



AXIS Capital Holdings Limited

INVESTOR FINANCIAL SUPPLEMENT

FOURTH QUARTER 2005

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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, December 31, 2004 and December 31, 2003.
- 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 by the average balance of the assets managed by our portfolio managers.
- 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

BASIS OF PRESENTATION

BUSINESS DESCRIPTIONS

INSURANCE SEGMENT

Global Insurance

Global insurance provides specialty lines coverage predominantly through the London broker network with product lines comprising property, marine, terrorism and war risk, aviation and aerospace, political risk and professional lines and other specialty risks.

The property line of business provides physical damage and business interruption coverage for industrial properties and physical damage, business interruption and liability coverage for onshore energy property and operations. Coverage relates to both catastrophic and non-catastrophic events.

The marine line of business provides coverage for hull, liability, cargo and specie and recreational marine risks. These risks include property damage to ships, pollution damage caused by vessels on a sudden and accidental basis and protection for general cargo and the contents of armored cars, vaults, exhibitions and museums. This line of business also provides physical damage, business interruption and liability coverage for offshore energy property and operations.

The terrorism and war risk line of business includes coverage for physical damage and associated business interruption of an insured following an act of terrorism and specific war coverage for the interests otherwise covered in our aviation and marine hull and liability business.

The aviation and aerospace line of business includes hull and liability coverage for passenger and cargo airlines and privately owned aircraft, select aviation product liability coverage, physical damage coverage on satellite launches and satellite liability.

The political risk line of business generally provides protection against sovereign default or other sovereign actions resulting in impairment of cross border investments for banks and major corporations in industries such as energy and mining.

The professional lines and other specialty line of business consists primarily of directors' and officers' and errors and omissions liability coverage.

U.S. Insurance

U.S. insurance provides coverage through a variety of channels in the U.S. and covers exposures predominantly in the U.S. The product lines are property, professional lines, liability and other specialty and are offered through wholesale brokers, retail brokers and managing general underwriters. Many of its property and casualty insurance products are for nonstandard and complex risks. U.S. insurance also writes risks that are unique and difficult to place in the standard market, but must remain with an admitted insurance company for marketing and regulatory purposes.

The property line of business provides coverage for physical damage and business interruption primarily with respect to commercial properties. The book consists of both primary and excess risks, some of which are catastrophe-exposed.

The professional lines book primarily consists of coverage for directors' and officers' liability, errors and omission liability and employment practices liability.

The liability line of business primarily targets casualty risks in the US excess and surplus lines markets. Target classes include mercantile, manufacturing and building/premises, with particular emphasis on commercial and consumer products, commercial construction and miscellaneous general liability.

The other specialty book currently consists of a product that indemnifies self-insured, small and medium sized employers for losses in excess of a retention associated with employee medical coverage.

AXIS Capital Holdings Limited

BASIS OF PRESENTATION

BUSINESS DESCRIPTIONS (CONTINUED)

REINSURANCE SEGMENT

Our reinsurance segment provides treaty property and casualty reinsurance to insurance companies on a worldwide basis. Treaty reinsurance contracts are contractual arrangements that provide for automatic reinsurance of a type or category of risk underwritten by our clients. Contracts can be written on an excess of loss basis or a pro rata basis, also known as proportional. The product lines in this segment are catastrophe, property, professional liability, credit and bond, motor, liability and other.

The catastrophe reinsurance line of business provides protection for most catastrophic losses that are covered in the underlying insurance policies written by our ceding company clients. The underlying insurance policies in the catastrophe reinsurance line of business primarily cover property exposures. This business also consists of contracts covering non-property exposures, including workers compensation, personal accident and life. The principal perils in this portfolio are hurricane and windstorm, earthquake, flood, tornado, hail and fire. In some instances, terrorism may be a covered peril or the only peril.

The property reinsurance line of business includes treaty reinsurance written on both a pro rata and a per risk basis and covers underlying personal lines and commercial property exposures. Property pro rata treaty reinsurance covers a cedent's aggregate losses from all events in the covered period on a proportional basis. Property per risk treaty reinsurance business reinsures a portfolio of particular property risks of ceding companies on an excess of loss basis.

The professional liability treaty reinsurance book covers directors' and officers', employment practices liability, medical malpractice and miscellaneous errors and omissions insurance risks.

The credit and bond treaty reinsurance book consists principally of reinsurance of trade credit insurance products and includes both proportional and excess-of-loss structures. The underlying insurance indemnifies sellers of goods and services against a payment default by the buyer of those goods and services. Also included in this book is coverage for ceding insurers against losses arising from a broad array of surety bonds issued by bond insurers principally to satisfy regulatory demands in a variety of jurisdictions around the

The motor liability reinsurance line of business provides coverage to insurers for motor liability losses arising out of any one occurrence. The occurrence can involve one or many claimants where the ceding insurer aggregates the claims from the occurrence.

The liability reinsurance line of business provides coverage to insurers of standard casualty lines, including auto liability, general liability, personal and commercial umbrella and workers compensation.

The other reinsurance line of business currently covers claims arising from aviation, marine, personal accident, engineering and construction. 

AXIS Capital Holdings Limited
FINANCIAL HIGHLIGHTS

HIGHLIGHTS	Quarter ended December 31,		Previous Quarter Change	Year ended December 31,		Previous Year Change
	2005	2004		2005	2004	
	Gross premiums written	\$633,322		\$651,169	(2.7)%	
<i>Gross premiums written - Insurance</i>	74.6%	91.1%	(16.5)%	55.2%	63.7%	(8.5)%
<i>Gross premiums written - Reinsurance</i>	25.4%	8.9%	16.5%	44.8%	36.3%	8.5%
Net premiums written	463,405	474,594	(2.4)%	2,658,989	2,423,673	9.7%
Net premiums earned	\$686,866	\$548,948	25.1%	\$2,553,683	\$2,028,397	25.9%
<i>Net premiums earned - Insurance</i>	46.1%	55.1%	(9.0)%	47.1%	56.5%	(9.4)%
<i>Net premiums earned - Reinsurance</i>	53.9%	44.9%	9.0%	52.9%	43.5%	9.4%
Net income available to common shareholders	233,492	181,075	28.9%	90,061	494,998	(81.8)%
Reserve for losses and loss expenses	4,743,338	2,404,560	97.3%	4,743,338	2,404,560	97.3%
Total shareholders' equity	3,512,351	3,238,064	8.5%	3,512,351	3,238,064	8.5%
PER COMMON SHARE AND COMMON SHARE DATA						
Basic earnings per common share	\$1.61	\$1.19	35.6%	\$0.63	\$3.24	(415.3)%
Diluted earnings per common share	\$1.47	\$1.09	34.6%	\$0.57	\$2.98	(421.2)%
Weighted average common shares outstanding	144,750,783	152,662,584	(5.2)%	143,225,774	152,553,677	(6.1)%
Diluted weighted average common shares outstanding	159,123,364	165,397,980	(3.8)%	157,523,952	165,875,823	(5.0)%
Book value per common share	\$20.23	\$21.20	(4.6)%	\$20.23	\$21.20	(4.6)%
Diluted book value per common share (as-if converted) [a]	\$19.19	\$19.85	(3.3)%	\$19.19	\$19.85	(3.3)%
FINANCIAL RATIOS						
ROACE, net income available to common shareholders [b]	33.2%	22.9%	10.3%	2.9%	16.3%	(13.4)%
Net loss and loss expense ratio	50.8%	54.7%	(3.9)%	80.3%	61.4%	18.9%
Acquisition cost ratio	14.0%	14.4%	(0.4)%	13.2%	13.8%	(0.6)%
General and administrative expense ratio	8.4%	10.2%	(1.8)%	8.3%	9.2%	(0.9)%
Combined ratio	73.2%	79.3%	(6.1)%	101.8%	84.4%	17.4%
INVESTMENT DATA						
Total assets	\$11,925,976	\$9,038,285	31.9%	\$11,925,976	\$9,038,285	31.9%
Total cash and investments [c]	7,762,627	6,029,651	28.7%	7,762,627	6,029,651	28.7%
Total return on investment portfolio	0.6%	0.7%	(0.1)%	2.3%	3.4%	(1.1)%
Annualized effective investment yield	4.6%	3.7%	0.9%	4.1%	3.4%	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.

