



AXIS Capital Holdings Limited

INVESTOR FINANCIAL SUPPLEMENT

FOURTH QUARTER 2004

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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

FINANCIAL SUPPLEMENT TABLE OF CONTENTS

	Page(s)
i. Basis of Presentation	<i>i</i>
I. Financial Highlights	
a. Financial Highlights	1
II. Income Statements	
a. Consolidated Statements of Income - Quarterly	2
b. Consolidated Statements of Income - YTD	3
c. Consolidated Segment Data	4
d. Premiums by Segment by Line of Business	5
e. Segment Consecutive Quarters	6 - 9
III. Balance Sheets	
a. Consolidated Balance Sheets	10
b. Summary of Investment Portfolio Information	11
c. Investment Portfolio Composition	12
d. Investment Portfolio: Investment Performance	13
e. Investment Portfolio: Largest Corporate Holdings	14
IV. Loss Reserve Analysis	
a. Paid to Incurred Analysis	15
b. Paid to Incurred Analysis by Segment	16
c. Analysis of Unpaid Loss and Loss Expenses	17
V. Share Analysis	
a. Earnings Per Share Analysis - As Reported	18
b. Diluted Book Value Per Share Analysis	19

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.
- 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.
- As our U.S. insurance and U.S. reinsurance segments were established at the beginning of 2003, there are no 2002 comparatives.
- NM - Not meaningful
- NR - Not reported
- 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 which takes into account, net premiums earned and other insurance related income as revenue and net loss and loss expenses, acquisition costs and underwriting related general and administrative expenses as expenses. Underwriting income (loss) is the difference between revenues and expense items.

AXIS Capital Holdings Limited

FINANCIAL HIGHLIGHTS

	Quarter ended December 31,		Previous Qtr Period Change	Year ended December 31,		Previous Year Period Change
	2004	2003		2004	2003	
HIGHLIGHTS						
Gross written premiums	\$651,169	\$479,666	35.8%	\$3,012,311	\$2,273,645	32.5%
Net written premiums	474,594	384,044	23.6%	2,423,673	1,908,387	27.0%
Net premiums earned	548,948	400,745	37.0%	2,028,397	1,436,230	41.2%
Net income	181,075	160,495	12.8%	494,998	532,350	(7.0)%
Total assets	9,029,703	5,172,273	74.6%	9,029,703	5,172,273	74.6%
Total cash and investments [a]	6,029,651	4,023,652	49.9%	6,029,651	4,023,652	49.9%
Total shareholders' equity	3,238,064	2,817,148	14.9%	3,238,064	2,817,148	14.9%
PER SHARE AND SHARE DATA						
As Reported						
Basic earnings per share	\$1.19	\$1.05	13.0%	\$3.24	\$3.69	(12.1)%
Diluted earnings per share	\$1.09	\$0.97	12.9%	\$2.98	\$3.42	(12.7)%
Weighted average common shares outstanding	152,662,584	152,464,156	0.1%	152,553,677	144,262,881	5.7%
Diluted weighted average common shares outstanding	165,397,980	166,213,948	(0.5)%	165,875,823	155,690,763	6.5%
Book value per share	\$21.20	\$18.48	14.7%	\$21.20	\$18.48	14.7%
Diluted book value per share (as-if converted) [b]	\$19.85	\$17.48	13.5%	\$19.85	\$17.48	13.5%
FINANCIAL RATIOS						
ROAE for period	5.7%	5.8%	(0.1)%	16.3%	22.3%	(6.0)%
Total return on investment portfolio	0.7%	0.4%	0.3%	3.4%	3.5%	(0.1)%
Annualized effective investment yield	3.7%	3.2%	0.5%	3.4%	2.6%	0.8%
Net loss and loss expense ratio	54.7%	51.9%	2.8%	61.4%	51.1%	10.3%
Acquisition cost ratio	14.4%	9.8%	4.6%	13.8%	13.0%	0.9%
General and administrative expense ratio	10.2%	10.3%	(0.1)%	9.2%	9.5%	(0.3)%
Combined ratio	<u>79.3%</u>	<u>72.0%</u>	<u>7.3%</u>	<u>84.4%</u>	<u>73.6%</u>	<u>10.8%</u>

