



AXIS Capital Holdings Limited

INVESTOR FINANCIAL SUPPLEMENT

THIRD 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

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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, 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 costs 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.

AXIS Capital Holdings Limited

FINANCIAL HIGHLIGHTS

		Quarter ended		Previous Period Change	Nine months ended		Previous Period Change
		September 30,			September 30,		
		2004	2003		2004	2003	
HIGHLIGHTS	Gross written premiums	\$687,700	\$633,942	8.5%	\$2,361,142	\$1,793,979	31.6%
	Net written premiums	562,012	534,375	5.2%	1,949,079	1,524,343	27.9%
	Net premiums earned	521,798	397,466	31.3%	1,479,449	1,035,485	42.9%
	Net income	6,279	146,982	(95.7)%	313,923	371,854	(15.6)%
	Total assets	8,203,132	5,253,520	56.1%	8,203,132	5,253,520	56.1%
	Total cash and investments [a]	5,215,282	3,690,493	41.3%	5,215,282	3,690,493	41.3%
	Total shareholders' equity	3,084,992	2,680,802	15.1%	3,084,992	2,680,802	15.1%
PER SHARE AND SHARE DATA							
As Reported	Basic earnings per share	\$0.04	\$0.97	(95.8)%	\$2.06	\$2.63	(21.7)%
	Diluted earnings per share	\$0.04	\$0.90	(95.8)%	\$1.89	\$2.46	(23.2)%
	Weighted average common shares outstanding	152,534,495	151,453,213	0.7%	152,523,144	141,499,081	7.8%
	Diluted weighted average common shares outstanding	166,128,928	163,232,232	1.8%	166,401,498	151,322,233	10.0%
	Book value per share	\$20.22	\$17.37	16.4%	\$20.22	\$17.37	16.4%
	Diluted book value per share (as-if converted)*	\$19.00	\$16.72	13.6%	\$19.00	\$16.72	13.6%
FINANCIAL RATIOS	ROAE, net income	0.2%	6.0%	(5.8)%	10.6%	16.0%	(5.4)%
	Total return on investment portfolio	2.4%	0.3%	2.1%	2.7%	3.1%	(0.4)%
	Annualized effective investment yield	3.5%	2.6%	0.9%	3.3%	2.4%	0.9%
	Net loss and loss expense ratio	85.4%	46.3%	39.1%	63.9%	50.8%	13.1%
	Acquisition cost ratio	15.2%	14.1%	1.1%	13.6%	14.2%	(0.6)%
	General and administrative expense ratio	9.1%	8.8%	0.3%	8.9%	9.3%	(0.4)%
	Combined ratio	109.7%	69.2%	40.5%	86.4%	74.3%	12.1%

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

[a] 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					
	September 30, 2004	June 30, 2004	March 31, 2004	December 31, 2003	September 30, 2003	September 30, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$687,700	\$629,319	\$1,044,123	\$479,666	\$633,942	\$252,260
Premiums ceded	(125,688)	(141,442)	(144,933)	(95,622)	(99,567)	(52,289)
Net premiums written	562,012	487,877	899,190	384,044	534,375	199,971
Gross premiums earned	652,273	601,640	567,187	489,432	481,913	180,085
Ceded premiums amortized	(130,475)	(115,237)	(95,939)	(88,687)	(84,447)	(12,382)
Net premiums earned	521,798	486,403	471,248	400,745	397,466	167,703
Other insurance related income	7,206	156	288	5,263	8,548	---
Total underwriting revenues	529,004	486,559	471,536	406,008	406,014	167,703
UNDERWRITING EXPENSES						
Net losses and loss expenses	\$445,575	\$257,850	\$242,600	\$207,884	\$184,180	\$63,841
Acquisition costs	79,222	65,491	56,963	39,527	56,101	28,300
General and administrative expenses	37,344	32,803	32,885	15,436	9,669	2,725
Total underwriting expenses	562,141	356,144	332,448	262,847	249,950	94,866
Underwriting (loss) income	(33,137)	130,415	139,088	143,161	156,064	72,837
OTHER OPERATING REVENUE (EXPENSES)						
Net investment income	\$40,017	\$33,345	\$31,259	\$27,363	\$19,342	\$21,476
Net realized gains (losses) on investments	3,732	(4,411)	10,097	1,377	(5,713)	6,868
Total other operating revenue (expenses)	43,749	28,934	41,356	28,740	13,629	28,344
OTHER						
Net foreign exchange gains (losses)	\$3,459	(\$6,413)	(\$1,145)	\$12,899	\$4,574	\$2,487
Corporate expenses [a]	(10,193)	(9,820)	(9,003)	(26,117)	(25,174)	(11,274)
Total other (expenses) revenue	(6,734)	(16,233)	(10,148)	(13,218)	(20,600)	(8,787)
INCOME BEFORE INCOME TAXES	\$3,878	\$143,116	\$170,296	\$158,683	\$149,093	\$92,394
Income tax recovery (expense)	2,401	(2,260)	(3,510)	1,813	(2,111)	(271)
NET INCOME	\$6,279	\$140,856	\$166,786	\$160,496	\$146,982	\$92,123
COMPREHENSIVE INCOME	\$60,469	\$55,757	\$195,528	\$146,070	\$148,851	\$115,187
KEY RATIOS/PER SHARE DATA						
Net loss and loss expense ratio	85.4%	53.0%	51.5%	51.9%	46.3%	38.1%
Acquisition cost ratio	15.2%	13.5%	12.1%	9.8%	14.2%	16.9%
General and administrative expense ratio [a]	9.1%	8.8%	8.9%	10.4%	8.8%	8.3%
Combined ratio	109.7%	75.3%	72.5%	72.1%	69.2%	63.3%
Weighted average basic shares outstanding	152,534,495	152,487,082	152,480,904	152,464,156	151,453,213	135,281,608
Weighted average diluted shares outstanding	166,128,928	166,842,606	167,252,826	166,213,948	163,232,232	136,246,828
Basic earnings per share	\$0.04	\$0.92	\$1.09	\$1.05	\$0.97	\$0.68
Diluted earnings per share	\$0.04	\$0.84	\$1.00	\$0.97	\$0.90	\$0.68
Annualized Quarterly ROAE	0.8%	18.6%	22.9%	23.4%	24.0%	20.7%