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

	Quarter ended					
	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005	December 31, 2004	December 31, 2003
UNDERWRITING REVENUES						
Gross premiums written	\$633,322	\$794,571	\$767,293	\$1,198,699	\$651,169	\$479,666
Premiums ceded	(169,917)	(276,854)	(151,497)	(136,628)	(176,575)	(95,622)
Net premiums written	<u>463,405</u>	<u>517,717</u>	<u>615,796</u>	<u>1,062,071</u>	<u>474,594</u>	<u>384,044</u>
Gross premiums earned	876,118	862,459	778,597	761,092	689,748	489,432
Ceded premiums amortized	(189,252)	(245,645)	(154,184)	(135,502)	(140,800)	(88,687)
Net premiums earned	<u>686,866</u>	<u>616,814</u>	<u>624,413</u>	<u>625,590</u>	<u>548,948</u>	<u>400,745</u>
Other insurance related income (loss)	198	236	(5,451)	(68)	3,603	5,263
Total underwriting revenues	<u>687,064</u>	<u>617,050</u>	<u>618,962</u>	<u>625,522</u>	<u>552,551</u>	<u>406,008</u>
UNDERWRITING EXPENSES						
Net losses and loss expenses	348,716	1,035,270	322,853	344,290	300,219	207,884
Acquisition costs	96,175	64,436	85,471	91,301	78,894	39,527
General and administrative expenses	39,968	40,942	42,739	42,464	45,164	15,436
Total underwriting expenses	<u>484,859</u>	<u>1,140,648</u>	<u>451,063</u>	<u>478,055</u>	<u>424,277</u>	<u>262,847</u>
UNDERWRITING INCOME (LOSS)	<u>202,205</u>	<u>(523,598)</u>	<u>167,899</u>	<u>147,467</u>	<u>128,274</u>	<u>143,161</u>
OTHER OPERATING REVENUE (EXPENSES)						
Net investment income	78,938	67,015	58,001	52,758	47,451	27,363
Net realized (losses) gains on investments	(10,915)	(6,435)	1,831	(1,393)	4,216	1,377
Interest expense	(8,191)	(8,360)	(7,818)	(8,078)	(4,597)	(389)
Total other operating revenue (expenses)	<u>59,832</u>	<u>52,220</u>	<u>52,014</u>	<u>43,287</u>	<u>47,070</u>	<u>28,351</u>
OTHER (EXPENSES) REVENUE						
Net foreign exchange (losses) gains	(1,719)	(1,727)	(27,226)	(23,418)	18,583	12,899
Corporate expenses [a]	(17,539)	(3,295)	(14,057)	(11,838)	(10,781)	(25,729)
Total other (expenses) revenue	<u>(19,258)</u>	<u>(5,022)</u>	<u>(41,283)</u>	<u>(35,256)</u>	<u>7,802</u>	<u>(12,830)</u>
INCOME (LOSS) BEFORE INCOME TAXES	<u>242,779</u>	<u>(476,400)</u>	<u>178,630</u>	<u>155,498</u>	<u>183,146</u>	<u>158,682</u>
Income tax (expense) recovery	(4,908)	8,325	(5,785)	(3,699)	(2,071)	1,813
NET INCOME (LOSS)	<u>\$237,871</u>	<u>(\$468,075)</u>	<u>\$172,845</u>	<u>\$151,799</u>	<u>\$181,075</u>	<u>\$160,495</u>
Preferred share dividends	(4,379)	---	---	---	---	---
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	<u>\$233,492</u>	<u>(\$468,075)</u>	<u>\$172,845</u>	<u>\$151,799</u>	<u>\$181,075</u>	<u>\$160,495</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$214,839</u>	<u>(\$522,626)</u>	<u>\$221,984</u>	<u>\$89,490</u>	<u>\$170,995</u>	<u>\$146,070</u>
KEY RATIOS/PER COMMON SHARE DATA						
Net loss and loss expense ratio	50.8%	167.8%	51.7%	55.0%	54.7%	51.9%
Acquisition cost ratio	14.0%	10.4%	13.7%	14.6%	14.4%	9.8%
General and administrative expense ratio [a]	8.4%	7.2%	9.1%	8.7%	10.2%	10.3%
Combined ratio	<u>73.2%</u>	<u>185.4%</u>	<u>74.5%</u>	<u>78.3%</u>	<u>79.3%</u>	<u>72.0%</u>
Weighted average basic shares outstanding	144,750,783	140,995,298	140,566,523	146,635,717	152,662,584	152,464,156
Weighted average diluted shares outstanding	159,123,364	140,995,298	153,637,750	160,429,657	165,397,980	166,213,948
Basic earnings per common share	\$1.61	(\$3.32)	\$1.23	\$1.04	\$1.19	\$1.05
Diluted earnings per common share	\$1.47	(\$3.32)	\$1.13	\$0.95	\$1.09	\$0.97
ROACE [b]	33.2%	(64.7)%	22.6%	19.6%	22.9%	23.4%

[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
ANNUAL CONSOLIDATED STATEMENTS OF INCOME

	Year ended		
	December 31, 2005	December 31, 2004	December 31, 2003
UNDERWRITING REVENUES			
Gross premiums written	\$3,393,885	\$3,012,311	\$2,273,645
Premiums ceded	(734,896)	(588,628)	(365,258)
Net premiums written	<u>2,658,989</u>	<u>2,423,683</u>	<u>1,908,387</u>
Gross premiums earned	3,278,266	2,510,847	1,701,015
Ceded premiums amortized	(724,583)	(482,450)	(264,785)
Net premiums earned	<u>2,553,683</u>	<u>2,028,397</u>	<u>1,436,230</u>
Other insurance related (loss) income	(5,085)	11,253	25,019
Total underwriting revenues	<u>2,548,598</u>	<u>2,039,650</u>	<u>1,461,249</u>
UNDERWRITING EXPENSES			
Net losses and loss expenses	2,051,129	1,246,244	734,019
Acquisition costs	337,383	280,568	186,297
General and administrative expenses	166,113	148,196	43,415
Total underwriting expenses	<u>2,554,625</u>	<u>1,675,008</u>	<u>963,731</u>
UNDERWRITING (LOSS) INCOME	<u>(6,027)</u>	<u>364,642</u>	<u>497,518</u>
OTHER OPERATING REVENUE (EXPENSES)			
Net investment income	256,712	152,072	73,961
Net realized (losses) gains on investments	(16,912)	13,634	22,567
Interest expense	(32,447)	(5,285)	(1,478)
Total other operating revenue (expenses)	<u>207,353</u>	<u>160,421</u>	<u>95,050</u>
OTHER (EXPENSES) REVENUE			
Net foreign exchange (losses) gains	(54,090)	14,484	32,215
Corporate expenses [a]	(46,729)	(39,109)	(93,111)
Total other (expenses) revenue	<u>(100,819)</u>	<u>(24,625)</u>	<u>(60,896)</u>
INCOME BEFORE INCOME TAXES	100,507	500,438	531,672
Income tax (expense) recovery	(6,067)	(5,440)	678
NET INCOME	\$94,440	\$494,998	\$532,350
Preferred share dividends	(4,379)	---	---
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	<u>\$90,061</u>	<u>\$494,998</u>	<u>\$532,350</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$3,687</u>	<u>\$482,749</u>	<u>\$532,030</u>
KEY RATIOS/PER COMMON SHARE DATA			
Net loss and loss expense ratio	80.3%	61.4%	51.1%
Acquisition cost ratio	13.2%	13.8%	13.0%
General and administrative expense ratio [a]	8.3%	9.2%	9.5%
Combined ratio	<u>101.8%</u>	<u>84.4%</u>	<u>73.6%</u>
Weighted average basic shares outstanding	143,225,774	152,553,677	144,262,881
Weighted average diluted shares outstanding	157,523,952	165,875,823	155,690,763
Basic earnings per common share	\$0.63	\$3.24	\$3.69
Diluted earnings per common share	\$0.57	\$2.98	\$3.42
ROACE [b]	2.9%	16.3%	22.3%