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

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

AXIS Capital Holdings Limited

CONSOLIDATED STATEMENTS OF INCOME

	Quarter ended					
	December 31, 2004	September 30, 2004	June 30, 2004	March 31, 2004	December 31, 2003	December 31, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$651,169	\$687,700	\$629,319	\$1,044,123	\$479,666	\$329,343
Premiums ceded	(176,575)	(125,688)	(141,442)	(144,933)	(95,622)	(5,625)
Net premiums written	474,594	562,012	487,877	899,190	384,044	323,718
Gross premiums earned	689,748	652,273	601,640	567,187	489,432	232,093
Ceded premiums amortized	(140,800)	(130,475)	(115,237)	(95,939)	(88,687)	(13,017)
Net premiums earned	548,948	521,798	486,403	471,248	400,745	219,076
Other insurance related income (loss)	3,603	7,206	156	288	5,263	(639)
Total underwriting revenues	552,551	529,004	486,559	471,536	406,008	218,437
UNDERWRITING EXPENSES						
Net losses and loss expenses	\$300,219	\$445,575	\$257,850	\$242,600	\$207,884	\$80,637
Acquisition costs	78,894	79,222	65,491	56,963	39,527	38,223
General and administrative expenses	45,164	37,344	32,803	32,885	15,436	5,555
Total underwriting expenses	424,277	562,141	356,144	332,448	262,847	124,415
Underwriting income (loss)	128,274	(33,137)	130,415	139,088	143,161	94,022
OTHER OPERATING REVENUE (EXPENSES)						
Net investment income	\$47,451	\$40,017	\$33,345	\$31,259	\$27,363	\$15,974
Net realized gains (losses) on investments	4,216	3,732	(4,411)	10,097	1,377	9,738
Interest expense	(4,597)	(469)	(181)	(38)	(389)	(355)
Total other operating revenue (expenses)	47,070	43,280	28,753	41,318	28,351	25,357
OTHER EXPENSES (REVENUE)						
Net foreign exchange gains (losses)	\$18,583	\$3,459	(\$6,413)	(\$1,145)	\$12,899	\$7,014
Corporate expenses [a]	(10,781)	(9,724)	(9,639)	(8,965)	(25,729)	(16,840)
Total other (expenses) revenue	7,802	(6,265)	(16,052)	(10,110)	(12,830)	(9,826)
INCOME BEFORE INCOME TAXES	183,146	\$3,878	\$143,116	\$170,296	158,682	\$109,553
Income tax (expense) recovery	(2,071)	2,401	(2,260)	(3,510)	1,813	1,719
NET INCOME	\$181,075	\$6,279	\$140,856	\$166,786	160,495	\$111,272
COMPREHENSIVE INCOME	\$170,995	\$60,469	\$55,757	\$195,528	\$146,070	\$109,860
KEY RATIOS/PER SHARE DATA						
Net loss and loss expense ratio	54.7%	85.4%	53.0%	51.5%	51.9%	36.8%
Acquisition cost ratio	14.4%	15.2%	13.5%	12.1%	9.8%	17.4%
General and administrative expense ratio [a]	10.2%	9.0%	8.7%	8.9%	10.3%	10.2%
Combined ratio	79.3%	109.6%	75.2%	72.5%	72.0%	64.4%
Weighted average basic shares outstanding	152,662,584	152,534,495	152,487,082	152,480,904	152,464,156	135,975,617
Weighted average diluted shares outstanding	165,397,980	166,128,928	166,842,606	167,252,826	166,213,948	136,246,828
Basic earnings per share	\$1.19	\$0.04	\$0.92	\$1.09	\$1.05	\$0.82
Diluted earnings per share	\$1.09	\$0.04	\$0.84	\$1.00	\$0.97	\$0.80
Annualized Quarterly ROAE	22.9%	0.8%	18.6%	22.9%	23.4%	23.4%

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

AXIS Capital Holdings Limited

CONSOLIDATED STATEMENTS OF INCOME

	Year ended		
	December 31, 2004	December 31, 2003	December 31, 2002
UNDERWRITING REVENUES			
Gross premiums written	\$3,012,311	\$2,273,645	\$1,108,003
Premiums ceded	(588,638)	(365,258)	(89,726)
Net premiums written	2,423,673	1,908,387	694,560
Gross premiums earned	2,510,847	1,701,015	576,904
Ceded premiums amortized	(482,450)	(264,785)	(40,054)
Net premiums earned	2,028,397	1,436,230	536,850
Other insurance related income (loss)	11,253	25,019	(639)
Total underwriting revenues	2,039,650	1,461,249	536,211
UNDERWRITING EXPENSES			
Net losses and loss expenses	\$1,246,244	\$734,019	\$229,265
Acquisition costs	280,568	186,297	91,200
General and administrative expenses	148,196	43,415	12,503
Total underwriting expenses	1,675,008	963,731	332,968
Underwriting income	364,642	497,518	203,243
OTHER OPERATING REVENUE (EXPENSES)			
Net investment income	\$152,072	\$73,961	\$71,287
Net realized gains on investments	13,634	22,567	26,070
Interest expense	(5,285)	(1,478)	(1,414)
Total other operating revenue (expenses)	160,421	95,050	95,943
OTHER (EXPENSES) REVENUE			
Net foreign exchange gains	\$14,484	\$32,215	\$9,610
Corporate expenses [a]	(39,109)	(93,111)	(45,107)
Total other (expenses) revenue	(24,625)	(60,896)	(35,497)
INCOME BEFORE INCOME TAXES	\$500,438	\$531,672	\$263,689
Income tax (expense) recovery	(5,440)	678	1,430
NET INCOME	\$494,998	\$532,350	\$265,119
COMPREHENSIVE INCOME	\$482,749	\$532,030	\$291,059
KEY RATIOS/PER SHARE DATA			
Net loss and loss expense ratio	61.4%	51.1%	42.7%
Acquisition cost ratio	13.8%	13.0%	17.0%
General and administrative expense ratio [a]	9.2%	9.5%	10.7%
Combined ratio	84.4%	73.6%	70.4%
Weighted average basic shares outstanding	152,553,677	144,262,881	135,442,240
Weighted average diluted shares outstanding	165,875,823	155,690,763	138,480,623
Basic earnings per share	\$3.24	\$3.69	\$1.96
Diluted earnings per share	\$2.98	\$3.42	\$1.91
ROAE	16.3%	22.3%	14.7%

