

# AXIS Capital



**Bank of America Merrill Lynch  
2010 Insurance Conference  
New York, NY**

**John Charman, CEO and President**

***February 23, 2010***





# Safe Harbor Disclosure

Statements in this presentation that are not historical facts, including statements regarding our estimates, beliefs, expectations, intentions, strategies or projections, may be “forward-looking statements” within the meaning of the U.S. federal securities laws, including the Private Securities Litigation Reform Act of 1995. We intend these forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in the United States securities laws. In some cases, these statements can be identified by the use of forward-looking words such as “may,” “should,” “could,” “anticipate,” “estimate,” “expect,” “plan,” “believe,” “predict,” “potential,” “intend” or similar expressions. Our expectations are not guarantees and are based on currently available competitive, financial and economic data along with our operating plans. Forward-looking statements contained in this presentation may include, but are not limited to, information regarding our estimates of losses related to catastrophes and other large losses, measurements of potential losses in the fair value of our investment portfolio, our expectations regarding pricing and other market conditions and valuations of the potential impact of movements in interest rates, equity prices, credit spreads and foreign currency rates.

Forward-looking statements only reflect our expectations and are not guarantees of performance. Accordingly, there are or will be important factors that could cause actual results to differ materially from those indicated in such statements. We believe that these factors include, but are not limited to, the following:

- the occurrence of natural and man-made disasters,
- actual claims exceeding our loss reserves,
- general economic, capital and credit market conditions and the persistence of the recent financial crisis,
- the failure of any of the loss limitation methods we employ,
- the effects of emerging claims and coverage issues,
- the failure of our cedants to adequately evaluate risks
- inability to obtain additional capital on favorable terms, or at all,
- the loss of one or more key executives,
- a decline in our ratings with rating agencies,
- loss of business provided to us by our major brokers,
- changes in accounting policies or practices,
- changes in governmental regulations,
- increased competition,
- changes in the political environment of certain countries in which we operate or underwrite business, and
- fluctuations in interest rates, credit spreads, equity prices and/or currency values.

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.



# Our Mission

*To become the Leading Global  
Specialty Insurer and Reinsurer  
as defined by Quality,  
Sustainability and Profitability*



# Our Differentiating Characteristics

- 🌐 **Global Identity**
- 🌐 **Talent**
- 🌐 **Culture of Risk Management**
- 🌐 **Strategic Focus on Profitable Growth**
- 🌐 **Disciplined Capital Allocator**
- 🌐 **Strong Balance Sheet**



# Our Strategic Focus

- ④ **Constantly reposition portfolio**
- ④ **Create strategic and financial flexibility**
- ④ **New specialization in Accident & Health**
- ④ **Pursue geographic and distribution expansion opportunities**

