



Driving Forward

A letter from Albert Benchimol

President and Chief Executive Officer



Momentum is a very powerful thing

To our shareholders,


2015 was a challenging year on many fronts, but it was also a year of powerful maturation across our organization, resulting in a stronger, more focused AXIS.

The year was initially marked by our efforts to consummate a major transaction, which ultimately did not occur. But the year also featured many successful initiatives to steer the company towards a future of improved relevance, profitability and stability. Despite the competitive market environment, noteworthy for its pressure on pricing, an overabundance of capital and low investment returns which affected much of our industry, we made numerous rewarding achievements against our long-term strategy to be a global leader in specialty risks.

I am extremely pleased that, in the face of these challenges, AXIS finished the year in excellent shape.



Among the key takeaways of our activities were a fresh look at who we are and a deeper understanding of our greatest strengths and challenges.



Announcing a merger of equals

At the outset of the year, PartnerRe, a large and respected Bermuda-based reinsurer with which we were well acquainted, approached AXIS with an attractive proposal to combine our operations through a transaction that would leverage our collective strengths and ultimately deliver greater shareholder value. Such a combination would also accelerate the fulfillment of many of AXIS' own strategic objectives. Thus, we announced our agreement to join in a merger of equals and spent the first half of 2015 working zealously to plan the integration of our two companies and bring the merger to fruition.

During this time, however, another bidder emerged for PartnerRe. After careful consideration and extensive consultation with our Board, and after revising our terms with additional enhancements, we decided not to go any further with a bidding contest that might secure the deal but at a price that would render the combination significantly less attractive to AXIS and its shareholders. We finally chose instead to walk away and accept an ample, previously negotiated termination fee, including reimbursement of merger expenses of \$315 million.

Admittedly, we were disappointed that the merger did not occur. But while the merger would have accelerated the achievement of some of our strategic goals, this was never a deal that AXIS believed we needed in order to thrive or build a successful enterprise for the future. Although it would take longer to achieve the size and market presence of the combined entity, our investors and industry partners staunchly supported our determination to maintain our discipline and not be swept up in the fever of an auction that might jeopardize our shareholders' economics.

More importantly, the effort that we poured into making the transaction succeed was not work done in vain. On the contrary, the thorough reassessment of our entire organization, from top to bottom, to effectuate the merger was extremely worthwhile and has already yielded significant benefits.

A more focused company with a clear strategy

Among the key takeaways of our activities were a fresh look at who we are and a deeper understanding of our greatest strengths and challenges. This intensive exercise in self-scrutiny – during which we reevaluated the company's goals and objectives, our core businesses and market positions and our processes and our prospects – helped us identify the actions necessary to arrive at where we wish to be, with or without the merger.

We recommitted ourselves to the core strategy that we had previously outlined in 2014, before the potential merger to be a global leader in specialty risks. We reaffirmed the validity of our hybrid strategy to have significant platforms in both specialty insurance and reinsurance. Such a strategy would maximize our opportunities and lead to balance and diversification in the sources of our future growth and profits.

Although AXIS' objectives had not changed, we recognized that our industry is undergoing a structural shift as well as experiencing cyclical pressures, so we leveraged the work that we had done for the merger with the objective of making our company smarter, faster and more efficient than our competition. We recognized the need to stay closer to our customers, provide them with exemplary customer care, and deliver products and services targeted precisely to their needs. Superior data analysis, creative problem solving and superior insight into our customers' risks would be the indispensable elements of our underwriting philosophy.

Moreover, we had to cultivate better strategic relationships with our most relevant brokers. We quickly refined our approach. AXIS would focus on those who were most instrumental in creating our book of business and to whose business, in turn, we could offer the greatest added value. Where that mutual relevance was less evident, we would

work with those distributors to commit to closer interdependency or redeploy our attention and capacity. We continue to focus on developing partnerships defined by relevance.

As a company, we also had to promote greater coordination among our business segments to leverage their potential for generating opportunities. We had to redefine what it meant to be a hybrid and no longer operate in silos but, rather, bring the combined strengths of our company to every contact and potential situation. We had to energize our talent to aggressively identify and pursue attractive business, and reinvigorate our brand to reinforce our messages and market presence.

In addition to superior data and analytics, we would invest in more effective systems and tools across the organization to support our marketing, underwriting, processing and reporting, and in more efficient processes to best allocate human resource responsibilities and ensure a competitive expense structure.

To develop our people, we are in the process of strengthening our talent management to provide clear objectives, value-added feedback and broader career development opportunities, and to instill a pay-for-performance culture.

These are the highlights of the evolution of AXIS within a changing industry, and we have made these developments our core imperatives. In some of these areas, we had already made noteworthy progress and have made additional strides in the short time since the merger ended. In other areas, we still have a great deal of work to accomplish, but we are excited and energized to achieve our goals.

Challenges and opportunities

As we implement these changes for longer-term success, we will continue, in the months ahead, to deliver on our four-part Profit Improvement Plan, first outlined in 2014 and reconfirmed in the aftermath of our post-merger evaluations. Through this plan, AXIS will:

- 1 Improve our underwriting performance through the enhanced application of data and analytics to portfolio construction.
- 2 Ensure that those of our initiatives that did not yet have appropriate scale would achieve that scale on an accelerated basis.
- 3 Achieve a more effective and efficient operating platform and reduce our expenses.
- 4 Implement an enhanced 21st-century capital management strategy, which includes making progress in developing vehicles to harness the industry's abundance of third-party capital and turn it to our advantage.