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

AXIS Capital Holdings Limited

CONSOLIDATED SEGMENT DATA

	Quarter ended December 31, 2004					Year ended December 31, 2004				
	Global Insurance	Global Reinsurance	U.S. Insurance	U.S. Reinsurance	Total Company	Global Insurance	Global Reinsurance	U.S. Insurance	U.S. Reinsurance	Total Company
UNDERWRITING REVENUES										
Gross premiums written	\$364,450	\$43,211	\$228,598	\$14,910	\$651,169	\$1,095,328	\$766,007	\$824,235	\$326,741	\$3,012,311
Net premiums written	313,950	39,773	106,846	14,025	474,594	933,198	737,885	430,087	322,503	2,423,673
Gross premiums earned	241,200	178,995	197,811	71,742	689,748	913,382	662,767	689,037	245,661	2,510,847
Ceded premiums amortized	(40,395)	(3,118)	(96,361)	(926)	(140,800)	(116,816)	(21,890)	(339,750)	(3,994)	(482,450)
Net premiums earned	200,805	175,877	101,450	70,816	548,948	796,566	640,877	349,287	241,667	2,028,397
Other insurance related income	3,377	226	---	---	3,603	10,264	989	---	---	11,253
Total underwriting revenues	204,182	176,103	101,450	70,816	552,551	806,830	641,866	349,287	241,667	2,039,650
UNDERWRITING EXPENSES										
Net losses and loss expenses	83,248	103,717	52,475	60,779	300,219	451,724	350,259	234,746	209,515	1,246,244
Acquisition costs [a]	35,423	24,509	3,302	15,660	78,894	124,953	94,160	10,779	50,676	280,568
General and administrative expenses [a]	11,005	8,739	21,555	3,865	45,164	35,052	29,725	71,482	11,937	148,196
Total underwriting expenses	129,676	136,965	77,332	80,304	424,277	611,729	474,144	317,007	272,128	1,675,008
UNDERWRITING INCOME (LOSS)	\$74,506	\$39,138	\$24,118	(\$9,488)	\$128,274	\$195,101	\$167,722	\$32,280	(\$30,461)	\$364,642
KEY RATIOS										
Net loss and loss expense ratio	41.5%	59.0%	51.6%	85.8%	54.7%	56.7%	54.7%	67.2%	86.7%	61.4%
Acquisition cost ratio	17.6%	13.9%	3.3%	22.1%	14.4%	15.7%	14.7%	3.1%	21.0%	13.8%
General and administrative expense ratio	5.5%	5.0%	21.2%	5.5%	8.2%	4.4%	4.6%	20.5%	4.9%	7.3%
Corporate ratio					2.0%					1.9%
Combined ratio	64.6%	77.9%	76.2%	113.4%	79.3%	76.8%	74.0%	90.8%	112.6%	84.4%

[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
GROSS PREMIUM WRITTEN BY SEGMENT BY LINE OF BUSINESS

	Quarter ended				Year ended			
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2004	Dec. 31, 2003
GLOBAL INSURANCE								
Specialty risks [a]	\$205,052	\$77,945	\$65,793	\$143,917	\$146,021	\$164,071	\$492,707	\$377,336
Onshore and offshore energy	33,241	43,173	58,008	55,145	45,762	34,724	189,567	219,386
Aviation and aerospace	82,611	38,646	31,384	23,188	93,430	72,006	175,829	178,442
Property [b]	33,851	38,634	42,479	34,537	(11,301)	35,715	149,501	124,135
Marine	9,695	15,884	18,524	43,621	6,137	3,383	87,724	81,362
Total global insurance	<u>364,450</u>	<u>214,282</u>	<u>216,188</u>	<u>300,408</u>	<u>280,049</u>	<u>309,899</u>	<u>1,095,328</u>	<u>980,661</u>
GLOBAL REINSURANCE								
Catastrophe	34,481	56,209	88,404	244,147	17,606	7,223	423,241	339,137
Property pro rata	4,978	51,466	15,030	52,649	(5,561)	9,536	124,123	61,003
Property per risk	788	43,730	10,096	24,558	4,682	414	79,172	50,681
Credit and bond	692	4,820	258	67,582	-	-	73,352	-
Motor and general liability	1,880	3,276	5,026	40,635	-	-	50,817	-
Other	392	4,336	11,070	(496)	(17)	2,271	15,302	12,117
Total global reinsurance	<u>43,211</u>	<u>163,837</u>	<u>129,884</u>	<u>429,075</u>	<u>16,710</u>	<u>19,444</u>	<u>766,007</u>	<u>462,938</u>
U.S. INSURANCE								
Property	76,351	102,048	83,151	51,742	68,576	-	313,291	225,508
Professional lines	83,075	64,901	78,706	45,542	61,533	-	272,224	242,582
Liability	69,172	60,431	58,058	51,059	44,702	-	238,720	157,808
Total U.S. insurance	<u>228,598</u>	<u>227,380</u>	<u>219,915</u>	<u>148,343</u>	<u>174,811</u>	<u>-</u>	<u>824,235</u>	<u>625,898</u>
U.S. REINSURANCE								
Professional lines	13,966	45,363	27,965	115,085	4,892	-	202,379	132,148
Liability	(534)	22,519	14,798	37,822	2,227	-	74,605	46,035
Property	947	13,052	18,996	10,500	-	-	43,495	19,535
Marine and aviation	531	1,267	1,573	2,890	977	-	6,262	6,430
Total U.S. reinsurance	<u>14,910</u>	<u>82,201</u>	<u>63,332</u>	<u>166,297</u>	<u>8,096</u>	<u>-</u>	<u>326,741</u>	<u>204,148</u>
TOTAL	<u>651,169</u>	<u>687,700</u>	<u>\$ 629,319</u>	<u>1,044,123</u>	<u>\$479,666</u>	<u>\$329,343</u>	<u>\$3,012,311</u>	<u>2,273,645</u>