# AXIS Insurance

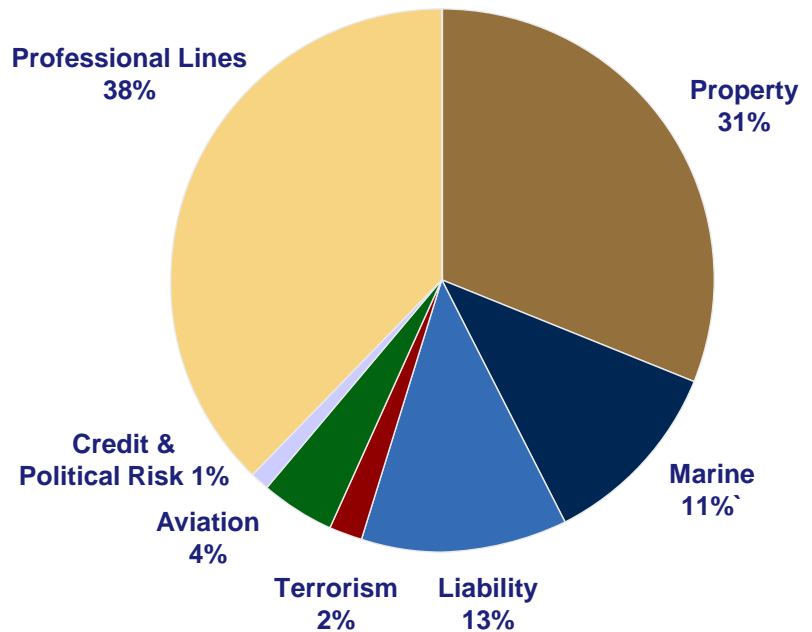
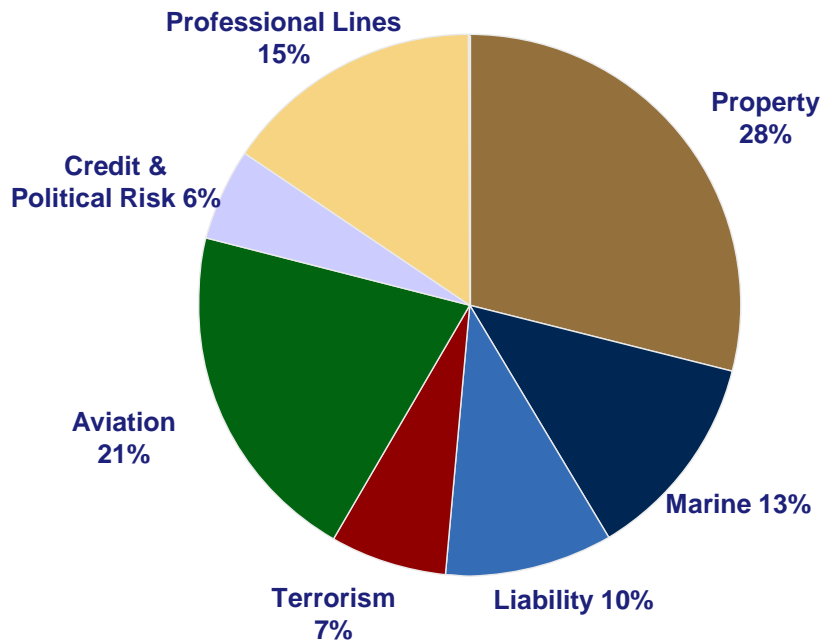
**Cycle Management**

**Diversification**

**Disciplined Growth**

