



**AXIS Capital Holdings Limited**

**INVESTOR FINANCIAL SUPPLEMENT**

**SECOND 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, 2004, December 31, 2003 and December 31, 2002.
- Unless otherwise noted, dollar amounts are in thousands, except for share and per share amounts and ratio information.
- Return on average equity ("ROAE") is calculated by dividing the net income for the period by the average 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 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 accesses a broad spread of global specialty lines, predominantly through the London broker network. The product lines in this sub-segment are: 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 provided includes 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 primarily consists of directors' and officers' liability coverage.

##### **U.S. Insurance**

U.S. insurance accesses specialty lines of business through a variety of channels in the U.S. and covers exposures predominantly in the U.S. The product lines in this sub-segment 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 liability book primarily targets casualty risks in the United States excess and surplus markets. Target classes include mercantile, manufacturing and building/premises, with particular emphasis on commercial and consumer products, commercial construction and miscellaneous general liability.

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

The other specialty book currently consists of a product that indemnifies self-insured, small to medium sized employers for losses 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 reinsuring 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 book 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 world, but predominantly in Europe.

The motor liability reinsurance line of business provides cover 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 cover to insurers of standard casualty lines, including auto liability, general liability, personal and commercial

The other reinsurance line of business currently covers claims arising from aviation, marine and crop reinsurance.

# AXIS Capital Holdings Limited

## FINANCIAL HIGHLIGHTS

HIGHLIGHTS	Quarter ended June 30,		Previous Period Change	Six months ended June 30,		Previous Period Change	
	2005	2004		2005	2004		
	Gross premiums written	767,293		629,319	21.9%		1,965,992
<i>Gross premiums written - Insurance</i>	66.9%	69.3%	(2.4)%	47.9%	52.9%	(5.0)%	
<i>Gross premiums written- Reinsurance</i>	33.1%	30.7%	2.4%	52.1%	47.1%	5.0%	
Net premiums written	615,796	487,877	26.2%	1,677,867	1,387,067	21.0%	
Net premiums earned	624,413	486,403	28.4%	1,250,003	957,651	30.5%	
<i>Net premiums earned - Insurance</i>	50.1%	57.6%	(7.5)%	50.9%	57.8%	(6.9)%	
<i>Net premiums earned - Reinsurance</i>	49.9%	42.4%	7.5%	49.1%	42.2%	6.9%	
Net income	172,845	140,856	22.7%	324,644	307,642	5.5%	
Reserve for losses and loss expenses	2,929,699	1,541,193	90.1%	2,929,699	1,541,193	90.1%	
Total shareholders' equity	3,166,596	3,042,514	4.1%	3,166,596	3,042,514	4.1%	
<b>PER SHARE AND SHARE DATA</b>							
<b>As Reported</b>	Basic earnings per share	\$1.23	\$0.92	33.1%	\$2.26	\$2.02	12.1%
	Diluted earnings per share	\$1.13	\$0.84	33.3%	\$2.07	\$1.84	12.1%
	Weighted average common shares outstanding	140,566,523	152,487,082	(7.8)%	143,584,354	152,484,015	(5.8)%
	Diluted weighted average common shares outstanding	153,637,750	166,842,606	(7.9)%	157,013,504	166,785,604	(5.9)%
	Book value per share	\$22.51	\$19.95	12.8%	\$22.51	\$19.95	12.8%
	Diluted book value per share (as-if converted) [a]	\$20.89	\$18.76	11.4%	\$20.89	\$18.76	11.4%
<b>FINANCIAL RATIOS</b>							
	ROAE, net income [b]	22.6%	18.6%	4.0%	20.3%	21.0%	(0.7)%
	Net loss and loss expense ratio	51.7%	53.0%	(1.3)%	53.4%	52.3%	1.1%
	Acquisition cost ratio	13.7%	13.5%	0.2%	14.1%	12.8%	1.3%
	General and administrative expense ratio	9.1%	8.7%	0.4%	8.9%	8.8%	0.1%
	Combined ratio	74.5%	75.2%	(0.7)%	76.4%	73.9%	2.5%
<b>INVESTMENT DATA</b>							
	Total assets	10,116,956	7,320,189	38.2%	10,116,956	7,320,189	38.2%
	Total cash and investments [c]	\$6,475,529	4,705,524	37.6%	6,475,529	4,705,524	37.6%
	Total return on investment portfolio	2.2%	(1.7)%	3.9%	1.9%	0.3%	1.6%
	Annualized effective investment yield	4.0%	3.2%	0.8%	3.9%	3.2%	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 by taking the quarter and six month amounts and multiplying by four and two, respectively.