[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 December 31, 2005			Year ended December 31, 2005		
	Insurance	Reinsurance	Total	Insurance	Reinsurance	Total
UNDERWRITING REVENUES						
Gross premiums written	\$472,203	\$161,119	\$633,322	\$1,875,017	\$1,518,868	\$3,393,885
Net premiums written	320,128	143,277	463,405	1,167,767	1,491,222	2,658,989
Gross premiums earned	485,952	390,166	876,118	1,889,819	1,388,447	3,278,266
Ceded premiums amortized	(169,333)	(19,919)	(189,252)	(688,270)	(36,313)	(724,583)
Net premiums earned	316,619	370,247	686,866	1,201,549	1,352,134	2,553,683
Other insurance related income (loss)	198	---	198	(5,085)	---	(5,085)
Total underwriting revenues	316,817	370,247	687,064	1,196,464	1,352,134	2,548,598
UNDERWRITING EXPENSES						
Net losses and loss expenses	157,973	190,743	348,716	882,807	1,168,322	2,051,129
Acquisition costs	41,153	55,022	96,175	119,000	218,383	337,383
General and administrative expenses	28,376	11,592	39,968	117,703	48,410	166,113
Total underwriting expenses	227,502	257,357	484,859	1,119,510	1,435,115	2,554,625
UNDERWRITING INCOME (LOSS)	\$89,315	\$112,890	\$202,205	\$76,954	(\$82,981)	(\$6,027)
KEY RATIOS						
Net loss and loss expense ratio	49.9%	51.5%	50.8%	73.5%	86.4%	80.3%
Acquisition cost ratio	13.0%	14.9%	14.0%	9.9%	16.2%	13.2%
General and administrative expense ratio	9.0%	3.1%	5.8%	9.8%	3.6%	6.5%
Corporate expense ratio			2.6%			1.8%
Combined ratio	71.9%	69.5%	73.2%	93.2%	106.2%	101.8%

AXIS Capital Holdings Limited

INSURANCE - SUB-SEGMENT DATA

	Quarter ended December 31, 2005			Year ended December 31, 2005		
	Global Insurance	U.S. Insurance	Total Insurance	Global Insurance	U.S. Insurance	Total Insurance
UNDERWRITING REVENUES						
Gross premiums written	\$189,647	\$282,556	\$472,203	\$861,098	\$1,013,919	\$1,875,017
Net premiums written	168,455	151,673	320,128	649,703	518,064	1,167,767
Gross premiums earned	231,802	254,150	485,952	971,548	918,271	1,889,819
Ceded premiums amortized	(46,721)	(122,612)	(169,333)	(223,533)	(464,737)	(688,270)
Net premiums earned	185,081	131,538	316,619	748,015	453,534	1,201,549
Other insurance related income (loss)	---	198	198	(5,865)	780	(5,085)
Total underwriting revenues	185,081	131,736	316,817	742,150	454,314	1,196,464
UNDERWRITING EXPENSES						
Net losses and loss expenses	40,709	117,264	157,973	492,667	390,140	882,807
Acquisition costs	25,078	16,075	41,153	97,908	21,092	119,000
General and administrative expenses	8,271	20,105	28,376	36,794	80,909	117,703
Total underwriting expenses	74,058	153,444	227,502	627,369	492,141	1,119,510
UNDERWRITING INCOME (LOSS)	\$111,023	(\$21,708)	\$89,315	\$114,781	(\$37,827)	\$76,954
KEY RATIOS						
Net loss and loss expense ratio	22.0%	89.1%	49.9%	65.9%	86.0%	73.5%
Acquisition cost ratio	13.5%	12.2%	13.0%	13.1%	4.7%	9.9%
General and administrative expense ratio	4.5%	15.3%	9.0%	4.9%	17.8%	9.8%
Combined ratio	40.0%	116.6%	71.9%	83.9%	108.5%	93.2%

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

	Quarter ended				Year ended			
	Dec. 31, 2005	Sept. 30, 2005	Jun. 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2003	Dec. 31, 2005	Dec. 31, 2004
<u>INSURANCE SEGMENT</u>								
GLOBAL INSURANCE								
Property	\$42,918	\$49,136	\$65,827	\$45,377	\$56,688	\$15,084	\$203,258	\$249,200
Marine	19,457	23,671	44,102	75,663	20,099	25,514	162,893	177,592
Terrorism and war risk	61,689	23,919	28,797	75,734	162,099	130,901	190,139	318,887
Aviation and aerospace	15,012	28,037	29,474	14,898	82,611	93,430	87,421	175,829
Political risk	21,372	45,743	36,505	25,284	21,316	10,289	128,904	125,448
Professional lines and other specialty	29,199	21,110	22,807	15,367	21,637	4,831	88,483	48,372
Total Global insurance	<u>189,647</u>	<u>191,616</u>	<u>227,512</u>	<u>252,323</u>	<u>364,450</u>	<u>280,049</u>	<u>861,098</u>	<u>1,095,328</u>
U.S. INSURANCE								
Property	\$90,968	\$116,250	\$97,429	\$61,931	\$80,631	\$68,575	\$366,578	\$322,302
Professional lines	101,440	84,665	106,572	50,958	83,075	44,702	343,635	272,224
Liability	77,660	64,977	79,509	63,022	64,745	61,535	285,168	229,562
Other specialty	12,488	3,075	1,960	1,015	147	---	18,538	147
Total U.S. insurance	<u>282,556</u>	<u>268,967</u>	<u>285,470</u>	<u>176,926</u>	<u>228,598</u>	<u>174,812</u>	<u>1,013,919</u>	<u>824,235</u>
TOTAL INSURANCE SEGMENT	<u><u>\$472,203</u></u>	<u><u>\$460,583</u></u>	<u><u>\$512,982</u></u>	<u><u>\$429,249</u></u>	<u><u>\$593,048</u></u>	<u><u>\$454,861</u></u>	<u><u>\$1,875,017</u></u>	<u><u>\$1,919,563</u></u>
<u>REINSURANCE SEGMENT</u>								
Catastrophe	\$50,605	\$106,627	\$94,277	\$267,798	\$33,755	\$13,855	\$519,307	\$424,847
Property	42,008	121,962	76,914	149,843	6,713	(879)	390,727	246,838
Professional lines	55,906	50,238	38,779	87,336	13,966	4,669	232,259	204,637
Credit and bond	(638)	1,865	7,420	94,630	692	---	103,277	73,352
Motor	(1,434)	1,809	1,576	72,041	83	6,560	73,992	37,761
Liability	3,462	50,344	24,691	86,625	(1,264)	2,227	165,122	80,496
Other	11,210	1,143	10,654	11,177	4,176	(1,627)	34,184	24,817
TOTAL REINSURANCE SEGMENT	<u>\$161,119</u>	<u>\$333,988</u>	<u>\$254,311</u>	<u>\$769,450</u>	<u>\$58,121</u>	<u>\$24,805</u>	<u>\$1,518,868</u>	<u>\$1,092,748</u>
TOTAL	<u><u>\$633,322</u></u>	<u><u>\$794,571</u></u>	<u><u>\$767,293</u></u>	<u><u>\$1,198,699</u></u>	<u><u>\$651,169</u></u>	<u><u>\$479,666</u></u>	<u><u>\$3,393,885</u></u>	<u><u>\$3,012,311</u></u>

AXIS Capital Holdings Limited

INSURANCE SEGMENT GLOBAL INSURANCE - SUB-SEGMENT DATA

	Quarter ended					
	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec 31, 2003
UNDERWRITING REVENUES						
Gross premiums written	\$189,647	\$191,616	\$227,512	\$252,323	\$364,450	\$280,049
Net premiums written	168,455	63,813	214,005	203,430	313,950	264,661
Gross premiums earned	231,802	246,941	241,210	251,595	241,200	213,792
Ceded premiums amortized	(46,721)	(105,582)	(36,493)	(34,737)	(40,395)	(18,400)
Net premiums earned	185,081	141,359	204,717	216,858	200,805	195,392
Other insurance related (loss) income	---	---	(5,627)	(238)	3,377	5,135
Total underwriting revenues	185,081	141,359	199,090	216,620	204,182	200,527
UNDERWRITING EXPENSES						
Net losses and loss expenses	40,709	308,024	78,039	65,895	83,248	101,995
Acquisition costs [a]	25,078	13,293	26,455	33,082	35,423	18,405
General and administrative expenses [a]	8,271	9,039	9,632	9,852	11,005	5,826
Total underwriting expenses	74,058	330,356	114,126	108,829	129,676	126,226
UNDERWRITING INCOME (LOSS)	\$111,023	(\$188,997)	\$84,964	\$107,791	\$74,506	\$74,301
KEY RATIOS						
Net loss and loss expense ratio	22.0%	217.9%	38.1%	30.4%	41.5%	52.2%
Acquisition cost ratio	13.5%	9.4%	12.9%	15.3%	17.6%	9.4%
General and administrative expense ratio	4.5%	6.4%	4.7%	4.5%	5.5%	3.0%
Combined ratio	40.0%	233.7%	55.7%	50.2%	64.6%	64.6%

[a] Prior to January 1, 2004, we did not allocate general and administrative expenses to our segments or sub-segments, except for the personnel expenses of our underwriters, which were included in our acquisition costs. Consequently, the quarter ended December 31, 2003 has been restated with previously allocated underwriters' expenses reallocated to general and administrative expenses.