**2003 GPW = \$1,607 M**

**2009 GPW = \$1,776 M**



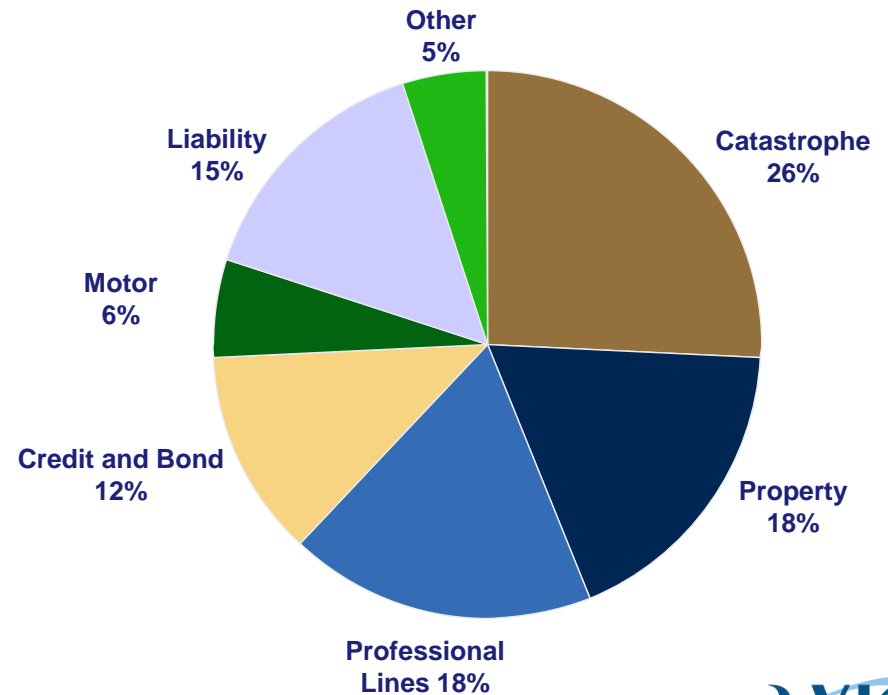
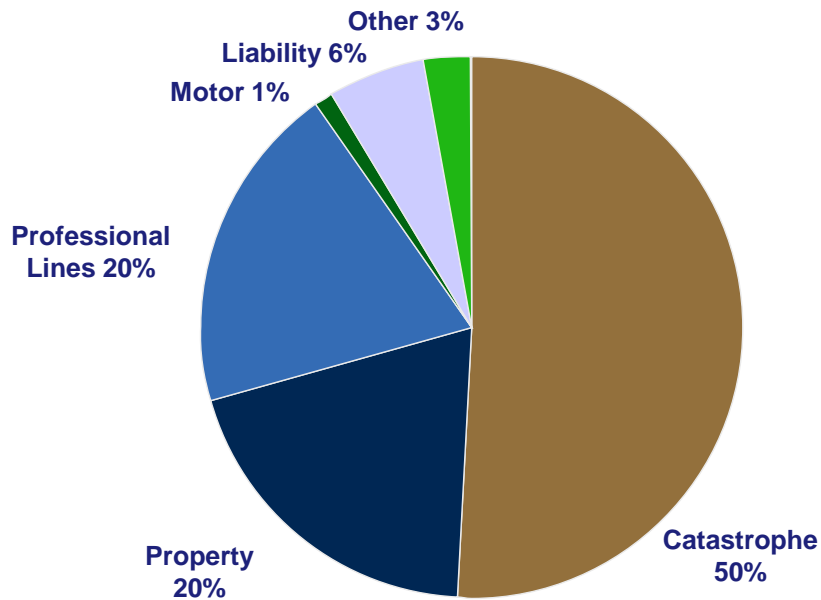
**Cycle  
Management**

