%	\$418,585	\$324,644	28.9%
Reserve for losses and loss expenses	4,835,161	2,929,699	65.0%	4,835,161	2,929,699	65.0%
Total shareholders' equity	3,818,723	3,166,596	20.6%	3,818,723	3,166,596	20.6%
PER COMMON SHARE AND COMMON SHARE DATA						
Basic earnings per common share	\$1.49	\$1.23	21.3%	\$2.80	\$2.26	19.2%
Diluted earnings per common share	\$1.37	\$1.13	21.6%	\$2.56	\$2.07	19.3%
Weighted average common shares outstanding	149,765,181	140,566,523	6.5%	149,541,163	143,584,354	4.1%
Diluted weighted average common shares outstanding	163,325,459	153,637,750	6.3%	163,441,641	157,013,504	4.1%
Book value per common share	\$22.15	\$22.51	(1.6)%	\$22.15	\$22.51	(1.6)%
Diluted book value per common share (as-if converted) [a]	\$20.68	\$20.89	(1.0)%	\$20.68	\$20.89	(1.0)%
FINANCIAL RATIOS						
ROACE, net income available to common shareholders [b]	27.6%	22.6%	5.0%	26.4%	20.3%	6.1%
Net loss and loss expense ratio	54.8%	51.7%	3.1%	55.7%	53.4%	2.3%
Acquisition cost ratio	15.0%	13.7%	1.3%	14.6%	14.1%	0.4%
General and administrative expense ratio	8.5%	9.1%	(0.6)%	8.6%	8.9%	(0.3)%
Combined ratio	78.3%	74.5%	3.8%	78.9%	76.4%	2.5%
INVESTMENT DATA						
Total assets	\$12,799,050	\$10,116,956	26.5%	\$12,799,050	\$10,116,956	26.5%
Total cash and investments [c]	8,277,969	6,475,529	27.8%	8,277,969	6,475,529	27.8%
Net investment income	91,663	58,001	58.0%	185,231	110,759	67.2%
Investment income from other investments	5,465	3,171	72.3%	18,897	4,210	348.9%
Realised (losses) gains	(9,777)	1,831	n/m	(20,706)	438	n/m
Total return on invested assets [d]	0.3%	2.2%	(1.9)%	0.2%	1.9%	(1.7)%
Annualized effective investment yield	4.8%	4.0%	0.8%	4.6%	3.9%	0.7%

[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.

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

	Quarter ended					
	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005	June 30, 2005	June 30, 2004
UNDERWRITING REVENUES						
Gross premiums written	\$995,380	\$1,164,740	\$633,322	\$794,571	\$767,293	\$629,319
Premiums ceded	(174,648)	(172,412)	(169,917)	(276,854)	(151,497)	(141,442)
Net premiums written	<u>820,732</u>	<u>992,328</u>	<u>463,405</u>	<u>517,717</u>	<u>615,796</u>	<u>487,877</u>
Gross premiums earned	837,456	792,370	876,118	862,459	778,597	601,640
Ceded premiums amortized	(158,357)	(158,776)	(189,252)	(245,645)	(154,184)	(115,237)
Net premiums earned	<u>679,099</u>	<u>633,594</u>	<u>686,866</u>	<u>616,814</u>	<u>624,413</u>	<u>486,403</u>
Other insurance related income (loss)	438	624	198	236	(5,451)	156
Total underwriting revenues	<u>679,537</u>	<u>634,218</u>	<u>687,064</u>	<u>617,050</u>	<u>618,962</u>	<u>486,559</u>
UNDERWRITING EXPENSES						
Net losses and loss expenses	371,982	358,658	348,716	1,035,270	322,853	257,850
Acquisition costs	101,832	89,704	96,175	64,436	85,471	65,491
General and administrative expenses	46,374	43,769	39,968	40,942	42,739	32,803
Total underwriting expenses	<u>520,188</u>	<u>492,131</u>	<u>484,859</u>	<u>1,140,648</u>	<u>451,063</u>	<u>356,144</u>
UNDERWRITING INCOME (LOSS)	<u>159,349</u>	<u>142,087</u>	<u>202,205</u>	<u>(523,598)</u>	<u>167,899</u>	<u>130,415</u>
OTHER OPERATING REVENUE (EXPENSES)						
Net investment income	91,663	93,568	78,938	67,015	58,001	33,345
Net realized (losses) gains on investments	(9,777)	(10,929)	(10,915)	(6,435)	1,831	(4,411)
Interest expense	(8,315)	(8,085)	(8,191)	(8,360)	(7,818)	(181)
Total other operating revenue	<u>73,571</u>	<u>74,554</u>	<u>59,832</u>	<u>52,220</u>	<u>52,014</u>	<u>28,753</u>
OTHER REVENUE (EXPENSES)						
Net foreign exchange gains (losses)	18,901	9,264	(1,719)	(1,727)	(27,226)	(6,413)
Corporate expenses [a]	(11,283)	(11,642)	(17,539)	(3,295)	(14,057)	(9,639)
Total other revenue (expenses)	<u>7,618</u>	<u>(2,378)</u>	<u>(19,258)</u>	<u>(5,022)</u>	<u>(41,283)</u>	<u>(16,052)</u>
INCOME (LOSS) BEFORE INCOME TAXES	<u>240,538</u>	<u>214,263</u>	<u>242,779</u>	<u>(476,400)</u>	<u>178,630</u>	<u>143,116</u>
Income tax (expense) recovery	(7,912)	(9,447)	(4,908)	8,325	(5,785)	(2,260)
NET INCOME (LOSS)	<u>\$232,626</u>	<u>\$204,816</u>	<u>\$237,871</u>	<u>(\$468,075)</u>	<u>\$172,845</u>	<u>\$140,856</u>
Preferred share dividends	(9,226)	(9,631)	(4,379)	---	---	---
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	<u>\$223,400</u>	<u>\$195,185</u>	<u>\$233,492</u>	<u>(\$468,075)</u>	<u>\$172,845</u>	<u>\$140,856</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$200,285</u>	<u>\$148,376</u>	<u>\$214,839</u>	<u>(\$522,626)</u>	<u>\$221,984</u>	<u>\$55,757</u>
KEY RATIOS/PER COMMON SHARE DATA						
Net loss and loss expense ratio	54.8%	56.6%	50.8%	167.8%	51.7%	53.0%
Acquisition cost ratio	15.0%	14.2%	14.0%	10.4%	13.7%	13.5%
General and administrative expense ratio [a]	8.5%	8.7%	8.4%	7.2%	9.1%	8.7%
Combined ratio	<u>78.3%</u>	<u>79.5%</u>	<u>73.2%</u>	<u>185.4%</u>	<u>74.5%</u>	<u>75.2%</u>
Weighted average basic shares outstanding	149,765,181	149,314,313	144,750,783	140,995,298	140,566,523	152,487,082
Weighted average diluted shares outstanding	163,325,459	163,554,990	159,123,364	140,995,298	153,637,750	166,842,606
Basic earnings per common share	\$1.49	\$1.31	\$1.61	(\$3.32)	\$1.23	\$0.92
Diluted earnings per common share	\$1.37	\$1.19	\$1.47	(\$3.32)	\$1.13	\$0.84
ROACE [b]	27.6%	25.4%	33.2%	(64.7)%	22.6%	18.6%