[a] Including terrorism, marine and aviation war risk, political risk and D&O.

[b] During the quarter ended December 31, 2003, the negative gross premium written was caused by a refinement in the method of estimating gross written premiums. This refinement more closely aligns the Company's estimation and recording of gross premium written with the activity reported by our ceding companies.

AXIS Capital Holdings Limited

GLOBAL INSURANCE SEGMENT DATA

	Quarter ended					
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Dec. 31, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$364,450	\$214,282	\$216,188	\$300,408	\$280,049	\$309,899
Net premiums written	313,950	203,469	183,240	232,539	264,661	304,274
Gross premiums earned	241,200	225,026	227,815	219,341	213,792	156,948
Ceded premiums amortized	(40,395)	(25,549)	(31,247)	(19,625)	(18,400)	(13,020)
Net premiums earned	200,805	199,477	196,568	199,716	195,392	143,928
Other insurance related income (loss)	3,377	7,106	(399)	179	5,135	(639)
Total underwriting revenues	204,182	206,583	196,169	199,895	200,527	143,289
UNDERWRITING EXPENSES						
Net losses and loss expenses	83,248	152,333	117,616	98,527	101,995	40,164
Acquisition costs [a]	35,423	33,067	30,422	26,041	18,405	23,068
General and administrative expenses [a]	11,005	8,592	7,265	8,190	5,826	2,217
Total underwriting expenses	129,676	193,992	155,303	132,758	126,226	65,449
UNDERWRITING INCOME	\$74,506	\$12,591	\$40,866	\$67,137	\$74,301	\$77,840
KEY RATIOS						
Net loss and loss expense ratio	41.5%	76.4%	59.8%	49.3%	52.2%	27.9%
Acquisition cost ratio	17.6%	16.5%	15.5%	13.0%	9.4%	16.0%
General and administrative expense ratio	5.5%	4.3%	3.7%	4.1%	3.0%	1.5%
Combined ratio	64.6%	97.2%	79.0%	66.4%	64.6%	45.5%

[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

GLOBAL REINSURANCE SEGMENT DATA

	Quarter ended					
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Dec. 31, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$43,211	\$163,837	\$129,884	\$429,075	\$16,710	\$19,443
Net premiums written	39,773	153,062	124,875	420,175	16,710	19,443
Gross premiums earned	178,995	181,017	155,652	147,103	111,541	75,146
Ceded premiums amortized	(3,118)	(14,281)	(2,382)	(2,109)	(1,464)	---
Net premiums earned	175,877	166,736	153,270	144,994	110,077	75,146
Other insurance related income	226	100	555	109	128	---
Total underwriting revenues	176,103	166,836	153,825	145,103	110,205	75,146
UNDERWRITING EXPENSES						
Net losses and loss expenses	103,717	137,364	54,036	55,141	41,719	40,473
Acquisition costs [a]	24,509	26,365	22,496	20,791	13,195	15,155
General and administrative expenses [a]	8,739	7,654	6,825	6,507	1,171	3,338
Total underwriting expenses	136,965	171,383	83,357	82,439	56,085	58,966
UNDERWRITING INCOME (LOSS)	\$39,138	(\$4,547)	\$70,468	\$62,664	\$54,120	\$16,180
KEY RATIOS						
Net loss and loss expense ratio	59.0%	82.4%	35.3%	38.0%	37.9%	53.9%
Acquisition cost ratio	13.9%	15.8%	14.7%	14.3%	11.9%	20.2%
General and administrative expense ratio	5.0%	4.6%	4.5%	4.5%	1.1%	4.4%
Combined ratio	77.9%	102.8%	54.5%	56.8%	50.9%	78.5%