**Diversification**

**Disciplined  
Growth**

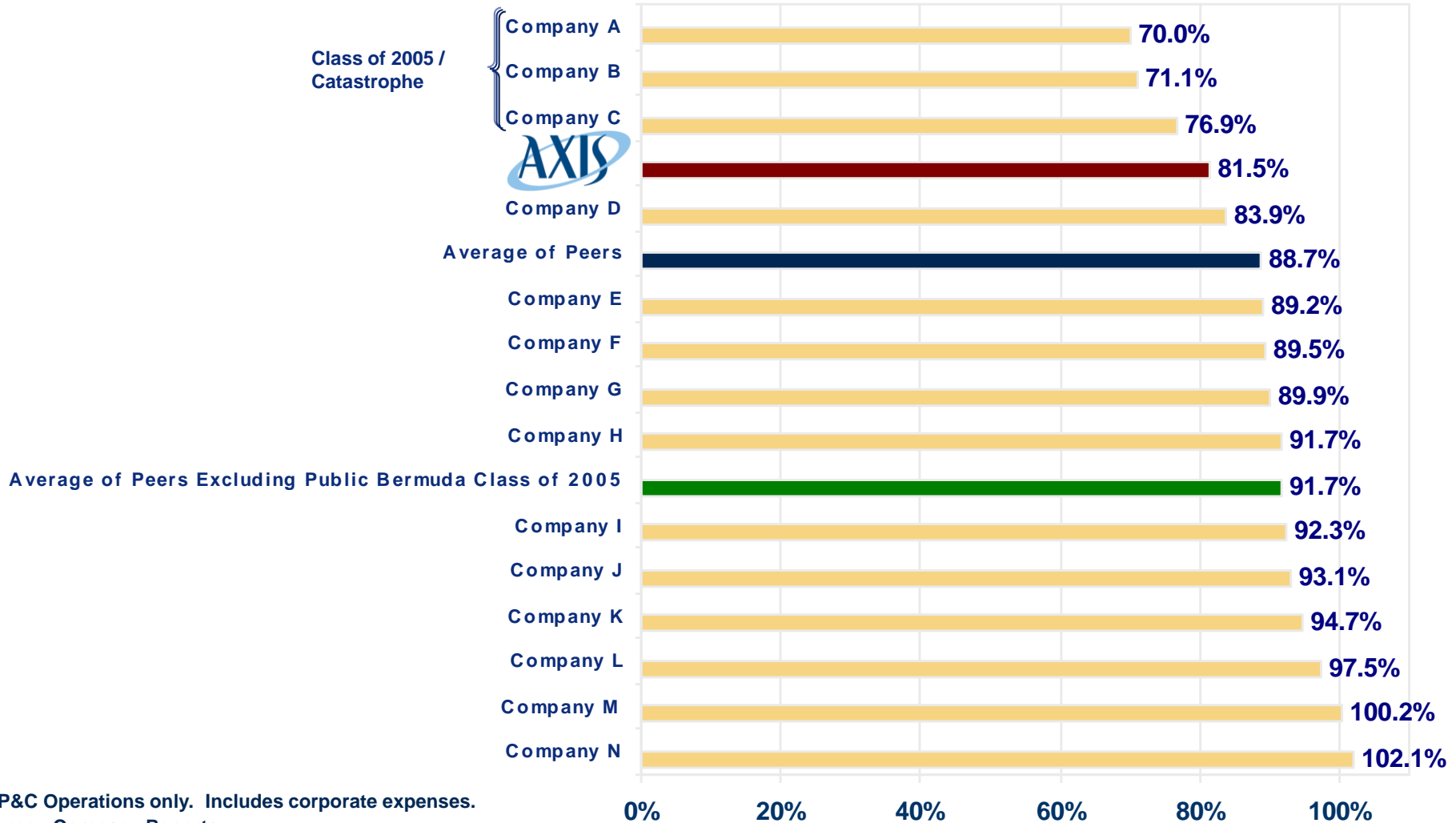
**2003 GPW = \$667 M**

**2009 GPW = \$1,812 M**



# AXIS Underwriting Outperformance

## Average P&C Combined Ratio 2002-2009<sup>(1)</sup>



(1) P&C Operations only. Includes corporate expenses.

Source: Company Reports

Note: Peer Universe includes Bermuda (re)insurers. For companies with less than 8 years of history, average combined ratio is measured from 2006 through 2009.