[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**

	Quarter ended					
	June 30, 2005	March 31, 2005	December 31, 2004	September 30, 2004	June 30, 2004	June 30, 2003
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$767,293	\$1,198,699	\$651,169	\$687,700	\$629,319	\$551,450
Premiums ceded	(151,497)	(136,628)	(176,575)	(125,688)	(141,442)	(101,626)
Net premiums written	615,796	1,062,071	474,594	562,012	487,877	449,824
Gross premiums earned	778,597	761,092	689,748	652,273	601,640	398,032
Ceded premiums amortized	(154,184)	(135,502)	(140,800)	(130,475)	(115,237)	(62,440)
Net premiums earned	624,413	625,590	548,948	521,798	486,403	335,592
Other insurance related (loss) income	(5,451)	(68)	3,603	7,206	156	10,102
Total underwriting revenues	618,962	625,522	552,551	529,004	486,559	345,694
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	322,853	344,290	300,219	445,575	257,850	195,620
Acquisition costs	85,471	91,301	78,894	79,222	65,491	46,418
General and administrative expenses	42,739	42,464	45,164	37,344	32,803	9,441
Total underwriting expenses	451,063	478,055	424,277	562,141	356,144	251,479
<b>UNDERWRITING INCOME/(LOSS)</b>	<b>167,899</b>	<b>147,467</b>	<b>128,274</b>	<b>(33,137)</b>	<b>130,415</b>	<b>94,215</b>
<b>OTHER OPERATING REVENUE (EXPENSES)</b>						
Net investment income	58,001	52,758	47,451	40,017	33,345	15,904
Net realized gains (losses) on investments	1,831	(1,393)	4,216	3,732	(4,411)	15,705
Interest expense	(7,818)	(8,078)	(4,597)	(469)	(181)	(86)
Total other operating revenue (expenses)	52,014	43,287	47,070	43,280	28,753	31,523
<b>OTHER (EXPENSES) REVENUE</b>						
Net foreign exchange (losses) gains	(27,226)	(23,418)	18,583	3,459	(6,413)	12,855
Corporate expenses [a]	(14,057)	(11,838)	(10,781)	(9,724)	(9,639)	(21,719)
Total other (expenses) revenue	(41,283)	(35,256)	7,802	(6,265)	(16,052)	(8,864)
<b>INCOME BEFORE INCOME TAXES</b>	<b>178,630</b>	<b>155,498</b>	<b>183,146</b>	<b>3,878</b>	<b>143,116</b>	<b>116,874</b>
Income tax (expense) recovery	(5,785)	(3,699)	(2,071)	2,401	(2,260)	880
<b>NET INCOME</b>	<b>\$172,845</b>	<b>\$151,799</b>	<b>\$181,075</b>	<b>\$6,279</b>	<b>\$140,856</b>	<b>\$117,754</b>
<b>COMPREHENSIVE INCOME</b>	<b>\$221,984</b>	<b>\$89,490</b>	<b>\$170,995</b>	<b>\$60,469</b>	<b>\$55,757</b>	<b>\$124,595</b>
<b>KEY RATIOS/PER SHARE DATA</b>						
Net loss and loss expense ratio	51.7%	55.0%	54.7%	85.4%	53.0%	58.3%
Acquisition cost ratio	13.7%	14.6%	14.4%	15.2%	13.5%	13.8%
General and administrative expense ratio [a]	9.1%	8.7%	10.2%	9.0%	8.7%	9.4%
Combined ratio	74.5%	78.3%	79.3%	109.6%	75.2%	81.5%
Weighted average basic shares outstanding	140,566,523	146,635,717	152,662,584	152,534,495	152,487,082	136,509,891
Weighted average diluted shares outstanding	153,637,750	160,429,657	165,397,980	166,128,928	166,842,606	145,701,443
Basic earnings per share	\$1.23	\$1.04	\$1.19	\$0.04	\$0.92	\$0.86
Diluted earnings per share	\$1.13	\$0.95	\$1.09	\$0.04	\$0.84	\$0.81
ROAE, net income [b]	22.6%	19.6%	22.9%	0.8%	18.6%	22.0%

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

[b] Percentages presented for individual quarters are annualized by taking the quarter amounts and multiplying by four.



# AXIS Capital Holdings Limited

## CONSOLIDATED STATEMENTS OF INCOME

	Six months ended			Year ended	
	June 30, 2005	June 30, 2004	June 30, 2003	December 31, 2004	December 31, 2003
<b>UNDERWRITING REVENUES</b>					
Gross premiums written	\$1,965,992	\$1,673,442	\$1,160,037	\$3,012,311	\$2,273,645
Premiums ceded	(288,125)	(286,375)	(170,069)	(588,628)	(365,258)
Net premiums written	1,677,867	1,387,067	989,968	2,423,683	1,908,387
Gross premiums earned	1,539,690	1,168,826	729,670	2,510,847	1,701,015
Ceded premiums amortized	(289,687)	(211,175)	(91,651)	(482,450)	(264,785)
Net premiums earned	1,250,003	957,651	638,019	2,028,397	1,436,230
Other insurance related (loss) income	(5,519)	444	11,208	11,253	25,019
Total underwriting revenues	1,244,484	958,095	649,227	2,039,650	1,461,249
<b>UNDERWRITING EXPENSES</b>					
Net losses and loss expenses	667,143	500,450	341,955	1,246,244	734,019
Acquisition costs	176,772	122,454	90,669	280,568	186,297
General and administrative expenses	85,203	65,469	17,193	148,196	43,415
Total underwriting expenses	929,118	688,373	449,817	1,675,008	963,731
<b>UNDERWRITING INCOME</b>	315,366	269,722	199,410	364,642	497,518
<b>OTHER OPERATING REVENUE (EXPENSES)</b>					
Net investment income	110,759	64,604	27,256	152,072	73,961
Net realized gains on investments	438	5,686	26,903	13,634	22,567
Interest expense	(15,897)	(219)	(1,118)	(5,285)	(1,478)
Total other operating revenue (expenses)	95,300	70,071	53,041	160,421	95,050
<b>OTHER (EXPENSES) REVENUE</b>					
Net foreign exchange (losses) gains	(50,644)	(7,558)	14,742	14,484	32,215
Corporate expenses [a]	(25,895)	(18,823)	(43,297)	(39,109)	(93,111)
Total other (expenses) revenue	(76,539)	(26,381)	(28,555)	(24,625)	(60,896)
<b>INCOME BEFORE INCOME TAXES</b>	334,127	313,412	223,896	500,438	531,672
Income tax (expense) recovery	(9,483)	(5,770)	976	(5,440)	678
<b>NET INCOME</b>	\$324,644	\$307,642	\$224,872	\$494,998	\$532,350
<b>COMPREHENSIVE INCOME</b>	\$311,474	\$251,285	\$237,108	\$482,749	\$532,030
<b>KEY RATIOS/PER SHARE DATA</b>					
Net loss and loss expense ratio	53.4%	52.3%	53.6%	61.4%	51.1%
Acquisition cost ratio	14.1%	12.8%	14.2%	13.8%	13.0%
General and administrative expense ratio [a]	8.9%	8.8%	9.7%	9.2%	9.5%
Combined ratio	76.4%	73.9%	77.5%	84.4%	73.6%
Weighted average basic shares outstanding	143,584,354	152,484,015	136,440,383	152,553,677	144,262,881
Weighted average diluted shares outstanding	157,013,504	166,785,604	145,045,136	165,875,823	155,690,763
Basic earnings per share	\$2.26	\$2.02	\$1.65	\$3.24	\$3.69
Diluted earnings per share	\$2.07	\$1.84	\$1.55	\$2.98	\$3.42
ROAE, net income [b]	20.3%	21.0%	21.6%	16.3%	22.3%

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

[b] Percentages presented are annualized, where applicable, by taking the six month amounts and multiplying two.