[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

U.S. INSURANCE SEGMENT DATA

	Quarter ended					
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Dec. 31, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$228,598	\$227,380	\$219,915	\$148,343	\$174,811	---
Net premiums written	106,846	124,812	117,605	80,824	95,691	---
Gross premiums earned	197,811	179,714	164,211	147,302	132,813	---
Ceded premiums amortized	(96,361)	(89,448)	(80,544)	(73,398)	(68,064)	---
Net premiums earned	101,450	90,266	83,667	73,904	64,749	---
Other insurance related income	---	---	---	---	---	---
Total underwriting revenues	101,450	90,266	83,667	73,904	64,749	---
UNDERWRITING EXPENSES						
Net losses and loss expenses	52,475	85,531	47,124	49,617	41,754	---
Acquisition costs [a]	3,302	4,941	2,363	173	2,007	---
General and administrative expenses [a]	21,555	18,222	16,112	15,593	6,772	---
Total underwriting expenses	77,332	108,694	65,599	65,383	50,533	---
UNDERWRITING INCOME (LOSS)	\$24,118	(\$18,428)	\$18,068	\$8,521	\$14,216	---
KEY RATIOS						
Net loss and loss expense ratio	51.6%	94.7%	56.3%	67.1%	64.5%	---
Acquisition cost ratio	3.3%	5.5%	2.8%	0.2%	3.1%	---
General and administrative expense ratio	21.2%	20.2%	19.3%	21.1%	10.5%	-
Combined ratio	76.2%	120.4%	78.4%	88.4%	78.1%	---

[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

U.S. REINSURANCE SEGMENT DATA

	Quarter ended					
	Dec. 31, 2004	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003	Dec. 31, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$14,910	\$82,201	\$63,332	\$166,297	\$8,096	---
Net premiums written	14,025	80,669	62,157	165,652	6,983	---
Gross premiums earned	71,742	66,516	53,962	53,441	31,286	---
Ceded premiums amortized	(926)	(1,197)	(1,064)	(807)	(759)	---
Net premiums earned	70,816	65,319	52,898	52,634	30,527	---
Other insurance related income	---	---	---	---	---	---
Total underwriting revenues	70,816	65,319	52,898	52,634	30,527	---
UNDERWRITING EXPENSES						
Net losses and loss expenses	60,779	70,347	39,074	39,315	22,416	---
Acquisition costs [a]	15,660	14,849	10,210	9,958	5,920	---
General and administrative expenses [a]	3,865	2,876	2,601	2,595	1,666	---
Total expenses	80,304	88,072	51,885	51,868	30,002	---
UNDERWRITING (LOSS) INCOME	(\$9,488)	(\$22,753)	\$1,013	\$766	\$525	---
KEY RATIOS						
Net loss and loss expense ratio	85.8%	107.7%	73.9%	74.7%	73.4%	---
Acquisition cost ratio	22.1%	22.7%	19.3%	18.9%	19.4%	---
General and administrative expense ratio	5.5%	4.4%	4.9%	4.9%	5.5%	-
Combined ratio	113.4%	134.8%	98.1%	98.5%	98.3%	---

[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
CONSOLIDATED BALANCE SHEETS

	<u>Dec. 31, 2004</u>	<u>Sept. 30, 2004</u>	<u>June 30, 2004</u>	<u>Mar. 31, 2004</u>	<u>Dec. 31, 2003</u>	<u>Dec. 31, 2002</u>
ASSETS						
Cash and cash equivalents	\$632,329	\$935,331	\$721,215	\$802,129	\$605,175	\$729,296
Fixed maturity investments at fair market value	5,128,345	4,360,522	3,993,883	3,692,455	3,385,576	1,702,990
Other investments	271,344	83,143	34,403	9,332	-	-
Accrued interest receivable	47,487	33,588	36,612	30,564	29,530	16,502
Net receivable for investments sold	-	-	-	-	3,371	-
Securities lending collateral	865,311	765,273	755,968	505,186	-	-
Insurance and reinsurance premium balances receivable	914,562	924,575	994,819	1,019,195	660,530	327,615
Deferred acquisition costs	211,082	229,102	222,288	219,113	136,281	77,166
Prepaid reinsurance premiums	271,187	234,182	240,199	213,994	164,999	49,673
Reinsurance balances recoverable	596,299	551,164	245,909	190,917	124,899	1,703
Intangible assets	23,152	23,536	23,919	24,204	24,579	14,079
Other assets	68,605	62,716	50,974	39,899	37,333	19,204
TOTAL ASSETS	<u>9,029,703</u>	<u>8,203,132</u>	<u>7,320,189</u>	<u>\$6,746,988</u>	<u>\$5,172,273</u>	<u>\$2,938,228</u>
LIABILITIES						
Reserve for losses and loss expenses	\$2,404,560	\$2,223,234	\$1,541,193	\$1,261,094	\$992,846	\$215,934
Unearned premiums	1,644,771	1,682,119	1,648,062	1,620,384	1,143,447	555,962
Insurance and reinsurance balances payable	247,940	190,195	208,141	193,252	151,381	94,803
Accounts payable and accrued expenses	81,222	59,957	44,072	39,456	67,451	24,119
Security lending payable	864,354	765,333	755,618	504,730	-	-
Net payable for investments purchased	49,854	197,302	80,589	121,509	-	86,377
Debt	498,938	-	-	-	-	-
TOTAL LIABILITIES	<u>5,791,639</u>	<u>5,118,140</u>	<u>4,277,675</u>	<u>\$3,740,425</u>	<u>\$2,355,125</u>	<u>\$977,195</u>
SHAREHOLDERS' EQUITY						
Common shares	1,910	1,906	1,906	1,906	1,906	1,727
Additional paid-in capital	2,017,144	2,013,325	2,009,716	2,005,425	2,000,731	1,686,599
Deferred compensation	-	-	-	-	-	(20,576)
Accumulated other comprehensive income	12,915	22,997	(31,193)	53,906	25,164	25,484
Retained earnings	1,206,095	1,046,764	1,062,085	945,326	789,347	267,799
TOTAL SHAREHOLDERS' EQUITY	<u>3,238,064</u>	<u>3,084,992</u>	<u>3,042,514</u>	<u>\$3,006,563</u>	<u>\$2,817,148</u>	<u>\$1,961,033</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>9,029,703</u>	<u>8,203,132</u>	<u>7,320,189</u>	<u>\$6,746,988</u>	<u>\$5,172,273</u>	<u>\$2,938,228</u>
Book value per share	<u>\$21.20</u>	<u>\$20.22</u>	<u>\$19.95</u>	<u>\$19.72</u>	<u>\$18.48</u>	<u>\$14.19</u>