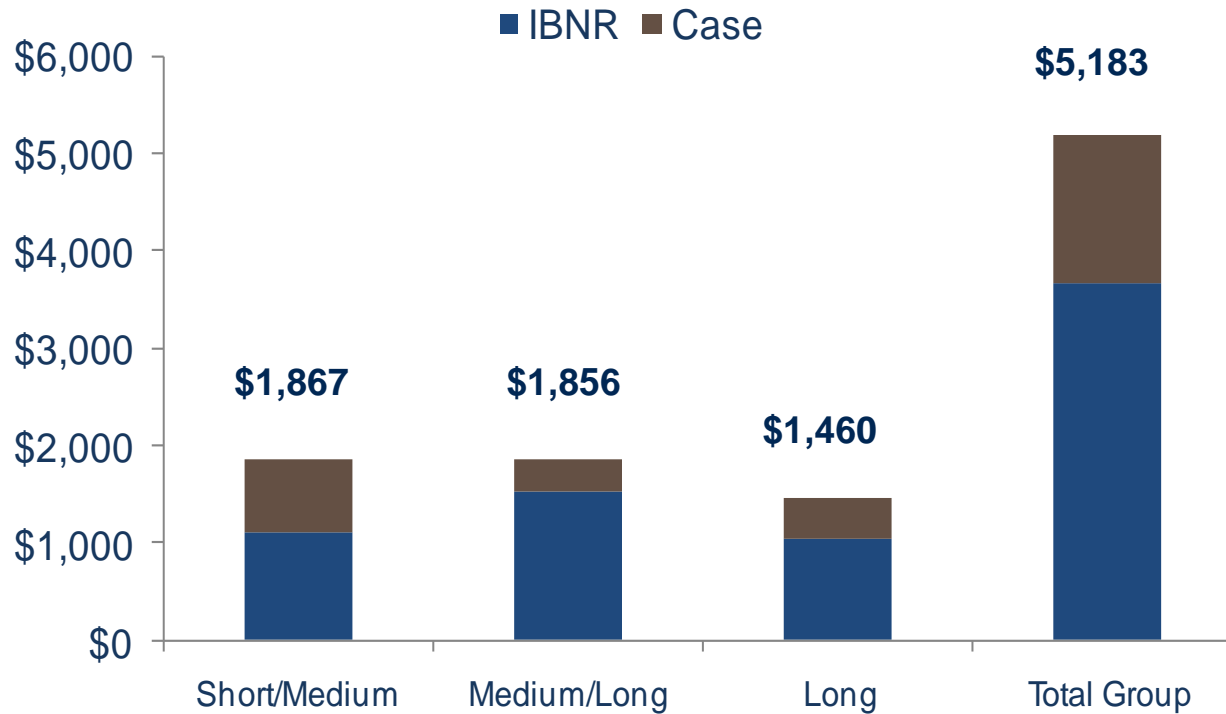




# Conservative Reserving Philosophy

(\$ in millions)

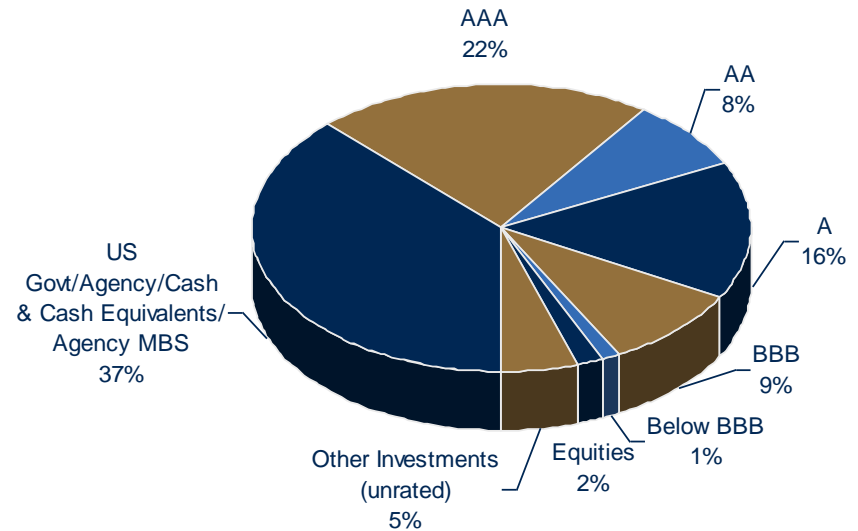
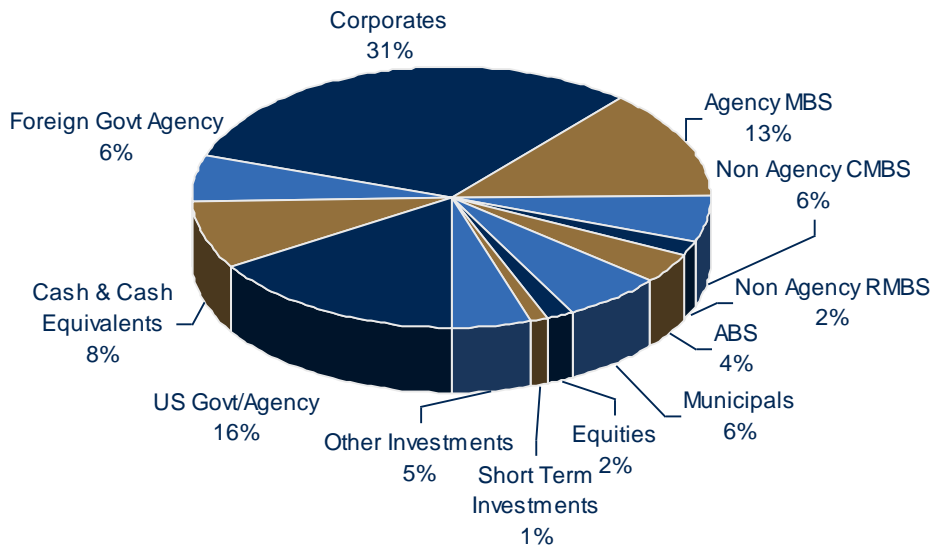
## Net Reserves by Tail as of December 31, 2009



# High Quality Investment Portfolio

(As of December 31, 2009)