# AXIS Capital Holdings Limited

## CONSOLIDATED SEGMENT DATA

	Quarter ended June 30, 2005			Six Months ended June 30, 2005		
	Insurance	Reinsurance	Total	Insurance	Reinsurance	Total
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$512,982	\$254,311	\$767,293	\$942,231	\$1,023,761	\$1,965,992
Net premiums written	365,103	250,693	615,796	659,765	1,018,102	1,677,867
Gross premiums earned	463,620	314,977	778,597	917,674	622,016	1,539,690
Ceded premiums amortized	(150,582)	(3,602)	(154,184)	(281,277)	(8,410)	(289,687)
Net premiums earned	313,038	311,375	624,413	636,397	613,606	1,250,003
Other insurance related (loss) income	(5,301)	(150)	(5,451)	(5,519)	---	(5,519)
Total underwriting revenues	307,737	311,225	618,962	630,878	613,606	1,244,484
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	148,697	174,156	322,853	286,310	380,833	667,143
Acquisition costs	30,150	55,321	85,471	66,276	110,496	176,772
General and administrative expenses	30,409	12,330	42,739	60,572	24,631	85,203
Total underwriting expenses	209,256	241,807	451,063	413,158	515,960	929,118
<b>UNDERWRITING INCOME</b>	<b>\$98,481</b>	<b>\$69,418</b>	<b>\$167,899</b>	<b>\$217,720</b>	<b>\$97,646</b>	<b>\$315,366</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	47.5%	55.9%	51.7%	45.0%	62.1%	53.4%
Acquisition cost ratio	9.6%	17.8%	13.7%	10.4%	18.0%	14.1%
General and administrative expense ratio	9.7%	4.0%	6.9%	9.5%	4.0%	6.8%
Corporate ratio			2.2%			2.1%
Combined ratio	66.8%	77.7%	74.5%	64.9%	84.1%	76.4%

# AXIS Capital Holdings Limited

## INSURANCE - SUB-SEGMENT DATA

	Quarter ended June 30, 2005			Six Months ended June 30, 2005		
	Global Insurance	U.S. Insurance	Total Insurance	Global Insurance	U.S. Insurance	Total Insurance
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$227,512	\$285,470	\$512,982	\$479,835	\$462,396	\$942,231
Net premiums written	214,005	151,098	365,103	417,435	242,330	659,765
Gross premiums earned	241,210	222,410	463,620	492,806	424,868	917,674
Ceded premiums amortized	(36,493)	(114,089)	(150,582)	(71,231)	(210,046)	(281,277)
Net premiums earned	204,717	108,321	313,038	421,575	214,822	636,397
Other insurance related (loss) income	(5,627)	326	(5,301)	(5,865)	346	(5,519)
Total underwriting revenues	199,090	108,647	307,737	415,710	215,168	630,878
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	78,039	70,658	148,697	143,934	142,376	286,310
Acquisition costs	26,455	3,695	30,150	59,537	6,739	66,276
General and administrative expenses	9,632	20,777	30,409	19,484	41,088	60,572
Total underwriting expenses	114,126	95,130	209,256	222,955	190,203	413,158
<b>UNDERWRITING INCOME</b>	<b>\$84,964</b>	<b>\$13,517</b>	<b>\$98,481</b>	<b>\$192,755</b>	<b>\$24,965</b>	<b>\$217,720</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	38.1%	65.2%	47.5%	34.1%	66.3%	45.0%
Acquisition cost ratio	12.9%	3.4%	9.6%	14.1%	3.1%	10.4%
General and administrative expense ratio	4.7%	19.2%	9.7%	4.6%	19.1%	9.5%
Combined ratio	55.7%	87.8%	66.8%	52.8%	88.5%	64.9%

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

	Quarter ended						Year ended	
	Jun. 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Jun. 30, 2003	Dec. 31, 2004	Dec. 31, 2003
<b><u>INSURANCE SEGMENT</u></b>								
<b>GLOBAL INSURANCE</b>								
Property	\$65,827	\$45,377	\$56,688	\$57,959	\$80,239	\$67,605	\$249,200	\$238,955
Marine	44,102	75,663	20,099	39,732	38,772	35,409	177,592	185,928
Terrorism and war risk	28,797	75,734	162,099	34,026	33,154	31,027	318,887	279,431
Aviation and aerospace	29,474	14,898	82,611	38,646	31,384	29,126	175,829	178,442
Political risk	36,505	25,284	21,316	31,018	24,437	45,885	125,448	90,302
Professional lines and other specialty	22,807	15,367	21,637	12,901	8,202	(1,400)	48,372	7,603
Total global insurance	<u>227,512</u>	<u>252,323</u>	<u>364,450</u>	<u>214,282</u>	<u>216,188</u>	<u>207,652</u>	<u>1,095,328</u>	<u>980,661</u>
<b>U.S. INSURANCE</b>								
Property	\$97,429	\$61,931	\$80,631	\$103,517	\$85,136	\$48,001	\$322,302	\$225,508
Liability	79,509	63,022	64,745	58,962	56,073	40,509	229,562	157,808
Professional lines	106,572	50,958	83,075	64,901	78,706	82,623	272,224	242,582
Other specialty	1,960	1,015	147	---	---	---	147	---
Total U.S. insurance	<u>285,470</u>	<u>176,926</u>	<u>228,598</u>	<u>227,380</u>	<u>219,915</u>	<u>171,133</u>	<u>824,235</u>	<u>625,898</u>
<b>TOTAL INSURANCE SEGMENT</b>	<b><u>\$512,982</u></b>	<b><u>\$429,249</u></b>	<b><u>\$593,048</u></b>	<b><u>\$441,662</u></b>	<b><u>\$436,103</u></b>	<b><u>\$378,785</u></b>	<b><u>\$1,919,563</u></b>	<b><u>\$1,606,559</u></b>
<b><u>REINSURANCE SEGMENT</u></b>								
Catastrophe	\$94,277	\$267,798	\$34,481	\$56,209	\$90,736	\$76,864	\$425,573	\$339,137
Property	76,914	149,843	6,713	108,248	44,170	56,941	246,838	131,219
Professional lines	38,779	87,336	13,966	45,363	30,223	24,575	204,637	132,148
Credit and bond	7,420	94,630	692	4,820	258	---	73,352	---
Motor	1,576	72,041	1,737	5,788	2,007	---	39,415	6,560
Liability	24,691	86,625	(391)	20,007	13,179	5,687	81,369	39,475
Other	10,654	11,177	923	5,603	12,643	8,598	21,564	18,547
<b>TOTAL REINSURANCE SEGMENT</b>	<b><u>\$254,311</u></b>	<b><u>\$769,450</u></b>	<b><u>\$58,121</u></b>	<b><u>\$246,038</u></b>	<b><u>\$193,216</u></b>	<b><u>\$172,665</u></b>	<b><u>\$1,092,748</u></b>	<b><u>\$667,086</u></b>
<b>TOTAL</b>	<b><u>\$767,293</u></b>	<b><u>\$1,198,699</u></b>	<b><u>\$651,169</u></b>	<b><u>\$687,700</u></b>	<b><u>\$629,319</u></b>	<b><u>\$551,450</u></b>	<b><u>\$3,012,311</u></b>	<b><u>\$2,273,645</u></b>