[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 - YTD

	Six months ended			Year ended	
	June 30, 2006	June 30, 2005	June 30, 2004	December 31, 2005	December 31, 2004
UNDERWRITING REVENUES					
Gross premiums written	\$2,160,120	\$1,965,992	\$1,673,442	\$3,393,885	\$3,012,311
Premiums ceded	(347,060)	(288,125)	(286,375)	(734,896)	(588,628)
Net premiums written	1,813,060	1,677,867	1,387,067	2,658,989	2,423,683
Gross premiums earned	1,629,826	1,539,690	1,168,826	3,278,266	2,510,847
Ceded premiums amortized	(317,133)	(289,687)	(211,175)	(724,583)	(482,450)
Net premiums earned	1,312,693	1,250,003	957,651	2,553,683	2,028,397
Other insurance related income (loss)	1,062	(5,519)	444	(5,085)	11,253
Total underwriting revenues	1,313,755	1,244,484	958,095	2,548,598	2,039,650
UNDERWRITING EXPENSES					
Net losses and loss expenses	730,640	667,143	500,450	2,051,129	1,246,244
Acquisition costs	191,536	176,772	122,454	337,383	280,568
General and administrative expenses	90,143	85,203	65,469	166,113	148,196
Total underwriting expenses	1,012,319	929,118	688,373	2,554,625	1,675,008
UNDERWRITING INCOME (LOSS)	301,436	315,366	269,722	(6,027)	364,642
OTHER OPERATING REVENUE (EXPENSES)					
Net investment income	185,231	110,759	64,604	256,712	152,072
Net realized (losses) gains on investments	(20,706)	438	5,686	(16,912)	13,634
Interest expense	(16,400)	(15,897)	(219)	(32,447)	(5,285)
Total other operating revenue (expenses)	148,125	95,300	70,071	207,353	160,421
OTHER REVENUE (EXPENSES)					
Net foreign exchange gains (losses)	28,165	(50,644)	(7,558)	(54,090)	14,484
Corporate expenses	(22,925)	(25,895)	(18,823)	(46,729)	(39,109)
Total other revenue (expenses)	5,240	(76,539)	(26,381)	(100,819)	(24,625)
INCOME BEFORE INCOME TAXES	454,801	334,127	313,412	100,507	500,438
Income tax (expense) recovery	(17,359)	(9,483)	(5,770)	(6,067)	(5,440)
NET INCOME	\$437,442	\$324,644	\$307,642	\$94,440	\$494,998
Preferred share dividends	(18,857)	---	---	(4,379)	---
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$418,585	\$324,644	\$307,642	\$90,061	\$494,998
COMPREHENSIVE INCOME	\$348,661	\$311,474	\$251,285	\$3,687	\$482,749
KEY RATIOS/PER SHARE DATA					
Net loss and loss expense ratio	55.7%	53.4%	52.3%	80.3%	61.4%
Acquisition cost ratio	14.6%	14.1%	12.8%	13.2%	13.8%
General and administrative expense ratio [a]	8.6%	8.9%	8.8%	8.3%	9.2%
Combined ratio	78.9%	76.4%	73.9%	101.8%	84.4%
Weighted average basic shares outstanding	149,541,163	143,584,354	152,484,015	143,225,774	152,553,677
Weighted average diluted shares outstanding	163,441,641	157,013,504	166,785,604	157,523,952	165,875,823
Basic earnings per share	\$2.80	\$2.26	\$2.02	\$0.63	\$3.24
Diluted earnings per share	\$2.56	\$2.07	\$1.84	\$0.57	\$2.98
ROAE, net income [b]	26.4%	20.3%	21.0%	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

	<u>Quarter ended June 30, 2006</u>			<u>Six Months ended June 30, 2006</u>		
	<u>Insurance</u>	<u>Reinsurance</u>	<u>Total</u>	<u>Insurance</u>	<u>Reinsurance</u>	<u>Total</u>
UNDERWRITING REVENUES						
Gross premiums written	\$629,605	\$365,775	\$995,380	\$1,066,655	\$1,093,465	\$2,160,120
Net premiums written	455,026	365,706	820,732	730,176	1,082,884	1,813,060
Gross premiums earned	479,769	357,687	837,456	958,271	671,555	1,629,826
Ceded premiums amortized	(156,198)	(2,159)	(158,357)	(311,987)	(5,146)	(317,133)
Net premiums earned	323,571	355,528	679,099	646,284	666,409	1,312,693
Other insurance related income	438	---	438	1,062	---	1,062
Total underwriting revenues	<u>324,009</u>	<u>355,528</u>	<u>679,537</u>	<u>647,346</u>	<u>666,409</u>	<u>1,313,755</u>
UNDERWRITING EXPENSES						
Net losses and loss expenses	147,785	224,197	371,982	303,955	426,685	730,640
Acquisition costs	38,754	63,078	101,832	76,210	115,326	191,536
General and administrative expenses	34,873	11,501	46,374	67,928	22,215	90,143
Total underwriting expenses	<u>221,412</u>	<u>298,776</u>	<u>520,188</u>	<u>448,093</u>	<u>564,226</u>	<u>1,012,319</u>
UNDERWRITING INCOME	<u>\$102,597</u>	<u>\$56,752</u>	<u>\$159,349</u>	<u>\$199,253</u>	<u>\$102,183</u>	<u>\$301,436</u>
KEY RATIOS						
Net loss and loss expense ratio	45.7%	63.1%	54.8%	47.0%	64.0%	55.7%
Acquisition cost ratio	12.0%	17.7%	15.0%	11.8%	17.3%	14.6%
General and administrative expense ratio	10.8%	3.2%	6.8%	10.5%	3.3%	6.9%
Corporate expense ratio			1.7%			1.7%
Combined ratio	<u>68.5%</u>	<u>84.0%</u>	<u>78.3%</u>	<u>69.3%</u>	<u>84.6%</u>	<u>78.9%</u>