AXIS Capital Holdings Limited

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

	Quarter ended					
	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
UNDERWRITING REVENUES						
Gross premiums written	\$282,556	\$268,967	\$285,470	\$176,926	\$228,598	\$174,811
Net premiums written	151,673	124,061	151,098	91,232	106,846	95,691
Gross premiums earned	254,150	239,253	222,410	202,458	197,811	132,813
Ceded premiums amortized	(122,612)	(132,079)	(114,089)	(95,957)	(96,361)	(68,064)
Net premiums earned	131,538	107,174	108,321	106,501	101,450	64,749
Other insurance related income	198	236	326	20	---	---
Total underwriting revenues	131,736	107,410	108,647	106,521	101,450	64,749
UNDERWRITING EXPENSES						
Net losses and loss expenses	117,264	130,500	70,658	71,718	52,475	41,754
Acquisition costs [a]	16,075	(1,722)	3,695	3,044	3,302	2,007
General and administrative expenses [a]	20,105	19,716	20,777	20,311	21,555	6,772
Total underwriting expenses	153,444	148,494	95,130	95,073	77,332	50,533
UNDERWRITING (LOSS) INCOME	(\$21,708)	(\$41,084)	\$13,517	\$11,448	\$24,118	\$14,216
KEY RATIOS						
Net loss and loss expense ratio	89.1%	121.8%	65.2%	67.3%	51.7%	64.5%
Acquisition cost ratio	12.2%	(1.6)%	3.4%	2.9%	3.3%	3.1%
General and administrative expense ratio	15.3%	18.4%	19.2%	19.1%	21.2%	10.5%
Combined ratio	116.6%	138.6%	87.8%	89.3%	76.2%	78.1%

[a] Prior to January 1, 2004, we did not allocate general and administrative expenses to our segments or sub-segments, except for the personnel expenses of our underwriters, which were included in our acquisition costs. Consequently, the quarter ended December 31, 2003 has been restated with previously allocated underwriters' expenses reallocated to general and administrative expenses.

AXIS Capital Holdings Limited
REINSURANCE SEGMENT DATA

	Quarter ended					
	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
UNDERWRITING REVENUES						
Gross premiums written	\$161,119	\$333,988	\$254,311	\$769,450	\$58,121	\$24,806
Net premiums written	143,277	329,843	250,693	767,409	53,798	23,693
Gross premiums earned	390,166	376,265	314,977	307,039	250,737	142,827
Ceded premiums amortized	(19,919)	(7,984)	(3,602)	(4,808)	(4,044)	(2,223)
Net premiums earned	370,247	368,281	311,375	302,231	246,693	140,604
Other insurance related (loss) income	---	---	(150)	150	226	128
Total underwriting revenues	370,247	368,281	311,225	302,381	246,919	140,732
UNDERWRITING EXPENSES						
Net losses and loss expenses	190,743	596,746	174,156	206,677	164,496	64,135
Acquisition costs [a]	55,022	52,865	55,321	55,175	40,169	19,115
General and administrative expenses [a]	11,592	12,187	12,330	12,301	12,604	2,837
Total underwriting expenses	257,357	661,798	241,807	274,153	217,269	86,087
UNDERWRITING INCOME (LOSS)	\$112,890	(\$293,517)	\$69,418	\$28,228	\$29,650	\$54,645
KEY RATIOS						
Net loss and loss expense ratio	51.5%	162.0%	55.9%	68.4%	66.7%	45.6%
Acquisition cost ratio	14.9%	14.4%	17.8%	18.3%	16.3%	13.6%
General and administrative expense ratio	3.1%	3.3%	4.0%	4.1%	5.1%	2.0%
Combined ratio	69.5%	179.7%	77.7%	90.8%	88.1%	61.2%

[a] Prior to January 1, 2004, we did not allocate general and administrative expenses to our segments or sub-segments, except for the personnel expenses of our underwriters, which were included in our acquisition costs. Consequently, the quarter ended December 31, 2003 has been restated with previously allocated underwriters' expenses reallocated to general and administrative expenses.

AXIS Capital Holdings Limited

CONSOLIDATED BALANCE SHEETS

	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2003
ASSETS						
Cash and cash equivalents	\$1,280,990	\$862,184	\$793,304	\$746,065	\$632,329	\$605,175
Fixed maturity investments at fair market value	6,012,425	5,736,312	5,472,049	5,263,085	5,293,877	3,385,576
Other investments	409,504	340,502	268,120	154,916	105,812	---
Accrued interest receivable	59,784	47,800	54,571	41,361	47,487	29,530
Net receivable for investments sold	---	---	---	---	---	3,371
Securities lending collateral	998,349	1,045,144	998,196	963,411	865,311	---
Insurance and reinsurance premium balances receivable	1,026,975	1,145,471	1,230,321	1,309,636	914,562	660,530
Deferred acquisition costs	196,388	242,478	263,491	277,469	211,082	136,281
Prepaid reinsurance premiums	281,579	300,872	269,625	272,313	271,187	164,999
Reinsurance recoverable balances	1,518,110	1,337,020	648,025	641,103	596,299	124,899
Intangible assets	37,013	37,969	29,947	30,847	31,734	24,579
Other assets	104,859	344,794	89,307	90,294	68,605	37,333
TOTAL ASSETS	\$11,925,976	\$11,440,546	\$10,116,956	\$9,790,500	\$9,038,285	\$5,172,273
LIABILITIES						
Reserve for losses and loss expenses	\$4,743,338	\$4,514,277	\$2,929,699	\$2,719,247	\$2,404,560	\$992,846
Unearned premiums	1,760,467	2,003,223	2,071,073	2,082,377	1,644,771	1,143,447
Insurance and reinsurance balances payable	314,232	325,924	251,753	287,094	247,940	151,381
Accounts payable and accrued expenses	101,179	92,099	91,982	94,859	89,804	67,451
Securities lending payable	995,287	1,041,124	994,346	960,581	864,354	---
Net payable for investments purchased	76	93,268	112,515	185,355	49,854	---
Debt	499,046	499,019	498,992	498,965	498,938	---
TOTAL LIABILITIES	8,413,625	8,568,934	6,950,360	6,828,478	5,800,221	2,355,125
SHAREHOLDERS' EQUITY						
Series A preferred shares	125	125	---	---	---	---
Series B preferred shares	31	---	---	---	---	---
Common shares	1,861	1,769	1,758	1,752	1,910	1,906
Additional paid-in capital	2,386,200	1,931,807	1,680,148	1,673,409	2,017,144	2,000,731
Accumulated other comprehensive (loss) income	(77,798)	(54,806)	(255)	(49,394)	12,915	25,164
Retained earnings	1,201,932	992,717	1,484,945	1,336,255	1,206,095	789,347
TOTAL SHAREHOLDERS' EQUITY	3,512,351	2,871,612	3,166,596	2,962,022	3,238,064	2,817,148
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	11,925,976	\$11,440,546	\$10,116,956	\$9,790,500	\$9,038,285	5,172,273
Book value per common share	\$20.23	\$18.52	\$22.51	\$21.14	\$21.20	\$18.48
Debt to total capitalization	12.4%	14.8%	13.6%	14.4%	13.4%	N/A
Debt plus preferred equity to total capitalization [a]	24.9%	22.2%	N/A	N/A	N/A	N/A

[a] 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 December 31, 2005

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,589,640	\$2,782	(\$20,011)	\$1,572,411	21.5%
Non U.S. government securities	143,534	475	(6,513)	137,496	1.9%
Corporate debt securities	1,236,928	3,406	(20,456)	1,219,878	16.7%
Mortgage-backed securities	2,466,324	3,568	(36,243)	2,433,649	33.4%
Asset-backed securities	295,043	315	(3,534)	291,824	4.0%
Municipals	359,529	470	(2,832)	357,167	4.9%
Total Fixed Maturities	\$6,090,998	\$11,016	(\$89,589)	\$6,012,425	82.4%
Cash, net of unsettled trades	197,604	---	---	197,604	2.7%
Total Invested Assets	\$6,288,602	\$11,016	(\$89,589)	\$6,210,029	85.1%
Operating Cash Balances	1,083,310	---	---	1,083,310	14.9%
Total Cash and Fixed Maturities	\$7,371,912	\$11,016	(\$89,589)	\$7,293,339	100.0%