# AXIS Capital Holdings Limited

## INSURANCE SEGMENT

### GLOBAL INSURANCE - SUB-SEGMENT DATA

	Quarter ended					June 30, 2003
	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$227,512	\$252,323	\$364,450	\$214,282	\$216,188	\$207,652
Net premiums written	214,005	203,430	313,950	203,469	183,240	203,775
Gross premiums earned	241,210	251,595	241,200	225,026	227,815	202,650
Ceded premiums amortized	(36,493)	(34,737)	(40,395)	(25,549)	(31,247)	(15,143)
Net premiums earned	204,717	216,858	200,805	199,477	196,568	187,507
Other insurance related (loss) income	(5,627)	(238)	3,377	7,106	(399)	10,102
Total underwriting revenues	199,090	216,620	204,182	206,583	196,169	197,609
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	78,039	65,895	83,248	152,333	117,616	114,651
Acquisition costs [a]	26,455	33,082	35,423	33,067	30,422	27,056
General and administrative expenses [a]	9,632	9,852	11,005	8,592	7,265	3,472
Total underwriting expenses	114,126	108,829	129,676	193,992	155,303	145,179
<b>UNDERWRITING INCOME</b>	<b>84,964</b>	<b>\$107,791</b>	<b>\$74,506</b>	<b>\$12,591</b>	<b>\$40,866</b>	<b>\$52,430</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	38.1%	30.4%	41.5%	76.4%	59.8%	61.1%
Acquisition cost ratio	12.9%	15.3%	17.6%	16.5%	15.5%	14.4%
General and administrative expense ratio	4.7%	4.5%	5.5%	4.3%	3.7%	1.9%
Combined ratio	55.7%	50.2%	64.6%	97.2%	79.0%	77.4%

[a] Prior to January 1, 2004, we did not allocate any of our administrative expenses, except for the personnel expenses of our underwriters, which were included in our acquisition costs. The prior quarters have 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					
	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	June 30, 2003
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$285,470	\$176,926	\$228,598	\$227,380	\$219,915	\$171,133
Net premiums written	151,098	91,232	106,846	124,812	117,605	79,424
Gross premiums earned	222,410	202,458	197,811	179,714	164,211	80,538
Ceded premiums amortized	(114,089)	(95,957)	(96,361)	(89,448)	(80,544)	(43,539)
Net premiums earned	108,321	106,501	101,450	90,266	83,667	36,999
Other insurance related income	326	20	---	---	---	---
Total underwriting revenues	108,647	106,521	101,450	90,266	83,667	36,999
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	70,658	71,718	52,475	85,531	47,124	23,505
Acquisition costs [a]	3,695	3,044	3,302	4,941	2,363	(1,443)
General and administrative expenses [a]	20,777	20,311	21,555	18,222	16,112	4,317
Total underwriting expenses	95,130	95,073	77,332	108,694	65,599	26,379
<b>UNDERWRITING INCOME (LOSS)</b>	<b>\$13,517</b>	<b>\$11,448</b>	<b>\$24,118</b>	<b>(\$18,428)</b>	<b>\$18,068</b>	<b>\$10,620</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	65.2%	67.3%	51.6%	94.7%	56.3%	63.5%
Acquisition cost ratio	3.4%	2.9%	3.3%	5.5%	2.8%	(3.9)%
General and administrative expense ratio	19.2%	19.1%	21.2%	20.2%	19.3%	11.7%
Combined ratio	87.8%	89.3%	76.2%	120.4%	78.4%	71.3%

[a] Prior to January 1, 2004, we did not allocate any of our administrative expenses, except for the personnel expenses of our underwriters, which were included in our acquisition costs. The prior quarters have been restated with previously allocated underwriters expenses reallocated to general and administrative expenses.

# AXIS Capital Holdings Limited

## REINSURANCE SEGMENT DATA

	Quarter ended					
	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	June 30, 2003
<b>UNDERWRITING REVENUES</b>						
Gross premiums written	\$254,311	\$769,450	\$58,121	\$246,038	\$193,216	\$172,665
Net premiums written	250,693	767,409	53,798	233,731	187,032	166,625
Gross premiums earned	314,977	307,039	250,737	247,533	209,614	114,843
Ceded premiums amortized	(3,602)	(4,808)	(4,044)	(15,478)	(3,446)	(3,757)
Net premiums earned	311,375	302,231	246,693	232,055	206,168	111,086
Other insurance related (loss) income	(150)	150	226	100	555	---
Total underwriting revenues	311,225	302,381	246,919	232,155	206,723	111,086
<b>UNDERWRITING EXPENSES</b>						
Net losses and loss expenses	174,156	206,677	164,496	207,711	93,110	57,464
Acquisition costs [a]	55,321	55,175	40,169	41,214	32,706	20,806
General and administrative expenses [a]	12,330	12,301	12,604	10,530	9,426	1,738
Total underwriting expenses	241,807	274,153	217,269	259,455	135,242	80,008
<b>UNDERWRITING INCOME (LOSS)</b>	<b>\$69,418</b>	<b>\$28,228</b>	<b>\$29,650</b>	<b>(\$27,300)</b>	<b>\$71,481</b>	<b>\$31,078</b>
<b>KEY RATIOS</b>						
Net loss and loss expense ratio	55.9%	68.4%	66.7%	89.5%	45.2%	51.7%
Acquisition cost ratio	17.8%	18.3%	16.3%	17.8%	15.9%	18.7%
General and administrative expense ratio	4.0%	4.1%	5.1%	4.5%	4.6%	1.6%
Combined ratio	77.7%	90.8%	88.1%	111.8%	65.7%	72.0%

[a] Prior to the January 1, 2004, we did not allocate any of our administrative expenses, except for the personnel expenses of our underwriters, which were included in our acquisition costs. The prior quarters have been restated with previously allocated underwriters expenses reallocated to general and administrative expenses.