AXIS Capital Holdings Limited

INSURANCE - SUB-SEGMENT DATA

	Quarter ended June 30, 2006			Six Months ended June 30, 2006		
	Global Insurance	U.S. Insurance	Total Insurance	Global Insurance	U.S. Insurance	Total Insurance
UNDERWRITING REVENUES						
Gross premiums written	\$313,235	\$316,370	\$629,605	\$523,033	\$543,622	\$1,066,655
Net premiums written	278,370	176,656	455,026	435,556	294,620	730,176
Gross premiums earned	216,538	263,231	479,769	435,454	522,817	958,271
Ceded premiums amortized	(35,970)	(120,228)	(156,198)	(69,687)	(242,300)	(311,987)
Net premiums earned	180,568	143,003	323,571	365,767	280,517	646,284
Other insurance related income	---	438	438	---	1,062	1,062
Total underwriting revenues	<u>180,568</u>	<u>143,441</u>	<u>324,009</u>	<u>365,767</u>	<u>281,579</u>	<u>647,346</u>
UNDERWRITING EXPENSES						
Net losses and loss expenses	68,883	78,902	147,785	149,322	154,633	303,955
Acquisition costs	23,753	15,001	38,754	51,142	25,068	76,210
General and administrative expenses	11,304	23,569	34,873	21,172	46,756	67,928
Total underwriting expenses	<u>103,940</u>	<u>117,472</u>	<u>221,412</u>	<u>221,636</u>	<u>226,457</u>	<u>448,093</u>
UNDERWRITING INCOME	<u>\$76,628</u>	<u>\$25,969</u>	<u>\$102,597</u>	<u>\$144,131</u>	<u>\$55,122</u>	<u>\$199,253</u>
KEY RATIOS						
Net loss and loss expense ratio	38.1%	55.2%	45.7%	40.8%	55.1%	47.0%
Acquisition cost ratio	13.2%	10.5%	12.0%	14.0%	8.9%	11.8%
General and administrative expense ratio	6.3%	16.5%	10.8%	5.8%	16.7%	10.5%
Combined ratio	<u>57.6%</u>	<u>82.2%</u>	<u>68.5%</u>	<u>60.6%</u>	<u>80.7%</u>	<u>69.3%</u>

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

	Quarter ended						Year ended	
	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Jun. 30, 2005	Jun. 30, 2004	Dec. 31, 2005	Dec. 31, 2004
INSURANCE SEGMENT								
GLOBAL INSURANCE								
Property	\$87,927	\$49,285	\$42,918	\$49,136	\$65,827	\$80,239	\$203,258	\$249,200
Marine	61,807	62,701	19,457	23,671	44,102	38,772	162,893	177,592
Terrorism and war risk	36,902	50,840	61,689	23,919	28,797	33,154	190,139	318,887
Aviation and aerospace	16,088	8,191	15,012	28,037	29,474	31,384	87,421	175,829
Political risk	70,770	13,586	21,372	45,743	36,505	24,437	128,904	125,448
Professional lines and other specialty	39,741	25,195	29,199	21,110	22,807	8,202	88,483	48,372
Total Global insurance	313,235	209,798	189,647	191,616	227,512	216,188	861,098	1,095,328
U.S. INSURANCE								
Property	\$122,095	\$82,864	\$90,968	\$116,250	\$97,429	\$85,136	\$366,578	\$322,302
Professional lines	111,793	69,049	101,440	84,665	106,572	56,073	343,635	272,224
Liability	77,491	65,107	77,660	64,977	79,509	78,706	285,168	229,562
Other specialty	4,991	10,232	12,488	3,075	1,960	---	18,538	147
Total U.S. insurance	316,370	227,252	282,556	268,967	285,470	219,915	1,013,919	824,235
TOTAL INSURANCE SEGMENT	\$629,605	\$437,050	\$472,203	\$460,583	\$512,982	\$436,103	\$1,875,017	\$1,919,563
REINSURANCE SEGMENT								
Catastrophe	\$118,432	\$227,501	\$50,605	\$106,627	\$94,277	\$90,736	\$519,307	\$424,847
Property	103,953	101,580	42,008	121,962	76,914	44,170	390,727	246,838
Professional lines	83,348	93,442	55,906	50,238	38,779	30,223	232,259	204,637
Credit and bond	3,008	89,483	(638)	1,865	7,420	258	103,277	73,352
Motor	7,985	67,329	(1,434)	1,809	1,576	2,007	73,992	37,761
Liability	35,863	113,120	3,462	50,344	24,691	13,179	165,122	80,496
Other	13,186	35,235	11,210	1,143	10,654	12,643	34,184	24,817
TOTAL REINSURANCE SEGMENT	\$365,775	\$727,690	\$161,119	\$333,988	\$254,311	\$193,216	\$1,518,868	\$1,092,748
TOTAL	\$995,380	\$1,164,740	\$633,322	\$794,571	\$767,293	\$629,319	\$3,393,885	\$3,012,311

AXIS Capital Holdings Limited

INSURANCE SEGMENT GLOBAL INSURANCE - SUB-SEGMENT DATA

	Quarter ended					
	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Jun. 30, 2005	Jun. 30, 2004
UNDERWRITING REVENUES						
Gross premiums written	\$313,235	\$209,798	\$189,647	\$191,616	\$227,512	\$216,188
Net premiums written	278,370	157,186	168,455	63,813	214,005	183,240
Gross premiums earned	216,538	218,916	231,802	246,941	241,210	227,815
Ceded premiums amortized	(35,970)	(33,717)	(46,721)	(105,582)	(36,493)	(31,247)
Net premiums earned	180,568	185,199	185,081	141,359	204,717	196,568
Other insurance related (loss) income	---	---	---	---	(5,627)	(399)
Total underwriting revenues	180,568	185,199	185,081	141,359	199,090	196,169
UNDERWRITING EXPENSES						
Net losses and loss expenses	68,883	80,439	40,709	308,024	78,039	117,616
Acquisition costs	23,753	27,389	25,078	13,293	26,455	30,422
General and administrative expenses	11,304	9,868	8,271	9,039	9,632	7,265
Total underwriting expenses	103,940	117,696	74,058	330,356	114,126	155,303
UNDERWRITING INCOME (LOSS)	\$76,628	\$67,503	\$111,023	(\$188,997)	\$84,964	\$40,866
KEY RATIOS						
Net loss and loss expense ratio	38.1%	43.4%	22.0%	217.9%	38.1%	59.8%
Acquisition cost ratio	13.2%	14.8%	13.5%	9.4%	12.9%	15.5%
General and administrative expense ratio	6.3%	5.3%	4.5%	6.4%	4.7%	3.7%
Combined ratio	57.6%	63.5%	40.0%	233.7%	55.7%	79.0%