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

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CONSOLIDATED STATEMENTS OF INCOME

	Nine months ended			Year ended	
	September 30, 2004	September 30, 2003	September 30, 2002	December 31, 2003	December 31, 2002
UNDERWRITING REVENUES					
Gross premiums written	\$2,361,142	\$1,793,979	\$778,660	\$2,273,645	\$1,108,003
Premiums ceded	(412,063)	(269,636)	(84,100)	(365,258)	(89,726)
Net premiums written	1,949,079	1,524,343	694,560	1,908,387	1,018,277
Gross premiums earned	1,821,099	1,211,584	344,811	1,701,015	576,904
Ceded premiums amortized	(341,650)	(176,099)	(27,036)	(264,785)	(40,054)
Net premiums earned	1,479,449	1,035,485	317,776	1,436,230	536,850
Other insurance related income (loss)	7,650	19,756	---	25,019	(639)
Total underwriting revenues	1,487,099	1,055,241	317,776	1,461,249	536,211
UNDERWRITING EXPENSES					
Net losses and loss expenses	\$946,025	\$526,135	\$148,628	\$734,019	\$229,265
Acquisition costs	201,674	146,770	52,977	186,296	91,200
General and administrative expenses	103,032	27,980	6,948	43,416	12,503
Total underwriting expenses	1,250,731	700,885	208,553	963,731	332,968
Underwriting income	236,368	354,356	109,223	497,518	203,243
OTHER OPERATING REVENUE (EXPENSES)					
Net investment income	\$104,621	\$46,598	\$55,313	\$73,961	\$71,287
Net realized gains on investments	9,418	21,190	16,332	22,567	26,070
Total other operating revenue (expenses)	114,039	67,788	71,645	96,528	97,357
OTHER					
Net foreign exchange (losses) gains	(\$4,099)	\$19,316	\$2,596	\$32,215	\$9,610
Corporate expenses [a]	(29,016)	(68,471)	(29,327)	(94,589)	(46,521)
Total other (expenses) revenue	(33,115)	(49,155)	(26,731)	(62,374)	(36,911)
INCOME BEFORE INCOME TAXES	\$317,292	\$372,989	\$154,137	\$531,672	\$263,689
Income tax (expense) recovery	(3,369)	(1,135)	(289)	678	1,430
NET INCOME	\$313,923	\$371,854	\$153,848	\$532,350	\$265,119
COMPREHENSIVE INCOME	\$311,756	\$385,959	\$181,199	\$532,030	\$291,059
KEY RATIOS/PER SHARE DATA					
Net loss and loss expense ratio	63.9%	50.8%	46.8%	51.1%	42.7%
Acquisition cost ratio	13.6%	14.2%	16.7%	13.0%	17.0%
General and administrative expense ratio [a]	8.9%	9.3%	11.4%	9.6%	11.0%
Combined ratio	86.4%	74.3%	74.9%	73.7%	70.7%
Weighted average basic shares outstanding	152,523,144	141,499,081	135,252,904	144,262,881	135,442,240
Weighted average diluted shares outstanding	166,401,498	151,322,233	136,082,749	155,690,763	138,480,623
Basic earnings per share	\$2.06	\$2.63	\$1.14	\$3.69	\$1.96
Diluted earnings per share	\$1.89	\$2.46	\$1.13	\$3.42	\$1.91
ROAE	14.2%	21.4%	11.8%	22.3%	14.7%