## AXIS Capital Holdings Limited

### CONSOLIDATED BALANCE SHEETS

	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	June 30, 2003
<b>ASSETS</b>						
Cash and cash equivalents	\$793,304	\$746,065	\$632,329	\$935,331	\$721,215	\$927,087
Fixed maturity investments at fair market value	5,298,519	5,088,487	5,128,345	4,360,522	3,993,883	2,394,606
Other investments	441,650	329,514	271,344	83,143	34,403	---
Accrued interest receivable	54,571	41,361	47,487	33,588	36,612	15,236
Securities lending collateral	998,196	963,411	865,311	765,273	755,968	---
Insurance and reinsurance premium balances receivable	1,230,321	1,309,636	914,562	924,575	994,819	663,758
Deferred acquisition costs	263,491	277,469	211,082	229,102	222,288	139,445
Prepaid reinsurance premiums	269,625	272,313	271,187	234,182	240,199	145,704
Reinsurance recoverable balances	648,025	641,103	596,299	551,164	245,909	51,841
Intangible assets	29,947	30,847	31,734	23,536	23,919	27,579
Other assets	89,307	90,294	68,605	62,716	50,974	20,973
<b>TOTAL ASSETS</b>	<b>\$10,116,956</b>	<b>\$9,790,500</b>	<b>\$9,038,285</b>	<b>\$8,203,132</b>	<b>\$7,320,189</b>	<b>\$4,386,229</b>
<b>LIABILITIES</b>						
Reserve for losses and loss expenses	\$2,929,699	\$2,719,247	\$2,404,560	\$2,223,234	\$1,541,193	\$569,253
Unearned premiums	2,071,073	2,082,377	1,644,771	1,682,119	1,648,062	1,001,225
Insurance and reinsurance balances payable	251,753	287,094	247,940	190,195	208,141	214,739
Accounts payable and accrued expenses	91,982	94,859	89,804	59,957	44,072	54,375
Securities lending payable	994,346	960,581	864,354	765,333	755,618	---
Net payable for investments purchased	112,515	185,355	49,854	197,302	80,589	334,082
Debt	498,992	498,965	498,938	---	---	---
<b>TOTAL LIABILITIES</b>	<b>6,950,360</b>	<b>6,828,478</b>	<b>5,800,221</b>	<b>5,118,140</b>	<b>4,277,675</b>	<b>2,173,674</b>
<b>SHAREHOLDERS' EQUITY</b>						
Common shares	1,758	1,752	1,910	1,906	1,906	1,737
Additional paid-in capital	1,680,148	1,673,409	2,017,144	2,013,325	2,009,716	1,697,824
Deferred compensation	---	---	---	---	---	(17,397)
Accumulated other comprehensive (loss) income	(255)	(49,394)	12,915	22,997	(31,193)	37,720
Retained earnings	1,484,945	1,336,255	1,206,095	1,046,764	1,062,085	492,671
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,166,596</b>	<b>2,962,022</b>	<b>3,238,064</b>	<b>3,084,992</b>	<b>3,042,514</b>	<b>2,212,555</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$10,116,956</b>	<b>\$9,790,500</b>	<b>\$9,038,285</b>	<b>\$8,203,132</b>	<b>\$7,320,189</b>	<b>\$4,386,229</b>
Book value per share	\$22.51	\$21.14	\$21.20	\$20.22	\$19.95	\$15.93
Debt to total capitalization	13.6%	14.4%	13.4%	N/A	N/A	N/A



# AXIS Capital Holdings Limited

## INVESTMENT PORTFOLIO

As of June 30, 2005

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,648,153	\$11,385	(\$11,303)	\$1,648,235	27.6%
Non U.S. government securities	161,670	3,601	(9,022)	156,249	2.6%
Corporate debt securities	892,528	10,000	(8,515)	894,013	15.0%
Mortgage-backed securities	1,867,010	11,713	(6,304)	1,872,419	31.3%
Asset-backed securities	338,322	718	(1,872)	337,168	5.6%
Municipals	310,728	3,187	(918)	312,997	5.2%
Mortgage derivatives [a]	77,306	181	(49)	77,438	1.3%
Total Fixed Maturities	\$5,295,717	\$40,785	(\$37,983)	\$5,298,519	88.6%
Cash, net of unsettled trades	226,769	---	---	226,769	3.8%
Total Invested Assets	\$5,522,486	\$40,785	(\$37,983)	\$5,525,288	92.4%
Operating Cash Balances	454,020	---	---	454,020	7.6%
Total Cash and Investments	\$5,976,506	\$40,785	(\$37,983)	\$5,979,308	100.0%

CREDIT QUALITY	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$4,346,107	82.1%	\$4,345,842	82.0%
AA	187,907	3.5%	187,538	3.5%
A	482,132	9.1%	482,200	9.1%
BBB	279,571	5.3%	282,939	5.4%
Total	\$5,295,717	100.0%	\$5,298,519	100.0%

MATURITY	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$431,125	8.1%	\$426,433	8.1%
From one to five years	1,563,785	29.5%	1,547,379	29.2%
From five to ten years	828,911	15.7%	839,391	15.8%
Above ten years	189,259	3.6%	198,291	3.7%
Asset-backed and mortgage-backed securities	2,282,637	43.1%	2,287,025	43.2%
Total	\$5,295,717	100.0%	\$5,298,519	100.0%

OTHER INVESTMENTS	Amortized Cost	Fair Value
Collateralized Loan Obligations	\$141,924	\$142,218
Medium Term Notes	175,000	173,530
Investment Funds	125,000	125,902
Total	\$441,924	\$441,650