CREDIT QUALITY OF INVESTED ASSETS	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$4,796,468	78.8%	\$4,734,087	78.8%
AA	202,695	3.3%	199,352	3.3%
A	543,588	8.9%	536,377	8.9%
BBB	548,247	9.0%	542,609	9.0%
Total	\$6,090,998	100.0%	\$6,012,425	100.0%

MATURITY PROFILE OF INVESTED ASSETS	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$361,549	5.9%	\$357,267	6.0%
From one to five years	1,914,885	31.5%	1,883,362	31.3%
From five to ten years	895,809	14.7%	887,136	14.8%
Above ten years	157,388	2.6%	159,187	2.6%
Asset-backed and mortgage-backed securities	2,761,367	45.3%	2,725,473	45.3%
Total	\$6,090,998	100.0%	\$6,012,425	100.0%

OTHER INVESTMENTS	Amortized Cost	Percentage	Fair Value	Percentage
Collateralized Loan Obligations	\$192,944	48.2%	\$192,986	47.1%
Investment Funds	207,000	51.8%	216,518	52.9%
Total Other Investments	\$399,944	100.0%	\$409,504	100.0%

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO COMPOSITION

	<u>Dec. 31, 2005</u>	<u>Sept. 30, 2005</u>	<u>June 30, 2005</u>	<u>Mar. 31, 2005</u>	<u>Dec. 31, 2004</u>	<u>Dec 31, 2003</u>
TYPE OF INVESTMENT	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %
U.S. government and agency securities	21.5%	23.8%	26.7%	27.9%	29.4%	31.4%
Non U.S. government securities	1.9%	2.2%	2.5%	2.7%	2.1%	0.4%
Corporate debt securities [a]	16.7%	17.7%	17.7%	19.7%	19.2%	18.0%
Mortgage-backed securities	33.4%	33.5%	30.3%	27.7%	29.2%	25.4%
Asset-backed securities	4.0%	4.7%	5.4%	5.9%	5.9%	4.7%
Municipals	4.9%	5.4%	5.0%	4.2%	4.3%	4.9%
Mortgage derivatives	---	0.9%	1.3%	2.3%	---	---
Total Fixed Maturities	82.4%	88.2%	88.9%	90.4%	90.1%	84.8%
Cash, net of unsettled trades	2.7%	2.9%	3.7%	2.2%	3.9%	5.1%
Total Invested Assets	85.1%	91.1%	92.6%	92.6%	94.0%	89.9%
Operating Cash Balances	14.9%	8.9%	7.4%	7.4%	6.0%	10.1%
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	78.8%	79.1%	79.4%	77.8%	77.5%	77.8%
AA	3.3%	3.8%	3.4%	3.9%	3.8%	3.9%
A	8.9%	9.4%	9.3%	10.1%	10.0%	11.4%
BBB	9.0%	7.7%	7.9%	8.2%	8.7%	6.9%
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	6.0%	9.1%	7.8%	8.7%	6.1%	3.5%
From one to five years	31.3%	27.9%	31.5%	35.1%	37.5%	38.1%
From five to ten years	14.8%	14.6%	15.3%	13.7%	14.8%	18.4%
Above ten years	2.6%	4.0%	3.6%	2.5%	2.6%	4.5%
Asset-backed and mortgage-backed securities	45.3%	44.4%	41.8%	40.0%	39.0%	35.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
PORTFOLIO CHARACTERISTICS	As of or for the quarter ended					
	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec 31, 2003
Annualized effective yield	4.6%	4.3%	4.0%	3.8%	3.7%	3.2%
Yield to maturity of invested assets	4.9%	4.6%	4.1%	4.3%	3.8%	3.3%
Average duration of invested assets	3.0 yrs	3.1 yrs	2.8 yrs	3.0 yrs	2.8 yrs	3.0 yrs
Average credit quality of invested assets	AAA	AAA	AAA	AA+	AA+	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				Year ended	
	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2004
Aggregate AXIS Capital Invested Assets	0.60%	(0.18%)	2.21%	(0.31%)	0.74%	2.33%
Composite Benchmark [a]	0.55%	(0.33%)	2.27%	(0.50%)	0.65%	1.98%
	0.05%	0.15%	(0.06%)	0.19%	0.09%	0.35%
Individual portfolios						
Total return liquidity portfolio	0.81%	0.34%	1.16%	(0.15%)	0.20%	2.18%
Merrill Lynch 1-3 year Treasury Index	0.69%	0.09%	1.13%	(0.25%)	0.13%	1.67%
	0.12%	0.25%	0.03%	0.10%	0.07%	0.51%
Total return intermediate duration portfolios	0.59%	(0.19%)	2.32%	(0.28%)	0.87%	2.44%
Customized benchmark [b]	0.55%	(0.39%)	2.42%	(0.56%)	0.78%	2.00%
	0.04%	0.20%	(0.10%)	0.28%	0.09%	0.44%
Total return long duration portfolios	0.61%	(0.66%)	2.91%	(0.36%)	1.02%	2.49%
Customized benchmark [b]	0.59%	(0.68%)	3.00%	(0.45%)	0.93%	2.44%
	0.02%	0.02%	(0.09%)	0.09%	0.09%	0.05%
Total return U.S. combined portfolios	0.60%	(0.32%)	2.38%	(0.58%)	0.76%	2.08%
Customized benchmark [b]	0.52%	(0.34%)	2.37%	(0.62%)	0.75%	1.92%
	0.08%	0.02%	0.01%	0.04%	0.01%	0.16%
Total return Euro portfolio	(0.36%)	0.30%	2.14%	0.92%	N/A	3.07%
Merrill Lynch 1-7 year EMU Gov't Index	(0.37%)	(0.04%)	2.37%	0.82%	N/A	2.78%
	0.01%	0.34%	(0.23%)	0.10%	N/A	0.29%

[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 December 31, 2005

Issuer	Lowest Rating	Fair Value at Dec. 31, 2005	% of Total Fair Value
General Electric Company	Aaa/AAA	\$43,040	0.72%
HSBC Holdings PLC	A1/A-	37,828	0.63%
Morgan Stanley	A1/A	30,600	0.51%
Citigroup Inc.	Aa1/AA-	28,624	0.48%
Goldman Sachs Group, Inc.	Aa3/A+	24,438	0.41%
Bank of America Corporation	Aa3/BBB	23,610	0.40%
Verizon Communications Inc.	Baa1/A+	18,552	0.31%
Time Warner Inc.	Baa1/BBB+	16,088	0.27%
JPMorgan Chase & Co.	A1/A	15,708	0.26%
Countrywide Financial Corp	A3/A	15,509	0.26%
Total		<u>\$253,997</u>	<u>4.25%</u>