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

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CONSOLIDATED SEGMENT DATA

	Quarter ended September 30, 2004					Nine months ended September 30, 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	\$214,282	\$163,837	\$227,380	\$82,201	\$687,700	\$730,878	\$722,796	\$595,637	\$311,831	\$2,361,142
Net premiums written	203,469	153,062	124,812	80,669	562,012	619,248	698,112	323,241	308,478	1,949,079
Gross premiums earned	225,026	181,017	179,714	66,516	652,273	672,182	483,772	491,226	173,919	1,821,099
Ceded premiums amortized	(25,549)	(14,281)	(89,448)	(1,197)	(130,475)	(76,421)	(18,772)	(243,389)	(3,068)	(341,650)
Net premiums earned	199,477	166,736	90,266	65,319	521,798	595,761	465,000	247,837	170,851	1,479,449
Other insurance related (loss) income	7,106	100	---	---	7,206	6,887	763	---	---	7,650
Total underwriting revenues	206,583	166,836	90,266	65,319	529,004	602,648	465,763	247,837	170,851	1,487,099
UNDERWRITING EXPENSES										
Net losses and loss expenses	152,333	137,364	85,531	70,347	445,575	368,476	246,542	182,271	148,736	946,025
Acquisition costs [a]	33,067	26,365	4,941	14,849	79,222	89,530	69,651	7,477	35,016	201,674
General and administrative expenses [a]	8,592	7,654	18,222	2,876	37,344	24,047	20,986	49,927	8,072	103,032
Total underwriting expenses	193,992	171,383	108,694	88,072	562,141	482,053	337,179	239,675	191,824	1,250,731
UNDERWRITING (LOSS) INCOME	\$12,591	(\$4,547)	(\$18,428)	(\$22,753)	(\$33,137)	\$120,595	\$128,584	\$8,162	(\$20,973)	\$236,368
GAAP RATIOS										
Net loss and loss expense ratio	76.4%	82.4%	94.7%	107.7%	85.4%	61.8%	53.0%	73.5%	87.1%	63.9%
Acquisition cost ratio	16.5%	15.8%	5.5%	22.7%	15.2%	15.0%	15.0%	3.0%	20.5%	13.6%
General and administrative expense ratio	4.3%	4.6%	20.2%	4.4%	7.1%	4.0%	4.5%	20.1%	4.7%	6.9%
Corporate ratio					2.0%					2.0%
Combined ratio	97.2%	102.8%	120.4%	134.8%	109.7%	80.8%	72.5%	96.6%	112.3%	86.4%

[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				Nine months ended			
	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	Sept. 30, 2002	Sept. 30, 2004	Sept. 30, 2003
GLOBAL INSURANCE								
Specialty risks [a]	\$77,945	\$65,793	\$143,917	\$146,021	\$70,058	\$85,963	\$287,656	\$231,315
Onshore and offshore energy	43,173	58,008	55,145	45,762	56,569	45,270	156,326	173,624
Aviation and aerospace	38,646	31,384	23,188	93,430	32,162	11,288	93,217	85,012
Property [b]	38,634	42,479	34,537	(11,301)	74,267	25,464	115,650	135,436
Marine	15,884	18,524	43,621	6,137	16,257	11,075	78,029	75,225
Total global insurance	<u>214,282</u>	<u>216,188</u>	<u>300,408</u>	<u>280,049</u>	<u>249,313</u>	<u>179,060</u>	<u>730,878</u>	<u>700,612</u>
GLOBAL REINSURANCE								
Catastrophe	57,263	88,404	238,037	17,606	62,401	52,334	388,759	321,532
Property pro rata	51,466	15,030	52,649	(5,561)	20,097	10,822	119,145	66,564
Property per risk	43,730	10,096	24,560	4,682	31,707	9,565	78,385	45,999
Credit and bond	4,820	258	67,582	-	-	-	72,660	-
Motor and general liability	3,276	5,026	40,635	-	-	-	48,937	-
Other	3,282	11,070	5,612	(17)	381	479	14,910	12,133
Total global reinsurance	<u>163,837</u>	<u>129,884</u>	<u>429,075</u>	<u>16,710</u>	<u>114,586</u>	<u>73,200</u>	<u>722,796</u>	<u>446,228</u>
U.S. INSURANCE								
Property	100,590	83,151	51,742	68,576	77,070	-	234,782	156,933
Professional lines	64,901	78,706	45,542	61,533	67,496	-	189,149	181,048
Liability	61,889	58,058	51,059	44,702	43,475	-	171,706	113,106
Total U.S. insurance	<u>227,380</u>	<u>219,915</u>	<u>148,343</u>	<u>174,811</u>	<u>188,041</u>	<u>-</u>	<u>595,637</u>	<u>451,087</u>
U.S. REINSURANCE								
Professional lines	45,363	27,965	115,085	4,892	52,533	-	188,412	127,256
Liability	22,519	14,798	37,822	2,227	28,630	-	75,139	43,808
Property	13,052	18,996	10,500	-	(1,410)	-	42,549	19,535
Marine & aviation	1,267	1,573	2,890	977	2,249	-	5,731	5,453
Total U.S. reinsurance	<u>82,201</u>	<u>63,332</u>	<u>166,297</u>	<u>8,096</u>	<u>82,002</u>	<u>-</u>	<u>311,831</u>	<u>196,052</u>
TOTAL	<u>\$687,700</u>	<u>\$629,319</u>	<u>\$ 1,044,123</u>	<u>479,666</u>	<u>\$633,942</u>	<u>\$252,260</u>	<u>\$2,361,142</u>	<u>1,793,979</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.