AXIS Capital Holdings Limited

INSURANCE SEGMENT

U.S. INSURANCE - SUB-SEGMENT DATA

	Quarter ended					
	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Jun. 30, 2005	Jun. 30, 2004
UNDERWRITING REVENUES						
Gross premiums written	\$316,370	\$227,252	\$282,556	\$268,967	\$285,470	\$219,915
Net premiums written	176,656	117,964	151,673	124,061	151,098	117,605
Gross premiums earned	263,231	259,586	254,150	239,253	222,410	164,211
Ceded premiums amortized	(120,228)	(122,072)	(122,612)	(132,079)	(114,089)	(80,544)
Net premiums earned	143,003	137,514	131,538	107,174	108,321	83,667
Other insurance related income	438	624	198	236	326	---
Total underwriting revenues	143,441	138,138	131,736	107,410	108,647	83,667
UNDERWRITING EXPENSES						
Net losses and loss expenses	78,902	75,731	117,264	130,500	70,658	47,124
Acquisition costs	15,001	10,067	16,075	(1,722)	3,695	2,363
General and administrative expenses	23,569	23,187	20,105	19,716	20,777	16,112
Total underwriting expenses	117,472	108,985	153,444	148,494	95,130	65,599
UNDERWRITING INCOME (LOSS)	\$25,969	\$29,153	(\$21,708)	(\$41,084)	\$13,517	\$18,068
KEY RATIOS						
Net loss and loss expense ratio	55.2%	55.1%	89.1%	121.8%	65.2%	56.3%
Acquisition cost ratio	10.5%	7.3%	12.2%	(1.6)%	3.4%	2.8%
General and administrative expense ratio	16.5%	16.9%	15.3%	18.4%	19.2%	19.3%
Combined ratio	82.2%	79.3%	116.6%	138.6%	87.8%	78.4%

AXIS Capital Holdings Limited
REINSURANCE SEGMENT DATA

	Quarter ended					
	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Jun. 30, 2005	Jun. 30, 2004
UNDERWRITING REVENUES						
Gross premiums written	\$365,775	\$727,690	\$161,119	\$333,988	\$254,311	\$193,216
Net premiums written	365,706	717,178	143,277	329,843	250,693	187,032
Gross premiums earned	357,687	313,868	390,166	376,265	314,977	209,614
Ceded premiums amortized	(2,159)	(2,987)	(19,919)	(7,984)	(3,602)	(3,446)
Net premiums earned	355,528	310,881	370,247	368,281	311,375	206,168
Other insurance related (loss) income	---	---	---	---	(150)	555
Total underwriting revenues	355,528	310,881	370,247	368,281	311,225	206,723
UNDERWRITING EXPENSES						
Net losses and loss expenses	224,197	202,488	190,743	596,746	174,156	93,110
Acquisition costs	63,078	52,248	55,022	52,865	55,321	32,706
General and administrative expenses	11,501	10,714	11,592	12,187	12,330	9,426
Total underwriting expenses	298,776	265,450	257,357	661,798	241,807	135,242
UNDERWRITING INCOME (LOSS)	\$56,752	\$45,431	\$112,890	(\$293,517)	\$69,418	\$71,481
KEY RATIOS						
Net loss and loss expense ratio	63.1%	65.1%	51.5%	162.0%	55.9%	45.2%
Acquisition cost ratio	17.7%	16.8%	14.9%	14.4%	17.8%	15.9%
General and administrative expense ratio	3.2%	3.4%	3.1%	3.3%	4.0%	4.6%
Combined ratio	84.0%	85.3%	69.5%	179.7%	77.7%	65.7%

AXIS Capital Holdings Limited
CONSOLIDATED BALANCE SHEETS

	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	Jun. 30, 2005	Jun. 30, 2004
ASSETS						
Cash and cash equivalents	\$1,615,448	\$1,511,619	\$1,280,990	\$862,184	\$793,304	\$721,215
Fixed maturity investments at fair market value	6,009,431	6,047,556	6,012,425	5,736,312	5,472,049	3,993,883
Other investments	627,721	543,866	409,504	340,502	268,120	34,403
Accrued interest receivable	68,381	58,602	59,784	47,800	54,571	36,612
Securities lending collateral	909,807	984,847	998,349	1,045,144	998,196	755,968
Insurance and reinsurance premium balances receivable	1,409,988	1,316,318	1,026,975	1,145,471	1,230,321	994,819
Deferred acquisition costs	290,627	266,566	196,388	242,478	263,491	222,288
Prepaid reinsurance premiums	309,881	295,215	281,579	300,872	269,625	240,199
Reinsurance recoverable balances	1,392,543	1,475,506	1,518,110	1,337,020	648,025	245,909
Intangible assets	35,500	36,056	37,013	37,969	29,947	23,919
Other assets	129,723	119,504	104,859	344,794	89,307	50,974
TOTAL ASSETS	\$12,799,050	\$12,655,655	\$11,925,976	\$11,440,546	\$10,116,956	\$7,320,189
LIABILITIES						
Reserve for losses and loss expenses	\$4,835,161	\$4,813,516	\$4,743,338	\$4,514,277	\$2,929,699	\$1,541,193
Unearned premiums	2,289,140	2,132,841	1,760,467	2,003,223	2,071,073	1,648,062
Insurance and reinsurance balances payable	333,547	311,933	314,232	325,924	251,753	208,141
Accounts payable and accrued expenses	75,393	84,357	101,179	92,099	91,982	44,072
Securities lending payable	904,974	982,499	995,287	1,041,124	994,346	755,618
Net payable for investments purchased	43,012	186,208	76	93,268	112,515	80,589
Debt	499,100	499,073	499,046	499,019	498,992	---
TOTAL LIABILITIES	8,980,327	9,010,427	8,413,625	8,568,934	6,950,360	4,277,675
SHAREHOLDERS' EQUITY						
Series A preferred shares	125	125	125	125	---	---
Series B preferred shares	31	31	31	---	---	---
Common shares	1,873	1,872	1,861	1,769	1,758	1,906
Additional paid-in capital	2,413,410	2,405,448	2,386,200	1,931,807	1,680,148	2,009,716
Accumulated other comprehensive (loss) income	(166,580)	(134,238)	(77,798)	(54,806)	(255)	(31,193)
Retained earnings	1,569,864	1,371,990	1,201,932	992,717	1,484,945	1,062,085
TOTAL SHAREHOLDERS' EQUITY	3,818,723	3,645,228	3,512,351	2,871,612	3,166,596	3,042,514
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$12,799,050	\$12,655,655	\$11,925,976	\$11,440,546	\$10,116,956	\$7,320,189
Book value per common share	<u>\$22.15</u>	<u>\$21.00</u>	<u>\$20.23</u>	<u>\$18.52</u>	<u>\$22.51</u>	<u>\$19.95</u>
Debt to total capitalization	<u>11.6%</u>	<u>12.0%</u>	<u>12.4%</u>	<u>14.8%</u>	<u>13.6%</u>	<u>N/A</u>
Debt plus preferred equity to total capitalization [a]	<u>23.1%</u>	<u>24.1%</u>	<u>24.9%</u>	<u>22.2%</u>	<u>N/A</u>	<u>N/A</u>