AXIS Capital Holdings Limited

Reinsurance Recoverable analysis

	Quarter ended					
	December 31, 2005	September 30, 2005	June 30, 2005	March 31, 2005	December 31, 2004	December 31, 2003
Reinsurance recoverable on paid losses and loss expenses:						
Global Insurance	\$16,236	\$434	\$2,404	\$13,384	\$11,760	\$632
U.S. Insurance	33,633	28,767	7,829	7,765	7,650	68
Total Insurance	49,869	29,201	10,233	21,149	19,410	700
Reinsurance	12,993	12,993	28,626	3,044	12,575	---
Total	<u>\$62,862</u>	<u>\$42,194</u>	<u>\$38,859</u>	<u>\$24,193</u>	<u>\$31,985</u>	<u>\$700</u>
Reinsurance recoverable on unpaid losses and loss expenses: OSLR						
Global Insurance	\$402,120	\$311,534	\$57,575	\$40,122	\$36,912	\$4,782
U.S. Insurance	437,225	321,865	163,470	193,573	147,374	6,484
Total Insurance	839,345	633,399	221,045	233,695	184,286	11,266
Reinsurance	76,500	18,250	---	27,676	27,675	---
Total	<u>\$915,845</u>	<u>\$651,649</u>	<u>\$221,045</u>	<u>\$261,371</u>	<u>\$211,961</u>	<u>\$11,266</u>
Reinsurance recoverable on unpaid losses and loss expenses: IBNR						
Global Insurance	\$3,246	\$83,685	\$19,297	\$11,901	\$6,982	\$4,868
U.S. Insurance	537,535	549,613	371,008	311,580	313,981	106,904
Total Insurance	540,781	633,298	390,305	323,481	320,963	111,772
Reinsurance	14,219	17,796	5,733	35,402	34,584	1,161
Total	<u>\$555,000</u>	<u>\$651,094</u>	<u>\$396,038</u>	<u>\$358,883</u>	<u>\$355,547</u>	<u>\$112,933</u>
Provision against reinsurance recoverables:						
Global Insurance	---	---	---	---	---	---
U.S. Insurance	(2,604)	(7,917)	(7,917)	(3,344)	(3,194)	---
Total Insurance	(2,604)	(7,917)	(7,917)	(3,344)	(3,194)	---
Reinsurance	(12,993)	---	---	---	---	---
Total	<u>(\$15,597)</u>	<u>(\$7,917)</u>	<u>(\$7,917)</u>	<u>(\$3,344)</u>	<u>(\$3,194)</u>	<u>---</u>
Net reinsurance recoverable:						
Global Insurance	\$421,602	\$395,653	\$79,276	\$65,407	\$55,654	\$10,282
U.S. Insurance	1,005,789	892,328	534,390	509,574	465,811	113,456
Total Insurance	1,427,391	1,287,981	613,666	574,981	521,465	123,738
Reinsurance	90,719	49,039	34,359	66,122	74,834	1,161
Total	<u>\$1,518,110</u>	<u>\$1,337,020</u>	<u>\$648,025</u>	<u>\$641,103</u>	<u>\$596,299</u>	<u>\$124,899</u>
Net reinsurance recoverables relating to Katrina, Rita and Wilma:						
	<u>\$807,420</u>	<u>\$642,410</u>				

AXIS Capital Holdings Limited

Reinsurance Recoverable analysis

Consolidated Reinsurance Recoverable Categories

	December 31, 2005				
	<u>Gross Recoverable</u>	<u>% of Total</u>	<u>Provision against Reinsurance Recoverables</u>	<u>Provision against Reinsurance Recoverable as % of Gross Recoverable</u>	<u>Net Recoverable</u>
Top 10 reinsurers	\$868,136	56.6%	(\$12,995)	1.5%	\$421,602
Other reinsurers balances > \$20 million	299,108	19.5%	(680)	0.2%	1,005,789
Other reinsurers balances < \$20 million	366,463	23.9%	(1,922)	0.5%	90,719
Total	\$1,533,707	100.0%	(\$15,597)	2.2%	\$1,518,110

At December 31, 2005, 96.5% of the reinsurers were rated the equivalent of A- or better by internationally recognised rating agencies.

Top 10 Reinsurers

Swiss Reinsurance American Corporation
 Montpelier Reinsurance Ltd.
 Hannover Re.
 Allianz Versicherungs - AG
 Lloyds of London
 Aspen Insurance UK Limited
 Transatlantic Reinsurance Co.
 XL Reinsurance America Inc.
 Partner Reinsurance Co. of US
 Munich Re

<u>% of Total</u>
13.2%
8.9%
6.7%
5.7%
4.8%
4.2%
3.8%
3.2%
3.1%
3.0%
56.6%

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

	Quarter ended December 31, 2005			Year ended December 31, 2005		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$4,514,277	(\$1,337,020)	\$3,177,257	\$2,404,560	(\$596,299)	\$1,808,261
Total incurred losses and loss expenses	617,517	(268,801)	348,716	3,185,635	(1,134,506)	2,051,129
Net loss reserves acquired [a]	---	---	---	22,916	(22,916)	---
Total paid losses and loss expenses	(385,342)	87,711	(297,631)	(856,444)	235,611	(620,833)
Foreign exchange gains	(3,114)	---	(3,114)	(13,329)	---	(13,329)
Reserve for losses and loss expenses, end of period [b]	<u>\$4,743,338</u>	<u>(\$1,518,110)</u>	<u>\$3,225,228</u>	<u>\$4,743,338</u>	<u>(\$1,518,110)</u>	<u>\$3,225,228</u>
Paid to incurred percentage	<u>62.4%</u>	<u>32.6%</u>	<u>85.4%</u>	<u>26.9%</u>	<u>20.8%</u>	<u>30.3%</u>

[a] On August 1, 2005, the Company completed the purchase of Fireman's Fund Insurance Company of Wisconsin. At the date of acquisition, Fireman's Fund Insurance Company assumed all known, unknown and contingent liabilities of Fireman's Fund Insurance Company of Wisconsin relating to events occurring on or before the acquisition date. Fireman's Fund Insurance Company entered into a reinsurance agreement to fully assume \$22.9 million of outstanding loss reserves of Fireman's Fund Insurance Company of Wisconsin on the date of acquisition. These loss reserves and a reinsurance recoverable of the same amount were recorded on the date of acquisition.

[b] As at December 31, 2005, the gross reserve for losses and loss expenses included IBNR of \$2,711.8 million, or 57.2%, of total gross reserves for loss and loss expenses. As at December 31, 2004, these comparable amounts were \$1,818.7 million, or 75.6%.

AXIS Capital Holdings Limited

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

	Quarter ended December 31, 2005					Year ended December 31, 2005				
	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company
<i>Gross losses paid</i>	\$79,187	\$133,410	\$212,597	\$172,745	\$385,342	\$240,475	\$298,792	\$539,267	\$317,177	\$856,444
<i>Reinsurance recoveries received</i>	(818)	(86,893)	(87,711)	-	(87,711)	(6,676)	(171,427)	(178,103)	(57,508)	(235,611)
Net losses paid	78,369	46,517	124,886	172,745	297,631	233,799	127,365	361,164	259,669	620,833
Change in:										
<i>Reported case reserves</i>	303,195	129,311	432,506	410,187	842,693	552,600	330,333	882,933	556,112	1,439,045
<i>IBNR</i>	(315,176)	55,168	(260,008)	(350,510)	(610,518)	71,946	449,773	521,719	368,427	890,146
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(25,679)	(113,732)	(139,411)	(41,679)	(181,090)	(365,678)	(517,331)	(883,009)	(15,886)	(898,895)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$40,709	\$117,264	\$157,973	\$190,743	\$348,716	\$492,667	\$390,140	\$882,807	\$1,168,322	\$2,051,129
Gross reserve for losses and loss expenses	<u>\$1,500,652</u>	<u>\$1,563,489</u>	<u>\$3,064,141</u>	<u>\$1,679,197</u>	<u>\$4,743,338</u>	<u>\$1,500,652</u>	<u>\$1,563,489</u>	<u>\$3,064,141</u>	<u>\$1,679,197</u>	<u>\$4,743,338</u>
Prior years favorable reserve development	<u>\$77,131</u>	<u>\$18,979</u>	<u>\$96,110</u>	<u>\$50,366</u>	<u>\$146,476</u>	<u>\$242,327</u>	<u>\$26,416</u>	<u>\$268,743</u>	<u>\$114,253</u>	<u>\$382,996</u>
Key Ratios										
Net paid to net incurred percentage	<u>192.5%</u>	<u>39.7%</u>	<u>79.1%</u>	<u>90.6%</u>	<u>85.4%</u>	<u>47.5%</u>	<u>32.6%</u>	<u>40.9%</u>	<u>22.2%</u>	<u>30.3%</u>
Net paid losses / Net premiums earned	42.3%	35.4%	39.4%	46.7%	43.3%	31.3%	28.1%	30.1%	19.2%	24.3%
Increase in net loss and loss expense reserves / Net premiums earned	<u>-20.3%</u>	<u>53.8%</u>	<u>10.5%</u>	<u>4.9%</u>	<u>7.4%</u>	<u>34.6%</u>	<u>57.9%</u>	<u>43.4%</u>	<u>67.2%</u>	<u>56.0%</u>
Net loss and loss expense ratio	<u>22.0%</u>	<u>89.1%</u>	<u>49.9%</u>	<u>51.5%</u>	<u>50.8%</u>	<u>65.9%</u>	<u>86.0%</u>	<u>73.5%</u>	<u>86.4%</u>	<u>80.3%</u>