## Total Cash and Investments: \$11.6 Billion



### Fixed Maturity Portfolio Characteristics

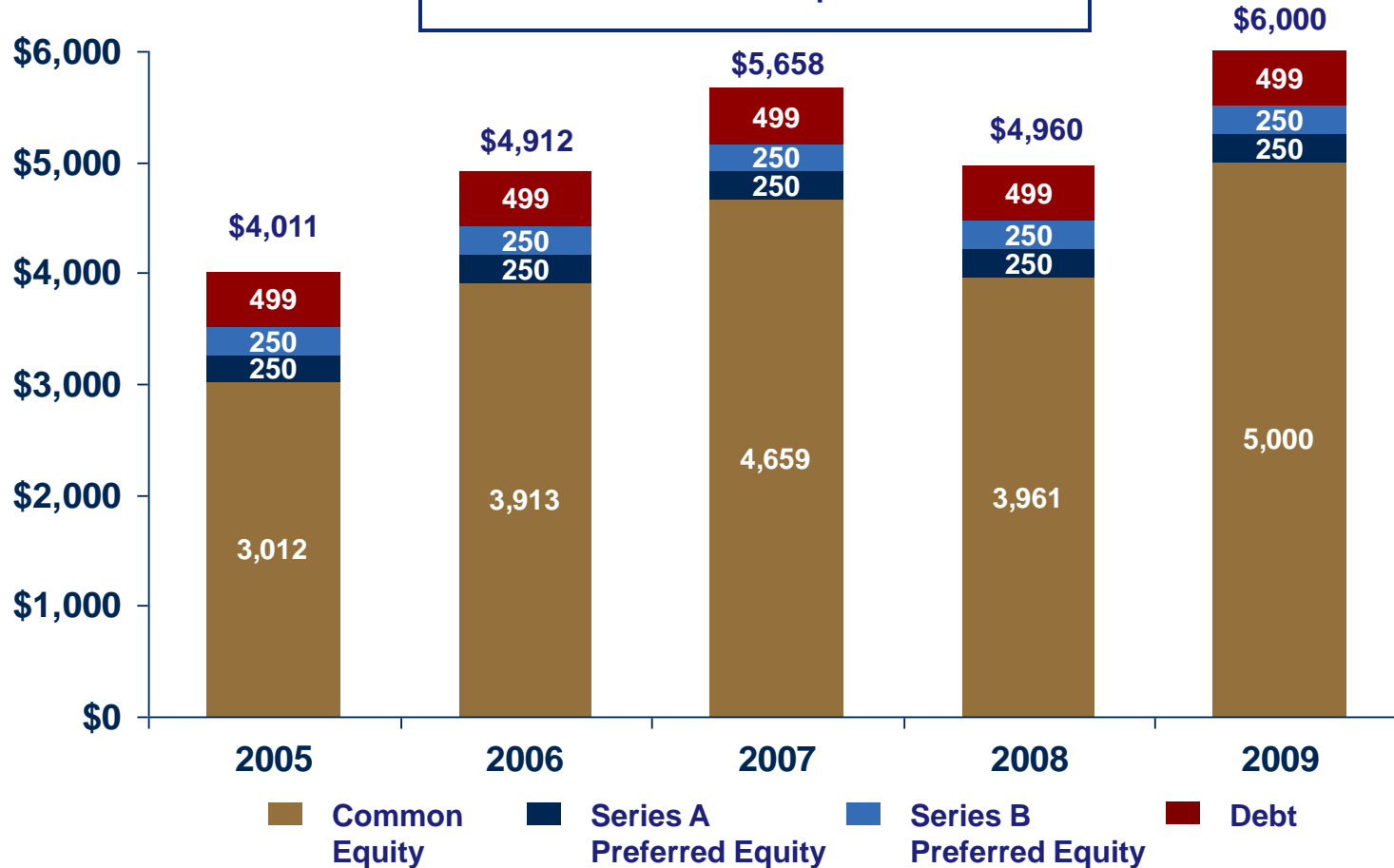
Q4 2009 Annualized Pre-tax Yield	3.9%
Average Duration	3.1 yrs
Average Credit Quality	AA

Note: Other investments include hedge funds, CLO equity tranches, credit funds and short duration high yield funds.