[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

	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	June 30, 2003
<b>TYPE OF INVESTMENT</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>
U.S. government and agency securities	27.6%	28.9%	30.2%	28.5%	32.0%	25.6%
Non U.S. government securities	2.6%	2.8%	2.1%	1.6%	1.5%	1.3%
Corporate debt securities	15.0%	16.9%	16.9%	17.1%	17.3%	13.9%
Mortgage-backed securities	31.3%	28.7%	30.0%	26.7%	26.5%	31.3%
Asset-backed securities	5.6%	6.1%	6.1%	4.6%	3.8%	3.8%
Municipals	5.2%	4.3%	4.5%	4.9%	4.7%	4.2%
Mortgage derivatives [a]	1.3%	2.4%	---	2.1%	0.4%	---
Total Fixed Maturities	88.6%	90.1%	89.8%	85.5%	86.2%	80.1%
Cash, net of unsettled trades	3.8%	2.3%	4.1%	3.3%	2.7%	12.5%
Total Invested Assets	92.4%	92.4%	93.9%	88.8%	88.9%	92.6%
Operating Cash Balances	7.6%	7.6%	6.1%	11.2%	11.1%	7.4%
Total Cash and Investments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>CREDIT QUALITY</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>
AAA	82.0%	80.5%	80.0%	78.4%	78.7%	80.6%
AA	3.5%	4.0%	3.9%	4.3%	3.5%	4.8%
A	9.1%	10.0%	10.0%	11.1%	11.6%	8.7%
BBB	5.4%	5.5%	6.1%	6.2%	6.2%	5.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>MATURITY</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>	<b>Fair Value %</b>
Within one year	8.1%	9.0%	6.3%	2.5%	4.7%	9.2%
From one to five years	29.2%	32.9%	35.5%	37.7%	37.1%	31.1%
From five to ten years	15.8%	14.2%	15.3%	16.7%	18.3%	12.1%
Above ten years	3.7%	2.6%	2.7%	4.0%	4.3%	3.8%
Asset-backed and mortgage-backed securities	43.2%	41.3%	40.2%	39.1%	35.6%	43.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>PORTFOLIO CHARACTERISTICS</b>	<b>As of or for the quarter ended</b>					
	<b>June 30, 2005</b>	<b>Mar. 31, 2005</b>	<b>Dec. 31, 2004</b>	<b>Sept. 30, 2004</b>	<b>June 30, 2004</b>	<b>June 30, 2003</b>
Annualized effective yield	4.0%	3.8%	3.7%	3.5%	3.2%	2.5%
Yield to maturity	4.1%	4.3%	3.8%	3.6%	3.5%	3.2%
Average duration of invested assets	2.8 yrs	3.0 yrs	2.8 yrs	3.1 yrs	3.3 yrs	2.4 yrs
Average credit quality	AAA	AA+	AA+	AA+	AA+	AAA

[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 PERFORMANCE**

	Quarter ended					Six months ended	
	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept 30, 2004	June 30, 2004	June 30, 2005	June 30, 2004
Aggregate AXIS Capital portfolio	2.21%	-0.31%	0.74%	2.40%	-1.67%	1.89%	0.27%
Composite Benchmark <b>[a]</b>	2.27%	-0.50%	0.65%	2.45%	-1.84%	1.76%	0.16%
	-0.06%	0.19%	0.09%	-0.05%	0.17%	0.13%	0.11%
<b>Individual portfolios</b>							
Total return liquidity portfolio	1.16%	-0.15%	0.20%	1.14%	-1.02%	1.01%	0.08%
Merrill Lynch 1-3 year Treasury Index	1.13%	-0.25%	0.13%	0.96%	-1.06%	0.88%	-0.08%
	0.03%	0.10%	0.07%	0.18%	0.04%	0.13%	0.16%
Total return intermediate duration portfolios	2.32%	-0.28%	0.87%	2.55%	-1.62%	2.03%	0.50%
Customized benchmark <b>[b]</b>	2.42%	-0.56%	0.78%	2.67%	-1.95%	1.84%	0.27%
	-0.10%	0.28%	0.09%	-0.12%	0.33%	0.19%	0.23%
Total return long duration portfolios	2.91%	-0.36%	1.02%	3.19%	-2.40%	2.53%	0.14%
Customized benchmark <b>[b]</b>	3.00%	-0.45%	0.93%	3.16%	-2.40%	2.53%	0.19%
	-0.09%	0.09%	0.09%	0.03%	0.00%	0.00%	-0.05%
Total return U.S. combined portfolios	2.38%	-0.58%	0.76%	2.62%	-1.95%	1.79%	-0.05%
Customized benchmark <b>[b]</b>	2.37%	-0.62%	0.75%	2.75%	-1.96%	1.74%	0.05%
	0.01%	0.04%	0.01%	-0.13%	0.01%	0.05%	-0.10%
Total return Euro portfolio	2.14%	0.92%	N/A	N/A	N/A	3.09%	N/A
Merrill Lynch 1-7 year EMU Gov't Index	2.37%	0.82%	N/A	N/A	N/A	3.21%	N/A
	-0.23%	0.10%	N/A	N/A	N/A	-0.12%	N/A

**[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 CORPORATE HOLDINGS

As of June 30, 2005

<b>Issuer</b>	<b>Lowest Rating</b>	<b>Fair Value at June 30, 2005</b>	<b>% of Total Fair Value</b>
General Electric Company	Aaa/AAA	\$57,331	1.03%
HSBC Holdings PLC	A1/A	43,688	0.78%
Citigroup Inc.	Aa1/AA-	32,803	0.59%
Goldman Sachs Group, Inc.	Aa3/A+	27,855	0.50%
Verizon Communications Inc.	A2/A+	22,574	0.41%
Time Warner Inc.	Baa1/BBB+	21,758	0.39%
Bank of America Corp	Aa2/AA-	20,855	0.37%
UBS, AG	P1/A1	20,498	0.37%
Lehman Brothers Holdings, Inc.	A1/A	20,407	0.37%
Comcast Corporation	Baa2/BBB+	19,044	0.34%
Total		<u>\$286,813</u>	<u>5.15%</u>

## AXIS Capital Holdings Limited

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

	Quarter ended June 30, 2005			For the six months ended June 30, 2005		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$2,719,247	(\$633,338)	\$2,085,909	\$2,404,560	(\$588,649)	\$1,815,911
Total incurred losses and loss expenses	407,298	(84,445)	322,853	828,236	(161,093)	667,143
Losses acquired	---	---	---	---	---	---
Total paid losses and loss expenses	(190,044)	77,587	(112,457)	(292,354)	109,546	(182,808)
Foreign exchange gains	(6,802)	---	(6,802)	(10,743)	---	(10,743)
Reserve for losses and loss expenses, end of period	<u>\$2,929,699</u>	<u>(\$640,196)</u>	<u>\$2,289,503</u>	<u>\$2,929,699</u>	<u>(\$640,196)</u>	<u>\$2,289,503</u>
Paid to incurred percentage	<u>46.7%</u>	<u>91.9%</u>	<u>34.8%</u>	<u>35.3%</u>	<u>68.0%</u>	<u>27.4%</u>