AXIS Capital Holdings Limited

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

	Quarter ended					Year ended	
	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
<i>Gross losses paid</i>	\$79,187	\$65,460	\$63,535	\$32,293	\$41,748	\$240,475	\$110,836
<i>Reinsurance recoveries received</i>	(818)	(2,965)	(1,252)	(1,641)	(9,571)	(6,676)	(10,768)
Net losses paid	78,369	62,495	62,283	30,652	32,177	233,799	100,068
Change in:							
<i>Reported case reserves</i>	303,195	247,790	(22,047)	23,663	63,465	552,600	109,986
<i>IBNR</i>	(315,176)	314,117	51,673	21,333	9,042	71,946	286,752
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(25,679)	(316,378)	(13,870)	(9,753)	(21,436)	(365,678)	(45,082)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$40,709	\$308,024	\$78,039	\$65,895	\$83,248	\$492,667	\$451,724
Gross reserve for losses and loss expenses	<u>\$1,500,652</u>	<u>\$1,513,221</u>	<u>\$951,874</u>	<u>\$924,888</u>	<u>\$881,897</u>	<u>\$1,500,652</u>	<u>\$881,897</u>
Prior years favorable reserve development	<u>\$77,131</u>	<u>\$59,217</u>	<u>\$42,779</u>	<u>\$63,200</u>	<u>\$23,916</u>	<u>\$242,327</u>	<u>\$92,497</u>
Key Ratios							
Net paid to net incurred percentage	<u>192.5%</u>	<u>20.3%</u>	<u>79.8%</u>	<u>46.5%</u>	<u>38.7%</u>	<u>47.5%</u>	<u>22.2%</u>
Net paid losses / Net premiums earned	42.3%	44.2%	30.4%	14.1%	16.0%	31.3%	12.6%
Increase in Net loss and loss expense reserves / Net premiums earned	<u>-20.3%</u>	<u>173.7%</u>	<u>7.7%</u>	<u>16.3%</u>	<u>25.4%</u>	<u>34.6%</u>	<u>44.1%</u>
Net loss and loss expense ratio	<u>22.0%</u>	<u>217.9%</u>	<u>38.1%</u>	<u>30.4%</u>	<u>41.5%</u>	<u>65.9%</u>	<u>56.7%</u>

AXIS Capital Holdings Limited

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

	Quarter ended					Year ended	
	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
<i>Gross losses paid</i>	\$133,410	\$60,039	\$67,589	\$37,755	\$36,843	\$298,792	\$64,532
<i>Reinsurance recoveries received</i>	(86,893)	(19,754)	(43,993)	(20,787)	(17,272)	(171,427)	(14,633)
Net losses paid	46,517	40,285	23,596	16,968	19,571	127,365	\$49,899
Change in:							
<i>Reported case reserves</i>	129,311	187,480	(36,958)	50,499	56,097	330,333	181,300
<i>IBNR</i>	55,168	237,936	108,770	47,899	(6,090)	449,773	356,148
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(113,732)	(335,201)	(24,750)	(43,648)	(17,103)	(517,331)	(352,601)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$117,264	\$130,500	\$70,658	\$71,718	\$52,475	\$390,140	\$234,746
Gross reserve for losses and loss expenses	<u>\$1,563,489</u>	<u>\$1,379,010</u>	<u>\$930,807</u>	<u>\$858,994</u>	<u>\$760,596</u>	<u>\$1,563,489</u>	<u>\$760,596</u>
Prior years favorable (adverse) reserve development	<u>\$18,979</u>	<u>\$6,891</u>	<u>\$1,646</u>	<u>(\$1,100)</u>	<u>\$3,472</u>	<u>\$26,416</u>	<u>\$14,302</u>
Key Ratios							
Net paid to net incurred percentage	<u>39.7%</u>	<u>14.7%</u>	<u>33.4%</u>	<u>23.7%</u>	<u>37.3%</u>	<u>32.6%</u>	<u>18.0%</u>
Net paid losses / Net premiums earned	35.4%	17.9%	21.8%	15.9%	19.3%	28.1%	12.1%
Increase in Net loss and loss expense reserves / Net premiums earned	53.8%	103.9%	43.4%	51.4%	32.3%	57.9%	55.0%
Net loss and loss expense ratio	<u>89.1%</u>	<u>121.8%</u>	<u>65.2%</u>	<u>67.3%</u>	<u>51.6%</u>	<u>86.0%</u>	<u>67.2%</u>

AXIS Capital Holdings Limited

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

	Quarter ended					Year ended	
	Dec. 31, 2005	Sept. 30, 2005	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Dec. 31, 2005	Dec. 31, 2004
<i>Gross losses paid</i>	\$172,745	\$53,248	\$58,921	\$32,261	\$111,929	\$317,177	\$163,283
<i>Reinsurance recoveries received</i>	-	(15,633)	(32,343)	(9,531)	(2,000)	(57,508)	(2,000)
Net losses paid	172,745	37,615	26,578	22,730	109,929	259,669	\$161,283
Change in:							
<i>Reported case reserves</i>	410,187	97,455	(5,590)	54,062	43,621	556,112	109,296
<i>IBNR</i>	(350,510)	476,357	121,407	121,172	9,885	368,427	362,868
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(41,679)	(14,681)	31,762	8,713	1,061	(15,886)	(73,673)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$190,743	\$596,746	\$174,156	\$206,677	\$164,496	\$1,168,322	\$559,774
Reserve for losses and loss expenses	\$1,679,197	\$1,622,046	\$1,047,018	\$935,365	\$762,067	\$1,679,197	\$762,067
Prior years favorable reserve development	\$50,366	\$29,707	\$29,580	\$4,600	\$12,990	\$114,253	\$74,913
Key Ratios							
Net paid to net incurred percentage	90.6%	6.3%	15.3%	11.0%	66.8%	22.2%	28.8%
Net paid losses / Net premiums earned	46.7%	10.2%	8.5%	7.5%	44.6%	19.2%	18.3%
Increase in Net loss and loss expense reserves / Net premiums earned	4.9%	151.8%	47.4%	60.9%	22.1%	67.2%	45.2%
Net loss and loss expense ratio	51.5%	162.0%	55.9%	68.4%	66.7%	86.4%	63.5%

AXIS Capital Holdings Limited

HURRICANE IMPACT ANALYSIS

	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company
As at December 31, 2005					
Gross loss and loss expenses:					
<i>Hurricane Katrina</i>	\$428,000	\$350,000	\$778,000	\$495,000	\$1,273,000
<i>Hurricane Rita</i>	175,000	50,000	225,000	75,000	300,000
<i>Hurricane Wilma</i>	25,000	121,000	146,000	120,000	266,000
Total gross loss and loss expenses	<u>\$628,000</u>	<u>\$521,000</u>	<u>\$1,149,000</u>	<u>\$690,000</u>	<u>\$1,839,000</u>
Net loss and loss expenses:					
<i>Hurricane Katrina</i>	\$190,642	\$56,000	\$246,642	\$476,750	\$723,392
<i>Hurricane Rita</i>	73,252	15,000	88,252	35,250	123,502
<i>Hurricane Wilma</i>	24,733	46,000	70,733	101,500	172,233
Total net loss and loss expenses	<u>\$288,627</u>	<u>\$117,000</u>	<u>\$405,627</u>	<u>\$613,500</u>	<u>\$1,019,127</u>
<i>Gross premiums earned</i>	---	---	---	(\$88,030)	(\$88,030)
<i>Ceded premiums amortized</i>	72,146	26,510	98,656	8,901	107,557
Net premium earned	<u>\$72,146</u>	<u>\$26,510</u>	<u>\$98,656</u>	<u>(\$79,129)</u>	<u>\$19,527</u>
Net acquisition costs	---	(\$913)	(\$913)	\$3,740	\$2,827
Net impact before income tax	\$360,773	\$142,597	\$503,370	\$538,111	\$1,041,481
Income tax recovery	(10,953)	(15,865)	(26,818)	(3,341)	(30,159)
Net impact after income tax	<u>\$349,820</u>	<u>\$126,732</u>	<u>\$476,552</u>	<u>\$534,770</u>	<u>\$1,011,322</u>
As at December 31, 2004					
Gross loss and loss expenses:					
<i>Hurricane Charley</i>	\$10,750	\$131,700	\$142,450	\$88,860	\$231,310
<i>Hurricane Frances</i>	13,400	40,200	53,600	70,260	123,860
<i>Hurricane Ivan</i>	50,000	34,500	84,500	43,680	128,180
<i>Hurricane Jeanne</i>	10,000	26,500	36,500	41,340	77,840
Total gross loss and loss expenses	<u>\$84,150</u>	<u>\$232,900</u>	<u>\$317,050</u>	<u>\$244,140</u>	<u>\$561,190</u>
Net loss and loss expenses					
<i>Hurricane Charley</i>	\$10,750	\$13,000	\$23,750	\$86,440	\$110,190
<i>Hurricane Frances</i>	13,400	12,400	25,800	40,260	66,060
<i>Hurricane Ivan</i>	16,140	10,600	26,740	1,180	27,920
<i>Hurricane Jeanne</i>	10,000	10,800	20,800	41,340	62,140
Total net loss and loss expenses	<u>\$50,290</u>	<u>\$46,800</u>	<u>\$97,090</u>	<u>\$169,220</u>	<u>\$266,310</u>
<i>Gross premiums earned</i>	---	---	---	(\$18,000)	(\$18,000)
<i>Ceded premiums amortized</i>	4,066	6,870	10,936	8,254	19,190
Net premium earned	<u>\$4,066</u>	<u>\$6,870</u>	<u>\$10,936</u>	<u>(\$9,746)</u>	<u>\$1,190</u>
Net acquisitions costs	---	---	---	---	---
Net impact before income tax	\$46,224	\$39,930	\$86,154	\$159,474	\$245,628
Income tax recovery	(4,248)	(6,792)	(11,040)	(5,175)	(16,215)
Net impact after income tax	<u>\$41,976</u>	<u>\$33,138</u>	<u>\$75,114</u>	<u>\$154,299</u>	<u>\$229,413</u>