# Financial Flexibility

(\$ in millions)

12/31/09 Capitalization Ratios	
Debt / Total Capital	8.3%
Debt + Preferred / Total Capital	16.7%



# 2009 Financial Highlights

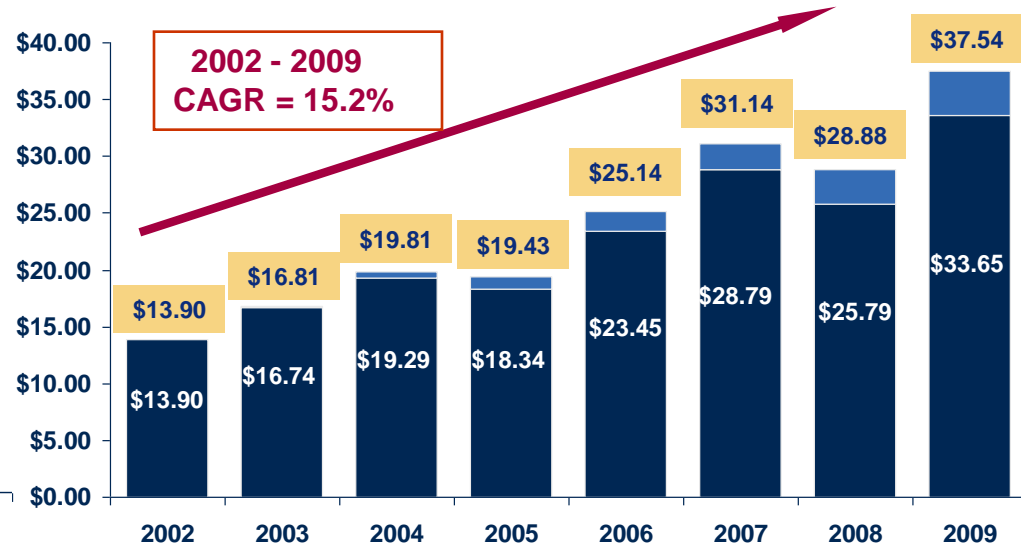
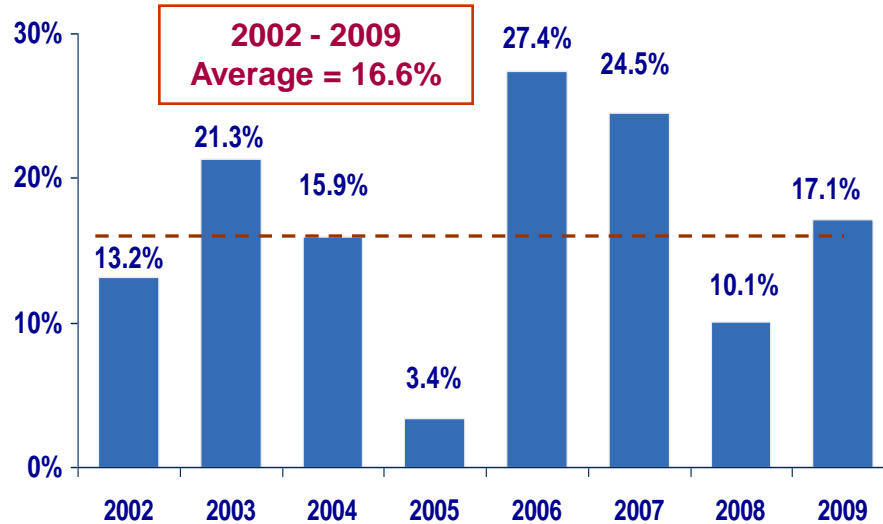
<b>GPW Growth</b>	<b>5.8%</b>
<b>Combined Ratio</b>	<b>79.3%</b>
<b>Operating ROACE</b>	<b>17.1%</b>
<b>Diluted Book Value per Share Growth</b>	<b>30.5%</b>

- 🌐 **Significant progress in re-balancing underwriting portfolio**
- 🌐 **Strong, diversified earnings stream weathered adverse impact of global financial crisis**
- 🌐 **Executing effective capital management**

# Track Record of Driving Shareholder Value

## Operating ROACE

## Diluted book value per share + Accumulated dividends



Diluted Book Value Per Share (1)
  Accumulated Dividends Paid

(1) Calculated using the treasury stock method.

**Valuation is extremely attractive at less than 1x book**