[a] As of June 30, 2006 and 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.

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO

As of June 30, 2006

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,427,495	\$107	(\$41,901)	1,385,701	18.3%
Non U.S. government securities	138,941	5,897	(3,534)	141,304	1.9%
Corporate debt securities	1,285,472	1,767	(29,865)	1,257,374	16.6%
Mortgage-backed securities	2,529,551	372	(88,946)	2,440,977	32.2%
Asset-backed securities	378,704	162	(5,214)	373,652	4.9%
Municipals	375,845	19	(8,243)	367,621	4.8%
Mortgage derivatives [a]	43,121	1	(320)	42,802	0.6%
Total Fixed Maturities	\$6,179,129	\$8,325	(\$178,023)	\$6,009,431	79.3%
Cash, net of unsettled trades	169,294	---	---	169,294	2.2%
Total Invested Assets	\$6,348,423	\$8,325	(\$178,023)	\$6,178,725	81.5%
Operating Cash Balances	1,403,143	---	---	1,403,143	18.5%
Total Cash and Fixed Maturities	\$7,751,566	\$8,325	(\$178,023)	\$7,581,868	100.0%

CREDIT QUALITY OF INVESTED ASSETS

	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$4,841,426	78.4%	\$4,702,073	78.2%
AA	274,227	4.4%	267,667	4.5%
A	541,945	8.8%	528,479	8.8%
BBB	521,531	8.4%	511,212	8.5%
Total	\$6,179,129	100.0%	\$6,009,431	100.0%

MATURITY PROFILE OF INVESTED ASSETS

	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$343,105	5.6%	\$339,454	5.6%
From one to five years	1,878,887	30.4%	1,842,720	30.7%
From five to ten years	837,902	13.6%	808,958	13.5%
Above ten years	167,859	2.7%	160,868	2.7%
Asset-backed and mortgage-backed securities	2,951,376	47.7%	2,857,431	47.5%
Total	\$6,179,129	100.0%	\$6,009,431	100.0%

OTHER INVESTMENTS

	Cost	Percentage	Fair Value	Percentage
Collateralized Loan Obligations	\$233,520	37.9%	\$223,387	35.6%
Investment Funds	382,000	62.1%	404,334	64.4%
Total Other Investments	\$615,520	100.0%	\$627,721	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

	<u>June 30, 2006</u>	<u>Mar. 31, 2006</u>	<u>Dec. 31, 2005</u>	<u>Sept. 30, 2005</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
TYPE OF INVESTMENT	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %
U.S. government and agency securities	18.3%	20.0%	21.5%	23.8%	26.7%	32.0%
Non U.S. government securities	1.9%	1.3%	1.9%	2.2%	2.5%	1.5%
Corporate debt securities [a]	16.6%	17.2%	16.7%	17.7%	17.7%	17.3%
Mortgage-backed securities	32.2%	31.1%	33.4%	33.5%	30.3%	26.5%
Asset-backed securities	4.9%	4.8%	4.0%	4.7%	5.4%	3.8%
Municipals	4.8%	5.3%	4.9%	5.4%	5.0%	4.7%
Mortgage derivatives	0.6%	2.3%	---	0.9%	1.3%	0.4%
Total Fixed Maturities	79.3%	82.0%	82.4%	88.2%	88.9%	86.2%
Cash, net of unsettled trades	2.2%	1.9%	2.7%	2.9%	3.7%	2.7%
Total Invested Assets	81.5%	83.9%	85.1%	91.1%	92.6%	88.9%
Operating Cash Balances	18.5%	16.1%	14.9%	8.9%	7.4%	11.1%
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	78.2%	78.2%	78.8%	79.1%	79.4%	78.7%
AA	4.5%	3.3%	3.3%	3.8%	3.4%	3.5%
A	8.8%	9.8%	8.9%	9.4%	9.3%	11.6%
BBB	8.5%	8.7%	9.0%	7.7%	7.9%	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	5.6%	6.5%	6.0%	9.1%	7.8%	4.7%
From one to five years	30.7%	31.3%	31.3%	27.9%	31.5%	37.1%
From five to ten years	13.5%	12.3%	14.8%	14.6%	15.3%	18.3%
Above ten years	2.7%	3.3%	2.6%	4.0%	3.6%	4.3%
Asset-backed and mortgage-backed securities	47.5%	46.6%	45.3%	44.4%	41.8%	35.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PORTFOLIO CHARACTERISTICS	As of or for the quarter ended					
	<u>June 30, 2006</u>	<u>Mar. 31, 2006</u>	<u>Dec. 31, 2005</u>	<u>Sept. 30, 2005</u>	<u>June 30, 2005</u>	<u>June 30, 2004</u>
Annualized effective yield	4.8%	5.1%	4.6%	4.3%	4.0%	3.2%
Yield to maturity of invested assets	5.4%	5.1%	4.9%	4.6%	4.1%	3.5%
Average duration of invested assets	3.3 yrs	3.2 yrs	3.0 yrs	3.1 yrs	2.8 yrs	3.3 yrs
Average credit quality of invested assets	AA+	AAA	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					Six months ended	
	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	June 30, 2006	June 30, 2005
Aggregate AXIS Capital Invested Assets	0.29%	(0.08)%	0.60%	(0.18)%	2.21%	0.21%	1.89%
Composite Benchmark [a]	0.18%	(0.20)%	0.55%	(0.33)%	2.27%	(0.02)%	1.76%
	0.11%	0.12%	0.05%	0.15%	(0.06)%	0.23%	0.13%
<u>Individual portfolios</u>							
Total return liquidity portfolio	0.88%	0.64%	0.81%	0.34%	1.16%	1.53%	1.01%
Merrill Lynch 1-3 year Treasury Index	0.64%	0.39%	0.69%	0.09%	1.13%	1.03%	0.88%
	0.24%	0.25%	0.12%	0.25%	0.03%	0.50%	0.13%
Total return intermediate duration portfolios	0.28%	(0.17)%	0.59%	(0.19)%	2.32%	0.12%	2.03%
Customized benchmark [b]	0.12%	(0.26)%	0.55%	(0.39)%	2.42%	(0.14)%	1.84%
	0.16%	0.09%	0.04%	0.20%	(0.10)%	0.26%	0.19%
Total return long duration portfolios	(0.02)%	(0.59)%	0.61%	(0.66)%	2.91%	(0.61)%	2.53%
Customized benchmark [b]	(0.08)%	(0.64)%	0.59%	(0.68)%	3.00%	(0.72)%	2.53%
	0.06%	0.05%	0.02%	0.02%	(0.09)%	0.11%	---
Total return U.S. combined portfolios	0.08%	(0.06)%	0.60%	(0.32)%	2.38%	0.02%	1.79%
Customized benchmark [b]	0.15%	(0.18)%	0.52%	(0.34)%	2.37%	(0.03)%	1.74%
	(0.07)%	0.12%	0.08%	0.02%	0.01%	0.05%	0.05%
Total return Euro portfolio	(0.04)%	0.64%	0.36%	0.30%	2.14%	(0.63)%	3.09%
Merrill Lynch 1-7 year EMU Gov't Index	0.10%	0.76%	0.37%	(0.04)%	2.37%	(0.66)%	3.21%
	(0.14)%	(0.12)%	(0.01)%	0.34%	(0.23)%	0.03%	(0.12)%