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2004

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,730,096	\$6,186	(\$10,475)	\$1,725,807	30.2%
Non U.S. government securities	117,702	2,834	(162)	120,374	2.1%
Corporate debt securities	956,439	11,688	(4,686)	963,441	16.9%
Mortgage-backed securities	1,707,668	11,794	(4,703)	1,714,759	30.0%
Asset-backed securities	349,014	703	(1,172)	348,545	6.1%
Municipals	254,078	2,204	(863)	255,419	4.5%
Mortgage derivatives [a]	-	-	-	-	-
Total Fixed Maturities	\$5,114,997	\$35,409	(\$22,061)	\$5,128,345	89.8%
Cash, net of unsettled trades	231,479	-	-	231,479	4.1%
Total Invested Assets	\$5,346,476	\$35,409	(\$22,061)	\$5,359,824	93.9%
Operating Cash Balances	350,996	-	-	350,996	6.1%
Total Cash and Investments	\$5,697,472	\$35,409	(\$22,061)	\$5,710,820	100.0%

CREDIT QUALITY	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$4,095,993	80.1%	\$4,102,562	80.0%
AA	200,091	3.9%	201,050	3.9%
A	513,548	10.0%	514,903	10.0%
BBB	305,365	6.0%	309,830	6.1%
Total	\$5,114,997	100.0%	\$5,128,345	100.0%

MATURITY	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$324,727	6.4%	\$324,080	6.3%
From one to five years	1,826,766	35.7%	1,820,425	35.5%
From five to ten years	773,555	15.1%	782,372	15.3%
Above ten years	133,267	2.6%	138,164	2.7%
Asset-backed and mortgage-backed securities	2,056,682	40.2%	2,063,304	40.2%
Total	\$5,114,997	100.0%	\$5,128,345	100.0%

Other Investments [b]	n/a		\$271,344	
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[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.

[b] Other Investments include investments in Collateralized Loan Obligations, Medium Term Notes and Investment Funds.

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO COMPOSITION

	<u>Dec. 31, 2004</u>	<u>Sept. 30, 2004</u>	<u>June 30, 2004</u>	<u>Mar. 31, 2004</u>	<u>Dec. 31, 2003</u>
TYPE OF INVESTMENT	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %
U.S. government and agency securities	30.2%	28.5%	32.0%	29.0%	31.4%
Non U.S. government securities	2.1%	1.6%	1.5%	1.6%	0.4%
Corporate debt securities	16.9%	17.1%	17.3%	19.2%	18.0%
Mortgage-backed securities	30.0%	26.7%	26.5%	24.1%	25.4%
Asset-backed securities	6.1%	4.6%	3.8%	4.5%	4.7%
Municipals	4.5%	4.9%	4.7%	4.7%	4.9%
Mortgage derivatives [a]	-	2.1%	0.4%	1.3%	-
Total Fixed Maturities	89.8%	85.5%	86.2%	84.4%	84.8%
Cash, net of unsettled trades	4.1%	3.3%	2.7%	4.0%	5.1%
Total Invested Assets	93.9%	88.8%	88.9%	88.4%	89.9%
Operating Cash Balances	6.1%	11.2%	11.1%	11.6%	10.1%
Total Cash and Investments	100.0%	100.0%	100.0%	100.0%	100.0%

	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>
CREDIT QUALITY					
AAA	80.0%	78.4%	78.7%	76.1%	77.8%
AA	3.9%	4.3%	3.5%	4.1%	3.9%
A	10.0%	11.1%	11.6%	13.4%	11.4%
BBB	6.1%	6.2%	6.2%	6.4%	6.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>	<u>Fair Value %</u>
MATURITY					
Within one year	6.3%	2.5%	4.7%	4.9%	3.5%
From one to five years	35.5%	37.7%	37.1%	38.1%	38.1%
From five to ten years	15.3%	16.7%	18.3%	17.3%	18.4%
Above ten years	2.7%	4.0%	4.3%	4.2%	4.5%
Asset-backed and mortgage-backed securities	40.2%	39.1%	35.6%	35.5%	35.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