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GLOBAL INSURANCE SEGMENT DATA

	Quarter ended					
	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	Sept. 30, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$214,282	\$216,188	\$300,408	\$280,049	\$249,313	\$179,060
Net premiums written	203,469	183,240	232,539	264,661	245,659	126,771
Gross premiums earned	225,026	227,815	219,341	213,792	217,578	112,422
Ceded premiums amortized	(25,549)	(31,247)	(19,625)	(18,400)	(19,002)	(12,382)
Net premiums earned	199,477	196,568	199,716	195,392	198,576	100,040
Other insurance related income	7,106	(399)	179	5,135	8,124	---
Total underwriting revenues	206,583	196,169	199,895	200,527	206,700	100,040
UNDERWRITING EXPENSES						
Net losses and loss expenses	152,333	117,616	98,527	101,995	85,415	49,094
Acquisition costs [a]	33,067	30,422	26,041	18,405	30,146	15,642
General and administrative expenses [a]	8,592	7,265	8,190	5,826	3,647	1,556
Total underwriting expenses	193,992	155,303	132,758	126,226	119,208	66,292
UNDERWRITING INCOME	\$12,591	\$40,866	\$67,137	\$74,301	\$87,492	\$33,748
GAAP RATIOS						
Net loss and loss expense ratio	76.4%	59.8%	49.3%	52.2%	43.0%	49.1%
Acquisition cost ratio	16.5%	15.5%	13.0%	9.4%	15.2%	15.6%
General and administrative expense ratio	4.3%	3.7%	4.1%	3.0%	1.8%	1.6%
Combined ratio	97.2%	79.0%	66.4%	64.6%	60.0%	66.3%

[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

GLOBAL REINSURANCE SEGMENT DATA

	Quarter ended					
	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	Sept. 30, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$163,837	\$129,884	\$429,075	\$16,710	\$114,586	\$73,200
Net premiums written	153,062	124,875	420,175	16,710	114,586	73,200
Gross premiums earned	181,017	155,652	147,103	111,541	120,235	67,663
Ceded premiums amortized	(14,281)	(2,382)	(2,109)	(1,464)	(2,790)	---
Net premiums earned	166,736	153,270	144,994	110,077	117,445	67,663
Other insurance related income	100	555	109	128	424	---
Total underwriting revenues	166,836	153,825	145,103	110,205	117,869	67,663
UNDERWRITING EXPENSES						
Net losses and loss expenses	137,364	54,036	55,141	41,719	44,100	14,747
Acquisition costs [a]	26,365	22,496	20,791	13,195	18,546	12,658
General and administrative expenses [a]	7,654	6,825	6,507	1,171	1,429	1,169
Total underwriting expenses	171,383	83,357	82,439	56,085	64,075	28,574
UNDERWRITING (LOSS) INCOME	(\$4,547)	\$70,468	\$62,664	\$54,120	\$53,794	\$39,089
GAAP RATIOS						
Net loss and loss expense ratio	82.4%	35.3%	38.0%	37.9%	37.5%	21.8%
Acquisition cost ratio	15.8%	14.7%	14.3%	11.9%	15.8%	18.7%
General and administrative expense ratio	4.6%	4.5%	4.5%	1.1%	1.2%	1.7%
Combined ratio	102.8%	54.5%	56.8%	50.9%	54.5%	42.2%

[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.

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U.S. INSURANCE SEGMENT DATA

	Quarter ended					
	Sept. 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	Sept. 30, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$227,380	\$219,915	\$148,343	\$174,811	\$188,041	---
Net premiums written	124,812	117,605	80,824	95,691	92,850	---
Gross premiums earned	179,714	164,211	147,302	132,813	112,588	---
Ceded premiums amortized	(89,448)	(80,544)	(73,398)	(68,064)	(62,130)	---
Net premiums earned	90,266	83,667	73,904	64,749	50,458	---
Other insurance related income	---	---	---	---	---	---
Total underwriting revenues	90,266	83,667	73,904	64,749	50,458	---
UNDERWRITING EXPENSES						
Net losses and loss expenses	85,531	47,124	49,617	41,754	33,621	---
Acquisition costs [a]	4,941	2,363	173	2,007	1,613	---
General and administrative expenses [a]	18,222	16,112	15,593	6,772	3,746	---
Total underwriting expenses	108,694	65,599	65,383	50,533	38,980	---
UNDERWRITING (LOSS) INCOME	(\$18,428)	\$18,068	\$8,521	\$14,216	\$11,478	---
GAAP RATIOS						
Net loss and loss expense ratio	94.7%	56.3%	67.1%	64.5%	66.6%	---
Acquisition cost ratio	5.5%	2.8%	0.2%	3.1%	3.2%	---
General and administrative expense ratio	20.2%	19.3%	21.1%	10.5%	7.4%	-
Combined ratio	120.4%	78.4%	88.4%	78.1%	77.2%	---