## AXIS Capital Holdings Limited

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

	Quarter ended June 30, 2005					Six months ended June 30, 2005				
	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company	Global Insurance	U.S. Insurance	Insurance	Reinsurance	Total Company
<i>Gross losses paid</i>	\$63,535	\$67,589	\$131,124	\$58,921	\$190,044	\$95,828	\$105,344	\$201,172	\$91,182	\$292,354
<i>Reinsurance recoveries received</i>	(1,252)	(43,993)	(45,245)	(32,343)	(77,587)	(2,893)	(64,780)	(67,673)	(41,874)	(109,546)
Net losses paid	62,283	23,596	85,879	26,578	112,457	92,935	40,564	133,499	49,308	182,807
Change in:										
<i>Reported case reserves</i>	(22,047)	(36,958)	(59,005)	(5,590)	(64,595)	1,615	13,542	15,157	48,471	63,628
<i>IBNR</i>	51,673	108,770	160,443	121,407	281,850	73,006	156,669	229,675	242,579	472,254
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(13,870)	(24,750)	(38,620)	31,761	(6,859)	(23,622)	(68,399)	(92,021)	40,475	(51,546)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$78,039</b>	<b>\$70,658</b>	<b>\$148,697</b>	<b>\$174,156</b>	<b>\$322,853</b>	<b>\$143,934</b>	<b>\$142,376</b>	<b>\$286,310</b>	<b>\$380,833</b>	<b>\$667,143</b>
Reserve for losses and loss expenses	\$951,874	\$930,807	\$1,882,681	\$1,047,018	\$2,929,699	\$951,874	\$930,807	\$1,882,681	\$1,047,018	\$2,929,699
Prior years favorable reserve development	\$42,779	\$1,646	\$44,425	\$29,580	\$74,005	\$105,979	\$546	\$106,525	\$34,180	\$140,705
<b>Key Ratios</b>										
Net paid to net incurred percentage	79.8%	33.4%	57.8%	15.3%	34.8%	64.6%	28.5%	46.6%	12.9%	27.4%
Net paid losses / Net premiums earned	30.4%	21.8%	27.4%	8.5%	18.0%	22.0%	18.9%	21.0%	8.0%	14.6%
Increase in Net loss and loss expense reserves / Net premiums earned	7.7%	43.4%	20.1%	47.4%	33.7%	12.1%	47.4%	24.0%	54.1%	38.7%
Net loss and loss expense ratio	38.1%	65.2%	47.5%	55.9%	51.7%	34.1%	66.3%	45.0%	62.1%	53.4%

## AXIS Capital Holdings Limited

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

	Quarter ended					Six months ended	
	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	June 30, 2005	June 30, 2004
<i>Gross losses paid</i>	\$63,535	\$32,293	\$41,748	\$30,003	\$12,204	\$95,828	\$38,855
<i>Reinsurance recoveries received</i>	(1,252)	(1,641)	(9,571)	---	(564)	(2,893)	(1,198)
Net losses paid	62,283	30,652	32,177	30,003	11,640	92,935	37,657
Change in:							
<i>Reported case reserves</i>	(22,047)	23,663	63,465	3,043	(1,836)	1,615	43,477
<i>IBNR</i>	51,673	21,333	9,042	124,027	109,954	73,006	153,683
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(13,870)	(9,753)	(21,436)	(4,740)	(2,142)	(23,622)	(18,674)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$78,039</b>	<b>\$65,895</b>	<b>\$83,248</b>	<b>\$152,333</b>	<b>\$117,616</b>	<b>\$143,934</b>	<b>\$216,143</b>
Reserve for losses and loss expenses	\$951,874	\$924,888	\$881,897	\$805,364	\$677,138	\$951,874	\$677,138
Prior years favorable reserve development	\$42,779	\$63,200	\$23,916	\$16,622	\$18,129	\$105,979	\$51,955
<b>Key Ratios</b>							
Net paid to net incurred percentage	79.8%	46.5%	38.7%	19.7%	9.9%	64.6%	17.4%
Net paid losses / Net premiums earned	30.4%	14.1%	16.0%	15.0%	5.9%	22.0%	9.5%
Increase in Net loss and loss expense reserves / Net premiums earned	7.7%	16.3%	25.4%	61.3%	53.9%	12.1%	45.0%
Net loss and loss expense ratio	38.1%	30.4%	41.5%	76.4%	59.8%	34.1%	54.5%

## AXIS Capital Holdings Limited

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

	Quarter ended					Six months ended	
	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	June 30, 2005	June 30, 2004
<i>Gross losses paid</i>	\$67,589	\$37,755	\$36,843	\$14,031	\$5,845	\$105,344	\$13,659
<i>Reinsurance recoveries received</i>	(43,993)	(20,787)	(17,272)	(3,894)	(171)	(64,780)	(1,119)
Net losses paid	23,596	16,968	19,571	10,137	5,674	40,564	12,540
Change in:							
<i>Reported case reserves</i>	(36,958)	50,499	56,097	117,217	5,654	13,542	7,986
<i>IBNR</i>	108,770	47,899	(6,090)	185,260	87,863	156,669	176,978
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	(24,750)	(43,648)	(17,103)	(227,083)	(52,067)	(68,399)	(100,764)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$70,658</b>	<b>\$71,718</b>	<b>\$52,475</b>	<b>\$85,531</b>	<b>\$47,124</b>	<b>\$142,376</b>	<b>\$96,740</b>
Reserve for losses and loss expenses	\$930,807	\$858,994	\$760,596	\$711,181	\$408,701	\$930,807	\$408,701
Prior years favorable reserve development	\$1,646	(\$1,100)	\$3,472	\$4,553	\$6,277	\$546	\$6,277
<b>Key Ratios</b>							
Net paid to net incurred percentage	33.4%	23.7%	37.3%	11.9%	12.0%	28.5%	13.0%
Net paid losses / Net premiums earned	21.8%	15.9%	19.3%	11.2%	6.8%	18.9%	8.1%
Increase in Net loss and loss expense reserves / Net premiums earned	43.4%	51.4%	32.3%	83.5%	49.5%	47.4%	53.3%
Net loss and loss expense ratio	65.2%	67.3%	51.6%	94.7%	56.3%	66.3%	61.4%