	<u>As of or for the quarter ended</u>				
	<u>Dec. 31, 2004</u>	<u>Sept. 30, 2004</u>	<u>June 30, 2004</u>	<u>Mar. 31, 2004</u>	<u>Dec. 31, 2003</u>
Annualized effective yield	3.7%	3.5%	3.2%	3.3%	3.2%
Yield to maturity	3.8%	3.6%	3.5%	3.3%	3.3%
Average duration of invested assets	2.8	3.1 yrs	3.3 yrs	2.9 yrs	3.0 yrs
Average credit quality	AA+	AA+	AA+	AA+	AA+

[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					Year ended	
	Dec. 31, 2004	Sept 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Dec. 31, 2004	Dec. 31, 2003
Aggregate AXIS Capital portfolio	0.74%	2.40%	-1.67%	1.97%	0.41%	3.43%	3.50%
Composite Benchmark [a]	0.65%	2.45%	-1.84%	2.03%	0.48%	3.28%	3.40%
	0.09%	-0.05%	0.17%	-0.06%	-0.07%	0.15%	0.10%
Individual portfolios							
Total return liquidity portfolio	0.20%	1.14%	-1.02%	1.11%	0.02%	1.43%	1.98%
Merrill Lynch 1-3 year Treasury Index	0.13%	0.96%	-1.06%	0.99%	0.16%	0.90%	1.91%
	0.07%	0.18%	0.04%	0.12%	-0.14%	0.53%	0.07%
Total return intermediate duration portfolios	0.87%	2.55%	-1.62%	2.15%	0.50%	3.96%	4.21%
Customized benchmark [b]	0.78%	2.67%	-1.95%	2.27%	0.42%	3.75%	3.80%
	0.09%	-0.12%	0.33%	-0.12%	0.08%	0.21%	0.40%
Total return long duration portfolios	1.02%	3.19%	-2.40%	2.60%	0.23%	4.40%	3.79%
Customized benchmark [b]	0.93%	3.16%	-2.40%	2.65%	0.32%	4.32%	4.11%
	0.09%	0.03%	0.00%	-0.05%	-0.09%	0.08%	-0.32%
Total return U.S. combined portfolios	0.76%	2.62%	-1.95%	1.94%	0.27%	3.35%	2.26%
Customized benchmark [b]	0.75%	2.75%	-1.96%	2.05%	0.46%	3.58%	2.63%
	0.01%	-0.13%	0.01%	-0.11%	-0.19%	-0.23%	-0.37%

[a] The return for the composite benchmark is calculated using the market value weighted average of each individual portfolios 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 December 31, 2004

Issuer	Lowest Rating	Fair Value at December 31, 2004	% of Total Fair Value
HSBC Holdings PLC	A1/A	\$44,602	0.83%
Citigroup Inc.	Aa1/AA-	41,263	0.76%
General Electric Company	Aaa/AAA	34,947	0.65%
General Motors Corporation	Baa3/BBB-	29,907	0.55%
Ford Motor Company	A3/BBB-	28,299	0.52%
Goldman Sachs Group, Inc.	Aa3/A+	27,662	0.51%
Bank of America Corporation	Aa3/A+	25,508	0.47%
Verizon Communications Inc.	A3/A+	22,663	0.42%
Lehman Brothers Holdings, Inc.	A1/A	22,457	0.42%
Time Warner Inc.	Baa1/BBB+	20,677	0.38%
Total		<u>\$297,985</u>	<u>5.51%</u>

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

	Quarter ended December 31, 2004			Year ended December 31, 2004		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$2,223,234	(\$551,164)	\$1,672,070	\$992,846	(\$124,899)	\$867,947
Total incurred losses and loss expenses	366,054	(65,835)	300,219	1,745,045	(498,801)	1,246,244
Losses acquired	656	---	656	656	---	656
Total paid losses and loss expenses	(190,027)	28,350	(161,677)	(338,651)	35,051	(303,600)
Foreign exchange losses	4,643	---	4,643	4,664	---	4,664
Reserve for losses and loss expenses, end of period	<u>\$2,404,560</u>	<u>(\$588,649)</u>	<u>\$1,815,911</u>	<u>\$2,404,560</u>	<u>(\$588,649)</u>	<u>\$1,815,911</u>
Paid to incurred percentage	<u>51.9%</u>	<u>43.1%</u>	<u>53.9%</u>	<u>19.4%</u>	<u>7.0%</u>	<u>24.4%</u>