[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					
	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003	Sept. 30, 2003	Sept. 30, 2002
UNDERWRITING REVENUES						
Gross premiums written	\$82,201	\$63,332	\$166,297	\$8,096	\$82,002	---
Net premiums written	80,669	62,157	165,652	6,983	81,280	---
Gross premiums earned	66,516	53,962	53,441	31,286	31,512	---
Ceded premiums amortized	(1,197)	(1,064)	(807)	(759)	(525)	---
Net premiums earned	65,319	52,898	52,634	30,527	30,987	---
Other insurance related income	---	---	---	---	---	---
Total underwriting revenues	65,319	52,898	52,634	30,527	30,987	---
UNDERWRITING EXPENSES						
Net losses and loss expenses	70,347	39,074	39,315	22,416	21,044	---
Acquisition costs [a]	14,849	10,210	9,958	5,920	5,797	---
General and administrative expenses [a]	2,876	2,601	2,595	1,666	846	---
Total expenses	88,072	51,885	51,868	30,002	27,687	---
UNDERWRITING INCOME	(\$22,753)	\$1,013	\$766	\$525	\$3,300	---
GAAP RATIOS						
Net loss and loss expense ratio	107.7%	73.9%	74.7%	73.4%	67.9%	---
Acquisition cost ratio	22.7%	19.3%	18.9%	19.4%	18.7%	---
General and administrative expense ratio	4.4%	4.9%	4.9%	5.5%	2.7%	-
Combined ratio	134.8%	98.1%	98.5%	98.3%	89.3%	---

[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

	Sept. 30, 2004	June 30, 2004	March 31, 2004	Dec. 31, 2003	Sept. 30, 2003	Sept. 30, 2002
ASSETS						
Cash and cash equivalents	\$935,331	\$721,215	\$802,129	\$605,175	\$790,604	\$571,009
Fixed maturity investments at fair market value	4,360,522	3,993,883	3,692,455	3,385,576	3,277,783	1,789,344
Other investments	83,143	34,403	9,332	-	-	-
Accrued interest receivable	33,588	36,612	30,564	29,530	21,612	13,851
Net receivable for investments sold	-	-	-	3,371	-	-
Securities lending collateral	765,273	755,968	505,186	-	-	-
Insurance and reinsurance premium balances receivable	924,575	994,819	1,019,195	660,530	690,907	249,484
Deferred acquisition costs	229,102	222,288	219,113	136,281	152,842	76,533
Prepaid reinsurance premiums	234,182	240,199	213,994	164,999	162,486	57,065
Reinsurance recoverable	551,164	245,909	190,917	124,899	100,152	-
Intangible assets	23,536	23,919	24,204	24,579	27,204	-
Other assets	62,716	50,974	39,899	37,333	29,930	9,996
TOTAL ASSETS	8,203,132	7,320,189	\$6,746,988	\$5,172,273	\$5,253,520	\$2,767,282
LIABILITIES						
Reserve for losses and loss expenses	\$2,223,234	\$1,541,193	\$1,261,094	\$992,846	\$785,041	\$149,591
Unearned premiums	1,682,119	1,648,062	1,620,384	1,143,447	1,153,296	458,711
Insurance and reinsurance balances payable	190,195	208,141	193,252	151,381	174,832	97,372
Accounts payable and accrued expenses	59,957	44,072	39,456	67,451	60,043	14,328
Security lending payable	765,333	755,618	504,730	-	-	-
Net payable for investments purchased	197,302	80,589	121,509	-	399,506	211,181
TOTAL LIABILITIES	5,118,140	4,277,675	\$3,740,425	\$2,355,125	\$2,572,718	\$931,183
SHAREHOLDERS' EQUITY						
Common shares	1,906	1,906	1,906	1,906	1,929	1,706
Additional paid-in capital	2,013,325	2,009,716	2,005,425	2,000,731	2,015,236	1,664,075
Deferred compensation	-	-	-	-	(15,605)	(13,104)
Accumulated other comprehensive income	22,997	(31,193)	53,906	25,164	39,589	26,894
Retained earnings	1,046,764	1,062,085	945,326	789,347	639,653	156,528
TOTAL SHAREHOLDERS' EQUITY	3,084,992	3,042,514	\$3,006,563	\$2,817,148	\$2,680,802	\$1,836,099
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	8,203,132	7,320,189	\$6,746,988	\$5,172,273	\$5,253,520	\$2,767,282
Book value per share	\$20.22	\$19.95	\$19.72	\$18.48	\$17.37	\$13.45