[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 June 30, 2006

Issuer	Lowest Rating	Fair Value at June 30, 2006	% of Total Fair Value
General Electric Company	Aaa/AAA	\$57,323	0.92%
HSBC Holdings PLC	Aa3/AA-	37,101	0.59%
Morgan Stanley	Aa3/A+	28,076	0.45%
Citigroup, Inc.	Aa3/A+	27,808	0.45%
Goldman Sachs Group, Inc.	Baa2/BBB	26,734	0.43%
American International Group	A1/AA-	26,106	0.42%
Danske Bank	P-1/A-1	25,501	0.41%
Lehman Brothers Holdings, Inc	A1/A+	23,514	0.38%
AT & T, Inc.	Baa2/A	20,594	0.33%
Bear Stearns Companies, Inc.	A1/A+	20,433	0.33%
Total		<u>\$293,190</u>	<u>4.71%</u>

AXIS Capital Holdings Limited

Reinsurance Recoverable Analysis

	Quarter ended					
	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005
Reinsurance recoverable on paid losses and loss expenses:						
Global Insurance	\$16,340	\$33,988	\$16,236	\$434	\$2,404	\$13,384
U.S. Insurance	69,133	18,946	33,633	28,767	7,829	7,765
Total Insurance	85,473	52,934	49,869	29,201	10,233	21,149
Reinsurance	35,619	75,368	12,993	12,993	28,626	3,044
Total	\$121,092	\$128,302	\$62,862	\$42,194	\$38,859	\$24,193
Reinsurance recoverable on unpaid losses and loss expenses: OSLR						
Global Insurance	\$381,939	\$404,080	\$402,120	\$311,534	\$57,575	\$40,122
U.S. Insurance	321,418	380,390	437,225	321,865	163,470	193,573
Total Insurance	703,357	784,470	839,345	633,399	221,045	233,695
Reinsurance	---	---	76,500	18,250	---	27,676
Total	\$703,357	\$784,470	\$915,845	\$651,649	\$221,045	\$261,371
Reinsurance recoverable on unpaid losses and loss expenses: IBNR						
Global Insurance	\$20,301	\$2,866	\$3,246	\$83,685	\$19,297	\$11,901
U.S. Insurance	545,396	558,846	537,535	549,613	371,008	311,580
Total Insurance	565,697	561,712	540,781	633,298	390,305	323,481
Reinsurance	17,620	16,245	14,219	17,796	5,733	35,402
Total	\$583,317	\$577,957	\$555,000	\$651,094	\$396,038	\$358,883
Provision against reinsurance recoverables:						
Global Insurance	---	---	---	---	---	---
U.S. Insurance	(2,604)	(2,604)	(2,604)	(7,917)	(7,917)	(3,344)
Total Insurance	(2,604)	(2,604)	(2,604)	(7,917)	(7,917)	(3,344)
Reinsurance	(12,619)	(12,619)	(12,993)	---	---	---
Total	(\$15,223)	(\$15,223)	(\$15,597)	(\$7,917)	(\$7,917)	(\$3,344)
Net reinsurance recoverables:						
Global Insurance	\$418,580	\$440,934	\$421,602	\$395,653	\$79,276	\$65,407
U.S. Insurance	933,343	955,578	1,005,789	892,328	534,390	509,574
Total Insurance	1,351,923	1,396,512	1,427,391	1,287,981	613,666	574,981
Reinsurance	40,620	78,994	90,719	49,039	34,359	66,122
Total	\$1,392,543	\$1,475,506	\$1,518,110	\$1,337,020	\$648,025	\$641,103
Net reinsurance recoverables relating to Katrina, Rita and Wilma:						
	\$594,599	\$699,211	\$807,420	\$642,410		

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

	Quarter ended June 30, 2006			For the six months ended June 30, 2006		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$4,813,516	(\$1,475,506)	\$3,338,010	\$4,743,338	(\$1,518,110)	\$3,225,228
Total incurred losses and loss expenses	430,770	(58,788)	371,982	842,780	(112,140)	730,640
Total paid losses and loss expenses	(419,681)	141,751	(277,930)	(760,621)	237,707	(522,914)
Foreign exchange loss	10,556	---	10,556	9,664	---	9,664
Reserve for losses and loss expenses, end of period [a]	<u>\$4,835,161</u>	<u>(\$1,392,543)</u>	<u>\$3,442,618</u>	<u>\$4,835,161</u>	<u>(\$1,392,543)</u>	<u>\$3,442,618</u>
Paid to incurred percentage	<u>97.4%</u>	<u>241.1%</u>	<u>74.7%</u>	<u>90.3%</u>	<u>212.0%</u>	<u>71.6%</u>

[a] As at June 30, 2006, the gross reserve for losses and loss expenses included IBNR of \$2,855.8 million, or 59.1%, of total gross reserves for loss and loss expenses. As at December 31, 2005, these comparable amounts were \$2,711.8 million, or 57.2%.