AXIS Capital Holdings Limited

HURRICANE IMPACT ANALYSIS

<u>Year ended December 31, 2005</u>	<u>Global Insurance</u>	<u>U.S. Insurance</u>	<u>Insurance</u>	<u>Reinsurance</u>	<u>Total Company</u>
Net premiums written - as reported	\$649,703	\$518,064	\$1,167,767	\$1,491,222	\$2,658,989
Hurricane impact	74,246	30,412	104,658	(78,745)	25,913
Net premiums written excluding hurricanes	<u>\$723,949</u>	<u>\$548,476</u>	<u>\$1,272,425</u>	<u>\$1,412,477</u>	<u>\$2,684,902</u>
Net premiums earned - as reported	\$748,015	\$453,534	\$1,201,549	\$1,352,134	\$2,553,683
Hurricane impact	72,146	26,510	98,656	(79,129)	19,527
Net premiums earned excluding hurricanes	<u>\$820,161</u>	<u>\$480,044</u>	<u>\$1,300,205</u>	<u>\$1,273,005</u>	<u>\$2,573,210</u>
KEY RATIOS					
Net loss and loss expense ratio - as reported	65.9%	86.0%	73.5%	86.4%	80.3%
Net loss and loss expense ratio excluding impact of hurricanes [a]	24.9%	56.9%	36.7%	43.6%	40.1%
Acquisition cost ratio - as reported	13.1%	4.7%	9.9%	16.2%	13.2%
Acquisition cost ratio excluding impact of hurricanes [a]	11.9%	4.6%	9.2%	16.9%	13.0%
 <u>Year ended December 31, 2004</u>					
Net premiums written - as reported	\$933,198	\$430,087	\$1,363,285	\$1,060,388	\$2,423,673
Hurricane impact	4,279	6,870	11,149	(11,950)	(801)
Net premiums written excluding hurricanes	<u>\$937,477</u>	<u>\$436,957</u>	<u>\$1,374,434</u>	<u>\$1,048,438</u>	<u>\$2,422,872</u>
Net premiums earned - as reported	\$796,566	\$349,287	\$1,145,853	\$882,544	\$2,028,397
Hurricane impact	4,066	6,870	10,936	(9,746)	1,190
Net premiums earned excluding hurricanes	<u>\$800,632</u>	<u>\$356,157</u>	<u>\$1,156,789</u>	<u>\$872,798</u>	<u>\$2,029,587</u>
KEY RATIOS					
Net loss and loss expense ratio - as reported	56.7%	67.2%	59.9%	63.4%	61.4%
Net loss and loss expense ratio excluding impact of hurricanes [a]	50.1%	52.8%	50.9%	44.7%	48.3%
Acquisition cost ratio - as reported	15.7%	3.1%	11.8%	16.4%	13.8%
Acquisition cost ratio excluding impact of hurricanes [a]	15.6%	3.0%	11.7%	16.6%	13.8%

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

AXIS Capital Holdings Limited

EARNINGS PER COMMON SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended December 31,		Year ended December 31,	
	2005	2004	2005	2004
Net income (loss) available to common shareholders	\$233,492	\$181,075	\$90,061	\$494,998
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic weighted average common shares outstanding	144,750,783	152,662,584	143,225,774	152,553,677
Shares equivalents				
Warrants	11,283,750	9,952,302	10,938,896	10,360,766
Options	2,036,292	2,071,599	2,052,545	2,173,949
Restricted stock	1,052,539	711,495	1,306,737	787,431
Diluted weighted average common shares outstanding	159,123,364	165,397,980	157,523,952	165,875,823
NET INCOME PER COMMON SHARE				
Basic	\$1.61	\$1.19	\$0.63	\$3.24
Diluted	\$1.47	\$1.09	\$0.57	\$2.98

AXIS Capital Holdings Limited

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

AS-IF CONVERTED METHOD	As at	
	December 31, 2005	December 31, 2004
Basic common shares outstanding	148,868,759	152,764,917
Add: warrants outstanding	19,650,509	19,619,152
Weighted average exercise price per share	\$12.46	\$12.48
Add: options outstanding	6,174,464	5,694,181
Weighted average exercise price per share	\$19.08	\$16.64
Add: restricted stock	1,172,550	2,182,700
Diluted shares outstanding	175,866,282	180,260,950
Shareholders' equity	\$3,512,351	\$3,238,064
Less: preferred equity	(500,000)	---
Common shareholders' equity	\$3,012,351	\$3,238,064
Add: proceeds from converted warrants	244,812	244,812
Add: proceeds from converted options	117,808	94,724
As if converted common shareholders' equity	\$3,374,971	\$3,577,600
Book value per common share	\$20.23	\$21.20
Diluted book value per common share	\$19.19	\$19.85
Diluted book value, excluding other comprehensive (loss) income		
As if converted common shareholders' equity	\$3,374,971	\$3,577,600
Accumulated other comprehensive (loss) income	(77,798)	12,915
As if converted shareholders' equity excluding other comprehensive (loss) income	\$3,452,769	\$3,564,685
Diluted common shares outstanding	175,866,282	180,260,950
Diluted book value excluding other comprehensive income (loss) - "as if converted method"	\$19.63	\$19.78

AXIS Capital Holdings Limited

DILUTED BOOK VALUE PER COMMON SHARE - TREASURY STOCK METHOD

	As at	
	December 31, 2005	December 31, 2004
TREASURY STOCK METHOD		
Closing price	\$31.28	\$27.36
Basic common shares outstanding	148,868,759	152,764,917
Add: warrants outstanding	19,650,509	19,619,152
Weighted average exercise price per share	\$12.46	\$12.48
Less: warrants bought back via treasury method	7,826,455	8,947,790
Add: options outstanding	6,174,464	5,694,181
Weighted average exercise price per share	\$19.08	\$16.64
Less: options bought back via treasury method	3,766,241	3,462,140
Add: restricted stock outstanding	1,172,550	2,182,700
Diluted common shares outstanding	164,273,586	167,851,020
Book value per common share	\$20.23	\$21.20
Diluted book value per common share	\$18.34	\$19.29
Diluted book value, excluding other comprehensive (loss) income		
Shareholders' equity	\$3,512,351	\$3,238,064
Less: preferred equity	(\$500,000)	---
Common shareholders' equity	\$3,012,351	\$3,238,064
Accumulated other comprehensive (loss) income	(77,798)	12,915
Shareholders' equity excluding other comprehensive (loss) income	\$3,090,149	\$3,225,149
Diluted shares outstanding - "treasury stock method"	164,273,586	167,851,020
Diluted book value excluding other comprehensive income (loss) - "treasury stock method"	\$18.81	\$19.21