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO AS OF SEPTEMBER 30, 2004

TYPE OF INVESTMENT	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Percentage
U.S. government and agency securities	\$1,452,752	\$7,838	(\$5,711)	\$1,454,879	28.5%
Corporate debt securities	863,011	12,894	(3,265)	872,640	17.1%
Non U.S. government securities	78,997	1,239	0	80,236	1.6%
Mortgage-backed securities	1,355,876	13,157	(4,044)	1,364,989	26.7%
Asset-backed securities	232,798	1,145	(343)	233,600	4.6%
Municipals	246,248	2,805	(627)	248,426	4.9%
Mortgage derivatives [a]	106,025	3	(276)	105,752	2.1%
Total Fixed Maturities	\$4,335,707	\$39,081	(\$14,266)	\$4,360,522	85.5%
Cash, net of unsettled trades	167,144	-	-	167,144	3.3%
Total Invested Assets	\$4,502,851	\$39,081	(\$14,266)	\$4,527,666	88.8%
Operating Cash Balances	570,886	-	-	570,886	11.2%
Total Cash and Investments	\$5,073,737	\$39,081	(\$14,266)	\$5,098,552	100.0%

CREDIT QUALITY	Amortized Cost	Percentage	Fair Value	Percentage
AAA	\$3,402,218	78.4%	\$3,416,974	78.4%
AA	187,558	4.4%	188,873	4.3%
A	482,289	11.1%	485,512	11.1%
BBB	263,642	6.1%	269,163	6.2%
Total	\$4,335,707	100.0%	\$4,360,522	100.0%

MATURITY	Amortized Cost	Percentage	Fair Value	Percentage
Within one year	\$110,388	2.5%	\$110,193	2.5%
From one to five years	1,645,967	38.0%	1,645,289	37.7%
From five to ten years	714,959	16.5%	727,673	16.7%
Above ten years	169,694	3.9%	173,027	4.0%
Asset-backed and mortgage-backed securities	1,694,699	39.1%	1,704,340	39.1%
Total	\$4,335,707	100.0%	\$4,360,522	100.0%

[a] Reflects securities classified as mortgage derivatives due to adoption of FAS 149, effective July 1, 2003. These securities were previously classified as mortgage-backed securities. Unrealized gains/losses on these securities are now classified as realized gains/losses on the statement of operations.

AXIS Capital Holdings Limited

INVESTMENT PORTFOLIO COMPOSITION

	<u>Sept. 30, 2004</u>	<u>June 30, 2004</u>	<u>March 31, 2004</u>	<u>Dec. 31, 2003</u>	<u>Sept. 30, 2003</u>
TYPE OF INVESTMENT	Fair Value %	Fair Value %	Fair Value %	Fair Value %	Fair Value %
U.S. government and agency securities	28.5%	32.0%	29.0%	31.4%	33.0%
Corporate debt securities	17.1%	17.3%	19.2%	18.0%	15.9%
Non U.S. government securities	1.6%	1.5%	1.6%	0.4%	0.6%
Mortgage-backed securities	26.7%	26.5%	24.1%	25.4%	26.5%
Asset-backed securities	4.6%	3.8%	4.5%	4.7%	3.7%
Municipals	4.9%	4.7%	4.7%	4.9%	4.7%
Mortgage derivatives [a]	2.1%	0.4%	1.3%	---	4.9%
Total Fixed Maturities	85.5%	86.2%	84.4%	84.8%	89.3%
Cash, net of unsettled trades	3.3%	2.7%	4.0%	5.1%	1.7%
Total Invested Assets	88.8%	88.9%	88.4%	89.9%	91.0%
Operating Cash Balances	11.2%	11.1%	11.6%	10.1%	9.0%
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	78.4%	78.7%	76.1%	77.8%	80.4%
AA	4.3%	3.5%	4.1%	3.9%	3.7%
A	11.1%	11.6%	13.4%	11.4%	10.1%
BBB	6.2%	6.2%	6.4%	6.9%	5.8%
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	2.5%	4.7%	4.9%	3.5%	8.8%
From one to five years	37.7%	37.1%	38.1%	38.1%	29.7%
From five to ten years	16.7%	18.3%	17.3%	18.4%	18.5%
Above ten years	4.0%	4.3%	4.2%	4.5%	3.7%
Asset-backed and mortgage-backed securities	39.1%	35.6%	35.5%	35.5%	39.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

	<u>As of or for the quarter ended</u>				
	<u>Sept. 30, 2004</u>	<u>June 30, 2004</u>	<u>March 31, 2004</u>	<u>Dec. 31, 2003</u>	<u>Sept. 30, 2003</u>
Annualized effective yield	3.5%	3.2%	3.3%	3.2%	2.6%
Yield to maturity	3.6%	3.5%	3.3%	3.3%	3.7%
Average duration of invested assets	3.1 yrs	3.3 yrs	2.9 yrs	3.0 yrs	3.1 yrs
Average credit quality	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 BENCHMARKS