## AXIS Capital Holdings Limited

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

	Quarter ended					Six months ended	
	June 30, 2005	Mar. 31, 2005	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	June 30, 2005	June 30, 2004
<i>Gross losses paid</i>	\$58,921	\$32,261	\$111,929	\$29,895	\$13,112	\$91,182	\$21,457
<i>Reinsurance recoveries received</i>	(32,343)	(9,531)	(2,000)	---	---	(41,874)	---
Net losses paid	26,578	22,730	109,929	29,895	13,112	49,308	21,457
Change in:							
<i>Reported case reserves</i>	(5,590)	54,062	43,621	62,734	(4,271)	48,471	2,943
<i>IBNR</i>	121,407	121,172	9,885	188,477	85,052	242,579	164,505
<i>Reinsurance recoveries on unpaid loss and loss expense reserves</i>	31,762	8,713	1,061	(73,395)	(783)	40,475	(1,338)
<b>TOTAL NET INCURRED LOSSES AND LOSS EXPENSES</b>	<b>\$174,156</b>	<b>\$206,677</b>	<b>\$164,496</b>	<b>\$207,711</b>	<b>\$93,110</b>	<b>\$380,833</b>	<b>\$187,567</b>
Reserve for losses and loss expenses	\$1,047,018	\$935,365	\$762,067	\$706,689	\$455,354	\$1,047,018	\$455,354
Prior years favorable reserve development	\$29,580	\$4,600	\$12,990	\$28,432	\$18,747	\$34,180	\$33,491
<b>Key Ratios</b>							
Net paid to net incurred percentage	15.3%	11.0%	66.8%	14.4%	14.1%	12.9%	11.4%
Net paid losses / Net premiums earned	8.5%	7.5%	44.6%	12.9%	6.4%	8.0%	5.3%
Increase in Net loss and loss expense reserves / Net premiums earned	47.4%	60.9%	22.1%	76.6%	38.8%	54.1%	41.2%
Net loss and loss expense ratio	55.9%	68.4%	66.7%	89.5%	45.2%	62.1%	46.5%

# AXIS Capital Holdings Limited

## ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

	As at June 30, 2005			As at December 31, 2004		
	Gross	Recoveries [a] [b]	Net	Gross	Recoveries [b]	Net
Case reserves	\$638,713	(\$244,158)	\$394,555	\$585,827	(\$233,102)	\$352,725
Incurred but not reported reserves (IBNR)	2,290,986	(396,037)	1,894,949	1,818,733	(355,547)	1,463,186
Reserve for losses and loss expenses, end of period	<u>\$2,929,699</u>	<u>(\$640,195)</u>	<u>\$2,289,504</u>	<u>\$2,404,560</u>	<u>(\$588,649)</u>	<u>\$1,815,911</u>
IBNR as a % of reserve for losses and loss expenses	78.2%	61.9%	82.8%	75.6%	60.4%	80.6%

**[a]** At June 30, 2005, 98.5% of the reinsurers were rated the equivalent of A- or better and 86.8% were rated the equivalent of A or better by internationally recognized rating agencies.

**[b]** At June 30, 2005, reinsurance recoverables of \$7,830 were due on paid losses. Including this amount, the total reinsurance recoverable was \$648,024.  
At December 31, 2004, reinsurance recoverables of \$7,650 were due on paid losses. Including this amount, the total reinsurance recoverable was \$588,649.

# AXIS Capital Holdings Limited

## EARNINGS PER SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended June 30,		Six months ended June 30,	
	2005	2004	2005	2004
Net income	\$172,845	\$140,856	\$324,644	\$307,642
<b>WEIGHTED AVERAGE COMMON SHARES OUTSTANDING</b>				
Basic weighted average common shares outstanding	140,566,523	152,487,082	143,584,354	152,484,015
Shares equivalents				
Warrants	10,485,432	11,101,412	10,656,522	11,061,309
Options	2,143,648	2,360,798	2,202,168	2,351,596
Restricted stock	442,147	893,314	570,460	888,684
Diluted weighted average common shares outstanding	153,637,750	166,842,606	157,013,504	166,785,604
<b>NET INCOME PER SHARE</b>				
Basic	\$1.23	\$0.92	\$2.26	\$2.02
Diluted	\$1.13	\$0.84	\$2.07	\$1.84

## AXIS Capital Holdings Limited

### DILUTED BOOK VALUE PER SHARE

AS-IF CONVERTED METHOD	As at	
	June 30, 2005	December 31, 2004
Basic common shares outstanding	140,668,032	152,764,917
Add: warrants outstanding	19,633,839	19,619,152
Weighted average exercise price per share	\$12.47	\$12.48
Add: options outstanding	6,686,681	5,694,181
Weighted average exercise price per share	\$18.71	\$16.64
Add: restricted stock	2,288,218	2,182,700
Diluted shares outstanding	169,276,770	180,260,950
Shareholders' equity	\$3,166,596	\$3,238,064
Add: proceeds from converted warrants	244,812	244,812
Add: proceeds from converted options	125,094	94,724
As if converted shareholders' equity	\$3,536,502	\$3,577,600
Book value per share	\$22.51	\$21.20
Diluted book value per share	\$20.89	\$19.85
<b>Diluted book value, excluding other comprehensive income (loss)</b>		
As if converted shareholders' equity	\$3,536,502	\$3,577,600
Accumulated other comprehensive (loss) income	(255)	12,915
As if converted shareholders' equity excluding other comprehensive income (loss)	\$3,536,757	\$3,564,685
Diluted shares outstanding	169,276,770	180,260,950
Diluted book value excluding other comprehensive income (loss) - "as if converted method"	\$20.89	\$19.78
<b>TREASURY STOCK METHOD</b>		
Closing price	\$28.30	\$27.36
Basic common shares outstanding	140,668,032	152,764,917
Add: warrants outstanding	19,633,839	19,619,152
Weighted average exercise price per share	\$12.47	\$12.48
Less: warrants bought back via treasury method	8,650,584	8,947,790
Add: options outstanding	6,686,681	5,694,181
Weighted average exercise price per share	\$18.71	\$16.64
Less: options bought back via treasury method	4,420,279	3,462,140
Add: restricted stock outstanding	2,288,218	2,182,700
Diluted shares outstanding	156,205,907	167,851,020
Book value per share	\$22.51	\$21.20
Diluted book value per share	\$20.27	\$19.29
<b>Diluted book value, excluding other comprehensive income (loss)</b>		
Shareholders' equity	\$3,166,596	\$3,238,064
Accumulated other comprehensive (loss) income	(255)	12,915
Shareholders' equity excluding other comprehensive income (loss)	\$3,166,851	\$3,225,149
Diluted shares outstanding - "treasury stock method"	156,205,907	167,851,020
Diluted book value excluding other comprehensive income (loss) - "treasury stock method"	\$20.27	\$19.21