AXIS Capital Holdings Limited

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

	Quarter ended June 30, 2006					Six months ended June 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>	\$121,109	\$142,737	\$263,846	\$155,835	\$419,681	\$198,439	\$254,938	\$453,377	\$307,244	\$760,621
<i>Reinsurance recoveries received</i>	(41,198)	(58,803)	(100,001)	(41,750)	(141,751)	(43,572)	(143,510)	(187,082)	(50,625)	(237,707)
Net losses paid	79,911	83,934	163,845	114,085	277,930	154,867	111,428	266,295	256,619	522,914
Change in:										
<i>Reported case reserves</i>	(33,971)	(51,011)	(84,982)	(21,107)	(106,089)	(11,825)	(119,851)	(131,676)	69,991	(61,685)
<i>IBNR</i>	541	23,795	24,336	92,842	117,178	3,101	90,769	93,870	49,975	143,845
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	22,402	22,184	44,586	38,377	82,963	3,179	72,287	75,466	50,100	125,566
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$68,883	\$78,902	\$147,785	\$224,197	\$371,982	\$149,322	\$154,633	\$303,955	\$426,685	\$730,640
Gross reserve for losses and loss expenses	\$1,494,526	\$1,534,406	\$3,028,932	\$1,806,229	\$4,835,161	\$1,494,526	\$1,534,406	\$3,028,932	\$1,806,229	\$4,835,161
Prior years favorable reserve development	\$43,973	\$14,213	\$58,186	\$6,284	\$64,470	\$95,113	\$29,020	\$124,133	\$1,407	\$125,540
Key Ratios										
Net paid to net incurred percentage	116.0%	106.4%	110.9%	50.9%	74.7%	103.7%	72.1%	87.6%	60.1%	71.6%
Net paid losses / Net premiums earned	44.3%	58.7%	50.6%	32.1%	40.9%	42.3%	39.7%	41.2%	38.5%	39.8%
Increase in net loss and loss expense reserves / Net premiums earned	-6.1%	-3.5%	-5.0%	31.0%	13.8%	-1.5%	15.4%	5.8%	25.5%	15.8%
Net loss and loss expense ratio	38.1%	55.2%	45.7%	63.1%	54.8%	40.8%	55.1%	47.0%	64.0%	55.7%

AXIS Capital Holdings Limited

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

	Quarter ended					Six months ended	
	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	June 30, 2006	June 30, 2005
<i>Gross losses paid</i>	\$121,109	\$77,330	\$79,187	\$65,460	\$63,535	\$198,439	\$95,828
<i>Reinsurance recoveries received</i>	<u>(41,198)</u>	<u>(2,374)</u>	<u>(818)</u>	<u>(2,965)</u>	<u>(1,252)</u>	<u>(43,572)</u>	<u>(2,893)</u>
Net losses paid	79,911	74,956	78,369	62,495	62,283	\$154,867	92,935
Change in:							
<i>Reported case reserves</i>	(33,971)	22,146	303,195	247,790	(22,047)	(11,825)	1,615
<i>IBNR</i>	541	2,560	(315,176)	314,117	51,673	3,101	73,006
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	<u>22,402</u>	<u>(19,223)</u>	<u>(25,679)</u>	<u>(316,378)</u>	<u>(13,870)</u>	<u>3,179</u>	<u>(23,622)</u>
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	<u>\$68,883</u>	<u>\$80,439</u>	<u>\$40,709</u>	<u>\$308,024</u>	<u>\$78,039</u>	<u>\$149,322</u>	<u>\$143,934</u>
Gross reserve for losses and loss expenses	<u>\$1,494,526</u>	<u>\$1,525,522</u>	<u>\$1,500,652</u>	<u>\$1,513,221</u>	<u>\$951,874</u>	<u>\$1,494,526</u>	<u>\$951,874</u>
Prior years favorable reserve development	<u>\$43,973</u>	<u>\$51,140</u>	<u>\$77,131</u>	<u>\$59,217</u>	<u>\$42,779</u>	<u>\$95,113</u>	<u>\$105,979</u>
Key Ratios							
Net paid to net incurred percentage	<u>116.0%</u>	<u>93.2%</u>	<u>192.5%</u>	<u>20.3%</u>	<u>79.8%</u>	<u>103.7%</u>	<u>64.6%</u>
Net paid losses / Net premiums earned	44.3%	40.5%	42.3%	44.2%	30.4%	42.3%	22.0%
Increase in Net loss and loss expense reserves / Net premiums earned	<u>-6.1%</u>	<u>3.0%</u>	<u>-20.3%</u>	<u>173.7%</u>	<u>7.7%</u>	<u>-1.5%</u>	<u>12.1%</u>
Net loss and loss expense ratio	<u>38.1%</u>	<u>43.4%</u>	<u>22.0%</u>	<u>217.9%</u>	<u>38.1%</u>	<u>40.8%</u>	<u>34.1%</u>

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS U.S. INSURANCE

	Quarter ended					Six months ended	
	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	June 30, 2006	June 30, 2005
<i>Gross losses paid</i>	\$142,737	\$112,201	\$133,410	\$60,039	\$67,589	\$254,938	\$105,344
<i>Reinsurance recoveries received</i>	(58,803)	(84,707)	(86,893)	(19,754)	(43,993)	(143,510)	(64,780)
Net losses paid	83,934	27,494	46,517	40,285	23,596	111,428	\$40,564
Change in:							
<i>Reported case reserves</i>	(51,011)	(68,840)	129,311	187,480	(36,958)	(119,851)	13,542
<i>IBNR</i>	23,795	66,974	55,168	237,936	108,770	90,769	156,669
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	22,184	50,103	(113,732)	(335,201)	(24,750)	72,287	(68,399)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$78,902	\$75,731	\$117,264	\$130,500	\$70,658	\$154,633	\$142,376
Gross reserve for losses and loss expenses	\$1,534,406	\$1,561,622	\$1,563,489	\$1,379,010	\$930,807	\$1,534,406	\$930,807
Prior years favorable reserve development	\$14,213	\$14,807	\$18,979	\$6,891	\$1,646	\$29,020	\$546
Key Ratios							
Net paid to net incurred percentage	106.4%	36.3%	39.7%	14.7%	33.4%	72.1%	28.5%
Net paid losses / Net premiums earned	58.7%	20.0%	35.4%	17.9%	21.8%	39.7%	18.9%
Increase in Net loss and loss expense reserves / Net premiums earned	-3.5%	35.1%	53.8%	103.9%	43.4%	15.4%	47.4%
Net loss and loss expense ratio	55.2%	55.1%	89.1%	121.8%	65.2%	55.1%	66.3%