	Quarter ended					Nine months ended	
	Sept 30, 2004	June 30, 2004	Mar. 31, 2004	Dec. 31, 2003	Sept. 30, 2003	Sept. 30, 2004	Sept. 30, 2003
Aggregate AXIS Capital portfolio	2.40%	-1.67%	1.97%	0.41%	0.29%	2.67%	3.08%
Composite Benchmark [a]	2.45%	-1.84%	2.03%	0.48%	0.29%	2.61%	2.91%
	-0.05%	0.17%	-0.06%	-0.07%	0.00%	0.06%	0.17%
Individual portfolios							
Total return liquidity portfolio	1.14%	-1.02%	1.11%	0.02%	0.03%	1.23%	1.96%
Merrill Lynch 1-3 year Treasury Index [b]	0.96%	-1.06%	0.99%	0.16%	0.43%	0.88%	1.75%
	0.18%	0.04%	0.12%	-0.14%	-0.40%	0.35%	0.21%
Total return intermediate duration portfolios	2.55%	-1.62%	2.15%	0.50%	0.38%	3.06%	3.69%
Customized benchmark [c]	2.67%	-1.95%	2.27%	0.42%	0.18%	2.95%	3.37%
	-0.12%	0.33%	-0.12%	0.08%	0.20%	0.11%	0.32%
Total return long duration portfolios	3.19%	-2.40%	2.60%	0.23%	-0.06%	3.34%	3.56%
Customized benchmark [c]	3.16%	-2.40%	2.65%	0.32%	-0.14%	3.35%	3.78%
	0.03%	0.00%	-0.05%	-0.09%	0.08%	-0.01%	-0.22%
Total return U.S. combined portfolios	2.62%	-1.95%	1.94%	0.27%	0.04%	2.57%	N/A
Customized benchmark [c]	2.75%	-1.96%	2.05%	0.46%	0.25%	2.81%	N/A
	-0.13%	0.01%	-0.11%	-0.19%	-0.21%	-0.24%	N/A

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

[b] Prior to January 1, 2003, this index was three month US\$ LIBOR.

[c] 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 September 30, 2004

Issuer	Lowest Rating	Fair Value at September 30, 2004	% of Total Fair Value
General Electric Company	Aaa/AAA	\$49,906	1.09%
HSBC Holdings PLC	A1/A	36,286	0.80%
General Motors Corporation	A3/BBB-	31,110	0.68%
Ford Motor Company	A3/BBB-	28,541	0.63%
Citigroup Inc.	Aa2/A+	25,478	0.56%
Goldman Sachs Group, Inc.	Aa3/A+	22,123	0.49%
JP Morgan Chase & Co.	A1/A	19,968	0.44%
SBC Communications Inc.	Baa2/A	18,968	0.42%
Verizon Communications Inc.	Aa3/A+	17,986	0.39%
CIT Group Inc	A2/A	17,931	0.39%
Total		<u>\$268,297</u>	<u>5.89%</u>

AXIS Capital Holdings Limited

RESERVE FOR LOSSES AND LOSS EXPENSES: PAID TO INCURRED ANALYSIS

	Quarter ended September 30, 2004			Nine months ended September 30, 2004		
	Gross	Recoveries	Net	Gross	Recoveries	Net
Reserve for losses and loss expenses, beginning of period	\$1,541,193	(\$245,909)	\$1,295,284	\$992,846	(\$124,899)	\$867,947
Total incurred losses and loss expenses	755,446	(309,871)	445,575	1,378,991	(432,966)	946,025
Total paid losses and loss expenses	(74,651)	4,616	(70,035)	(148,624)	6,701	(141,923)
Foreign exchange (gains) losses	1,246	---	1,246	21	---	21
Reserve for losses and loss expenses, end of period	<u>\$2,223,234</u>	<u>(\$551,164)</u>	<u>\$1,672,070</u>	<u>\$2,223,234</u>	<u>(\$551,164)</u>	<u>\$1,672,070</u>
Paid to incurred percentage	<u>9.9%</u>	<u>1.5%</u>	<u>15.7%</u>	<u>10.8%</u>	<u>1.5%</u>	<u>15.0%</u>

AXIS Capital Holdings Limited

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

	Quarter ended September 30, 2004					Nine months ended September 30, 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	\$30,003	\$27,548	\$10,137	\$2,347	\$70,035	\$67,891	\$47,111	\$22,678	\$4,243	\$141,923
Change in gross unpaid loss and loss expense reserves:										
Change in gross outstanding	3,043	58,396	117,217	4,338	182,994	46,521	54,581	125,203	11,094	237,399
Change in gross IBNR	124,027	123,920	185,260	64,557	497,764	277,710	217,350	362,238	135,633	992,931
Change in gross unpaid loss and loss expense reserves	127,070	182,316	302,477	68,895	680,758	324,231	271,931	487,441	146,727	1,230,330
Reinsurance recoveries on unpaid loss and loss expense reserves	(4,740)	(72,500)	(227,083)	(895)	(305,218)	(23,646)	(72,500)	(327,848)	(2,234)	(426,228)
TOTAL NET INCURRED LOSSES AND LOSS EXPENSES	\$152,333	\$137,364	\$85,531	\$70,347	\$445,575	\$368,476	\$246,542	\$182,271	\$148,736	\$946,025
Net paid to net incurred percentage	<u>19.7%</u>	<u>20.1%</u>	<u>11.9%</u>	<u>3.3%</u>	<u>15.6%</u>	<u>18.4%</u>	<u>19.1%</u>	<u>12.4%</u>	<u>2.9%</u>	<u>15.0%</u>
Net paid losses / Net premiums earned	15.0%	16.5%	11.2%	3.6%	13.4%	11.4%	10.1%	9.2%	2.5%	9.6%
Increase in Net loss and loss expense reserves / Net premiums earned	61.3%	65.9%	83.5%	104.1%	71.9%	50.5%	42.9%	64.3%	84.6%	54.5%
Net incurred losses and loss expenses / Net premiums earned	<u>76.4%</u>	<u>82.4%</u>	<u>94.7%</u>	<u>107.7%</u>	<u>85.4%</u>	<u>61.8%</u>	<u>53.0%</u>	<u>73.5%</u>	<u>87.1%</u>	<u>63.9%</u>
Prior years favorable reserve development	\$16,622	\$27,392	\$4,553	\$1,040	\$49,607	\$68,581	\$60,156	\$10,830	\$1,767	\$141,334