AXIS Capital Holdings Limited

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

	Quarter ended December 31, 2004					Year ended December 31, 2004				
	Global Insurance	Global Reinsurance	U.S. Insurance	U.S. Reinsurance	Total	Global Insurance	Global Reinsurance	U.S. Insurance	U.S. Reinsurance	Total
Net paid losses	\$32,177	\$85,558	\$19,571	\$24,371	\$161,677	\$100,068	\$132,669	\$42,249	\$28,614	\$303,600
Change in gross unpaid loss and loss expense reserves:										
Change in gross outstanding	63,465	30,744	56,097	12,877	163,183	109,986	85,325	181,300	23,971	400,582
Change in gross IBNR	9,042	(14,585)	(6,090)	24,470	12,837	286,752	202,765	356,148	160,103	1,005,768
Change in gross unpaid loss and loss expense reserves	72,507	16,159	50,007	37,347	176,020	396,738	288,090	537,448	184,074	1,406,350
Reinsurance recoveries on unpaid loss and loss expense reserves	(21,436)	2,000	(17,103)	(939)	(37,478)	(45,082)	(70,500)	(344,951)	(3,173)	(463,706)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$83,248	\$103,717	\$52,475	\$60,779	\$300,219	\$451,724	\$350,259	\$234,746	\$209,515	\$1,246,244
Net paid to net incurred percentage	38.7%	82.5%	37.3%	40.1%	53.9%	22.2%	37.9%	18.0%	13.7%	24.4%
Net paid losses / Net premiums earned	16.0%	48.6%	19.3%	34.4%	29.5%	12.6%	20.7%	12.1%	11.8%	15.0%
Increase in Net loss and loss expense reserves / Net premiums earned	25.4%	10.3%	32.4%	51.4%	25.1%	44.1%	34.0%	55.0%	74.9%	46.6%
Net incurred losses and loss expenses / Net premiums earned	41.5%	59.0%	51.6%	85.8%	54.7%	56.7%	54.7%	67.2%	86.7%	61.4%
Prior years favorable reserve development	\$23,916	\$12,990	\$3,472	\$0	\$40,378	\$92,497	\$73,146	\$14,302	\$1,767	\$181,712

AXIS Capital Holdings Limited

ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

	As at December 31, 2004			As at December 31, 2003		
	Gross	Recoveries [a] [b]	Net	Gross	Recoveries	Net
Case reserves	\$585,827	(\$233,102)	\$352,725	\$179,881	(\$11,966)	\$167,915
Incurred but not reported reserves (IBNR)	1,818,733	(355,547)	1,463,186	812,965	(112,933)	700,032
Reserve for losses and loss expenses, end of period	<u>\$2,404,560</u>	<u>(\$588,649)</u>	<u>\$1,815,911</u>	<u>\$992,846</u>	<u>(\$124,899)</u>	<u>\$867,947</u>
IBNR as a % of reserve for losses and loss expenses	75.6%	60.4%	80.6%	81.9%	90.4%	80.7%

[a] At December 31, 2004, \$280,739 of recoveries relate to case reserves and IBNR established on Hurricanes Charley, Frances, Ivan and Jeanne. All recoveries relating to the hurricanes were from reinsurers, of which 99% were rated the equivalent of A- or better, and 97% were rated the equivalent of A or better, by internationally recognized rating agencies.

[b] At December 31, 2004 \$7,650, reinsurance recoverables were due on paid losses. Including this amount the total reinsurance recoverable is \$596,299.

AXIS Capital Holdings Limited

EARNINGS PER SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended December 31,		Year ended December 31,	
	2004	2003	2004	2003
Net income	\$181,075	\$160,495	\$494,998	\$532,350
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic weighted average common shares outstanding	152,662,584	152,464,156	152,553,677	144,262,881
Shares equivalents				
Warrants	9,952,302	10,662,063	10,360,766	8,936,847
Options	2,071,599	2,248,648	2,173,949	1,847,187
Restricted stock	711,495	839,081	787,431	643,848
Diluted weighted average common shares outstanding	165,397,980	166,213,948	165,875,823	155,690,763
NET INCOME PER SHARE				
Basic	\$1.19	\$1.05	\$3.24	\$3.69
Diluted	\$1.09	\$0.97	\$2.98	\$3.42

AXIS Capital Holdings Limited

DILUTED BOOK VALUE PER SHARE

	As at	
	December 31, 2004	December 31, 2003
AS-IF CONVERTED METHOD		
Basic common shares outstanding	152,764,917	152,474,011
Add: warrants outstanding	19,619,152	19,690,692
Weighted average exercise price per share	\$12.48	\$12.43
Add: options outstanding	5,694,181	4,695,512
Weighted average exercise price per share	\$16.64	\$13.34
Add: restricted stock	2,182,700	1,884,696
Diluted shares outstanding	180,260,950	178,744,911
Shareholders' equity	\$3,238,064	\$2,817,148
Add: proceeds from converted warrants	244,812	244,811
Add: proceeds from converted options	94,724	62,630
As if converted shareholders' equity	\$3,577,600	\$3,124,589
Book value per share	\$21.20	\$18.48
Diluted book value per share	\$19.85	\$17.48
TREASURY STOCK METHOD		
Closing price	\$27.36	\$29.28
Basic common shares outstanding	152,764,917	152,474,011
Add: warrants outstanding	19,619,152	19,690,692
Weighted average exercise price per share	\$12.48	\$12.43
Less: warrants bought back via treasury method	8,947,790	8,361,039
Add: options outstanding	5,694,181	4,695,512
Weighted average exercise price per share	\$16.64	\$13.34
Less: options bought back via treasury method	3,462,140	2,139,003
Add: restricted stock outstanding	2,182,700	1,884,696
Diluted shares outstanding	167,851,020	168,244,869
Book value per share	\$21.20	\$18.48
Diluted book value per share	\$19.29	\$16.74