AXIS Capital Holdings Limited

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

	Quarter ended					Six months ended	
	June 30, 2006	Mar. 31, 2006	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	June 30, 2006	June 30, 2005
<i>Gross losses paid</i>	\$155,835	\$151,409	\$172,745	\$53,248	\$58,921	\$307,244	\$91,182
<i>Reinsurance recoveries received</i>	<u>(41,750)</u>	<u>(8,875)</u>	-	<u>(15,633)</u>	<u>(32,343)</u>	<u>(50,625)</u>	<u>(41,874)</u>
Net losses paid	114,085	142,534	172,745	37,615	26,578	256,619	\$49,308
Change in:							
<i>Reported case reserves</i>	(21,107)	91,098	410,187	97,455	(5,590)	69,991	48,471
<i>IBNR</i>	92,842	(42,867)	(350,510)	476,357	121,407	49,975	242,579
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	<u>38,377</u>	<u>11,723</u>	<u>(41,679)</u>	<u>(14,681)</u>	<u>31,762</u>	<u>50,100</u>	<u>40,475</u>
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	<u>\$224,197</u>	<u>\$202,488</u>	<u>\$190,743</u>	<u>\$596,746</u>	<u>\$174,156</u>	<u>\$426,685</u>	<u>\$380,833</u>
Reserve for losses and loss expenses	<u>\$1,806,229</u>	<u>\$1,726,372</u>	<u>\$1,679,197</u>	<u>\$1,622,046</u>	<u>\$1,047,018</u>	<u>\$1,806,229</u>	<u>\$1,047,018</u>
Prior years favorable (adverse) reserve development	<u>\$6,284</u>	<u>(\$4,877)</u>	<u>\$50,366</u>	<u>\$29,707</u>	<u>\$29,580</u>	<u>\$1,407</u>	<u>\$34,180</u>
Key Ratios							
Net paid to net incurred percentage	<u>50.9%</u>	<u>70.4%</u>	<u>90.6%</u>	<u>6.3%</u>	<u>15.3%</u>	<u>60.1%</u>	<u>12.9%</u>
Net paid losses / Net premiums earned	32.1%	45.8%	46.7%	10.2%	8.5%	38.5%	8.0%
Increase in Net loss and loss expense reserves / Net premiums earned	<u>31.0%</u>	<u>19.3%</u>	<u>4.9%</u>	<u>151.8%</u>	<u>47.4%</u>	<u>25.5%</u>	<u>54.1%</u>
Net loss and loss expense ratio	<u>63.1%</u>	<u>65.1%</u>	<u>51.5%</u>	<u>162.0%</u>	<u>55.9%</u>	<u>64.0%</u>	<u>62.1%</u>

AXIS Capital Holdings Limited

EARNINGS PER COMMON SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended June 30,		Six months ended June 30,	
	2006	2005	2006	2005
Net income available to common shareholders	\$223,400	\$172,845	\$418,585	\$324,644
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic weighted average common shares outstanding	149,765,181	140,566,523	149,541,163	143,584,354
Share equivalents				
Warrants	11,006,209	10,485,432	11,320,152	10,656,522
Options	1,780,378	2,143,648	1,906,398	2,202,168
Restricted stock	773,691	442,147	673,928	570,460
Diluted weighted average common shares outstanding	163,325,459	153,637,750	163,441,641	157,013,504
NET INCOME PER COMMON SHARE				
Basic	\$1.49	\$1.23	\$2.80	\$2.26
Diluted	\$1.37	\$1.13	\$2.56	\$2.07

AXIS Capital Holdings Limited

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

AS-IF CONVERTED METHOD	As at	
	June 30, 2006	December 31, 2005
Basic common shares outstanding	149,809,873	148,868,759
Add: warrants outstanding	19,665,963	19,650,509
Weighted average exercise price per share	\$12.45	\$12.46
Add: options outstanding	5,398,517	6,174,464
Weighted average exercise price per share	\$18.72	\$19.08
Add: restricted stock	2,291,590	1,172,550
Diluted shares outstanding	177,165,943	175,866,282
Shareholders' equity	\$3,818,723	\$3,512,351
Less: preferred equity	(500,000)	(500,000)
Common shareholders' equity	\$3,318,723	\$3,012,351
Add: proceeds from converted warrants	244,812	244,812
Add: proceeds from converted options	101,050	117,808
As if converted common shareholders' equity	\$3,664,585	\$3,374,971
Book value per common share	\$22.15	\$20.23
Diluted book value per common share	\$20.68	\$19.19
Diluted book value, excluding other comprehensive income (loss)		
As if converted common shareholders' equity	\$3,664,585	\$3,374,971
Accumulated other comprehensive loss	(166,580)	(77,798)
As if converted shareholders' equity excluding other comprehensive loss	\$3,831,165	\$3,452,769
Diluted common shares outstanding	177,165,943	175,866,282
Diluted book value excluding other comprehensive loss - "as if converted method"	\$21.62	\$19.63

AXIS Capital Holdings Limited

DILUTED BOOK VALUE PER COMMON SHARE - TREASURY STOCK METHOD

	As at	
	June 30, 2006	December 31, 2005
TREASURY STOCK METHOD		
Closing price	\$28.61	\$31.28
Basic common shares outstanding	149,809,873	148,868,759
Add: warrants outstanding	19,665,963	19,650,509
Weighted average exercise price per share	\$12.45	\$12.46
Less: warrants bought back via treasury method	8,556,852	7,826,455
Add: options outstanding	5,398,517	6,174,464
Weighted average exercise price per share	\$18.72	\$19.08
Less: options bought back via treasury method	3,531,978	3,766,241
Add: restricted stock outstanding	2,291,590	1,172,550
Diluted common shares outstanding	165,077,113	164,273,586
Book value per common share	\$22.15	\$20.23
Diluted book value per common share	\$20.10	\$18.34
Diluted book value, excluding other comprehensive income (loss)		
Shareholders' equity	\$3,818,723	\$3,512,351
Less: preferred equity	(\$500,000)	(\$500,000)
Common shareholders' equity	\$3,318,723	\$3,012,351
Accumulated other comprehensive loss	(166,580)	(77,798)
Shareholders' equity excluding other comprehensive loss	\$3,485,303	\$3,090,149
Diluted shares outstanding - "treasury stock method"	165,077,113	164,273,586
Diluted book value excluding other comprehensive loss - "treasury stock method"	\$21.11	\$18.81