AXIS Capital Holdings Limited

ANALYSIS OF UNPAID LOSSES AND LOSS EXPENSES

	As at September 30, 2004			As at December 31, 2003		
	Gross	Recoveries [a]	Net	Gross	Recoveries	Net
Case reserves	\$417,338	(\$144,609)	\$272,729	\$179,881	(\$11,966)	\$167,915
Incurred but not reported reserves (IBNR)	1,805,896	(406,555)	1,399,341	812,965	(112,933)	700,032
Reserve for losses and loss expenses, end of period	<u>\$2,223,234</u>	<u>(\$551,164)</u>	<u>\$1,672,070</u>	<u>\$992,846</u>	<u>(\$124,899)</u>	<u>\$867,947</u>
IBNR as a % of reserve for losses and loss expenses	81.2%	73.8%	83.7%	81.9%	90.4%	80.7%

[a] At September 30, 2004, \$247,239 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 98% were rated the equivalent of A- or better, and 94% were rated the equivalent of A or better, by internationally recognized rating agencies.

AXIS Capital Holdings Limited

EARNINGS PER SHARE INFORMATION - AS REPORTED, GAAP

	Quarter ended September 30,		Nine months ended September 30,	
	2004	2003	2004	2003
Net income	\$6,279	\$146,982	\$313,923	\$371,854
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING				
Basic weighted average common shares outstanding	152,534,495	151,453,213	152,523,144	141,499,081
Shares equivalents				
Warrants	10,545,184	9,156,307	10,755,132	7,700,860
Options	2,220,416	1,922,944	2,270,654	1,585,807
Restricted stock	828,833	699,768	852,568	536,485
Diluted weighted average common shares outstanding	166,128,928	163,232,232	166,401,498	151,322,233
NET INCOME PER SHARE				
Basic	\$0.04	\$0.97	\$2.06	\$2.63
Diluted	\$0.04	\$0.90	\$1.89	\$2.46

AXIS Capital Holdings Limited

DILUTED BOOK VALUE PER SHARE

	As at	
	September 30, 2004	December 31, 2003
AS-IF CONVERTED METHOD		
Basic common shares outstanding	152,539,621	152,474,011
Add: warrants outstanding	19,612,278	19,690,692
Weighted average exercise price per share	\$12.48	\$12.43
Add: options outstanding	5,733,847	4,695,512
Weighted average exercise price per share	\$16.54	\$13.34
Add: restricted stock	2,389,700	1,884,696
 Diluted shares outstanding	 180,275,446	 178,744,911
Shareholders' equity	\$3,084,992	\$2,817,148
Add: proceeds from converted warrants	244,812	244,811
Add: proceeds from converted options	94,862	62,630
As if converted shareholders' equity	<u>\$3,424,666</u>	<u>\$3,124,589</u>
 Book value per share	 \$20.22	 \$18.48
Diluted book value per share	\$19.00	\$17.48
TREASURY STOCK METHOD		
Closing price	\$26.00	\$29.28
Basic common shares outstanding	152,539,621	152,474,011
Add: warrants outstanding	19,612,278	19,690,692
Weighted average exercise price per share	\$12.48	\$12.43
Less: warrants bought back via treasury method	9,415,828	8,361,039
Add: options outstanding	5,733,847	4,695,512
Weighted average exercise price per share	\$16.54	\$13.34
Less: options bought back via treasury method	3,648,525	2,139,003
Add: restricted stock outstanding	2,389,700	1,884,696
Diluted shares outstanding	167,211,093	168,244,869
 Book value per share	 \$20.22	 \$18.48
Diluted book value per share	\$18.45	\$16.74

In the fourth quarter of 2003, we adopted, prospectively, the fair value recognition provisions of SFAS 123 "Accounting for Stock-Based Compensation", for all stock-based employee compensation granted, modified or settled after January 1, 2003. As a result, with respect to unvested restricted stock awards, the amount of deferred compensation is eliminated from share capital and additional paid-in-capital. This charge impacts the calculation of "Book value per share" but has no impact on the calculation of "Diluted book value per share".