The current regulatory environment continues to present challenges, but we are finding ways to deal with it effectively. We are pleased that Bermuda was among the first jurisdictions to be granted full equivalence under Solvency II, which mandates the level of capital requirements, disclosure and rules of governance for insurers doing business in Europe. Our ongoing commitment to work constructively with our Bermuda regulators has revealed the benefits of our domicile in this world-class venue.

In a related development, China recently enacted the China Risk Oriented Solvency System (C-ROSS), aimed at strengthening the capital requirements and governance practices in the Chinese insurance industry, but also limiting access to foreign reinsurers. Our timely membership in Lloyd's provided ongoing access to opportunities in the Chinese marketplace while sidestepping any significant additional compliance burdens.

We are fortunate to have had the opportunity to revisit every part of our strategy and make

the necessary adjustments to succeed in a challenging and rapidly changing environment. We have asked the tough questions, faced some hard realities and emerged from the process better aligned, more committed and better positioned to deliver on our strategy. In many ways, we have established a head start on many companies that will undoubtedly have to reevaluate their business model, make some difficult decisions and retrench in many markets. We have seen a number of companies report negative results, and I expect we will see more do so in the coming months. This should provide opportunities for AXIS to differentiate itself with its stability, consistency and strength.

The current wave of mergers in our industry will doubtless bring new opportunities, too, enabling AXIS to recruit additional top-quality teams and individual talent. In today's consolidating industry, AXIS will focus on enhancing the scale of our operations by strengthening our core businesses and expanding in our current business lines and markets, while increasing our profitability through internally-generated operating improvements. Longer term, we will expand into adjacencies related to our core business areas and then, ultimately, seek investments and opportunistic acquisitions to enter new markets. Of course, if we could find a potential acquisition that might accelerate these goals on terms favorable to our shareholders, we would evaluate it.

As a company with \$5 billion in premium, AXIS is not among the world's largest insurance firms, but we do not need to be. In many of our chosen lines and markets, we are among the top ten or twenty companies globally. We compete, and win, against the very largest players in our industry on the basis of our expertise, innovation, service, claims management and financial strength.

Looking ahead

I remain extremely optimistic about our company as we build an AXIS for the 21st century.

Our mission will remain to help our clients manage their risks and to find useful, creative ways to do so. Our industry will continue to serve as the economic safety net for free market activity, even as we witness the emergence of new risks,

from cyber risk to climate change, across the global landscape. As these new risks emerge, as economic activity inevitably increases and as markets around the world increasingly understand the value of insuring their risks – which are still woefully underinsured on a global scale, most notably in emerging markets – there will be a vital need for our products.

We do not intend to be all things to everyone, but to be a leader in specialty lines, relevant and respected in our markets, delivering financial results that are among the top quintile in our industry and with average volatility. Although we are building a company for long-term success, over the next few years we will emphasize initiatives that can deliver near-term profitability to meet the realities of today's demanding financial markets.

AXIS is today more focused and more disciplined than ever before. We are providing thoughtful solutions, improving our use of data and analytics to construct our portfolios and add value for our customers and shareholders alike.

The quality of our people is outstanding, and I am proud that AXIS continues to attract and maintain the very highest caliber of professional talent. I want to thank all of our employees for their extraordinary efforts during this past year and for their dedication to AXIS in the face of change.

Importantly, I also want to thank our partners in distribution and our customers for placing their trust in us and allowing us to help them address their risk management needs.

Our directors and staff join me in thanking you, our shareholders, for your continued support. You can depend on our focused energy and commitment to delivering superior value creation.

Sincerely,



Albert Benchimol
President and Chief Executive Officer

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Our mission will remain to help our clients manage their risks and to find useful, creative ways to do so.
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Financial strength &

Key facts and figures as of December 31, 2015

(\$ in billions)

6.9 Total capital

20.0 Total assets

14.5 Cash & investments

AXIS' rating of A+ from both Standard & Poor's and A.M. Best reflects our exceptional level of financial strength and our long-term track record of outstanding operating performance, placing AXIS among a select group of companies in our industry.

highlights

As of and for the year ended December 31, (\$ in millions, except per share amounts)	2015	2014	2013	2012	2011
Selected statement of operations data:					
Gross premiums written	\$ 4,603.7	\$ 4,711.5	\$ 4,697.0	\$ 4,139.6	\$ 4,096.2
Net premiums written	3,674.7	3,907.0	3,928.2	3,337.5	3,419.4
Net premiums earned	3,686.4	3,871.0	3,707.1	3,415.5	3,315.0
Net investment income	305.3	342.8	409.3	381.0	362.4
Net realized investment gains (losses)	(138.5)	132.1	75.6	127.5	121.4
Net income available to common shareholders	601.6	770.7	683.9	495.0	9.4
Per common share data:					
Basic earnings per common share	\$ 6.10	\$ 7.38	\$ 6.02	\$ 4.05	\$ 0.08
Diluted earnings per common share	6.04	7.29	5.93	4.00	0.07
Book value per common share	55.32	52.23	47.40	44.75	39.37
Diluted book value per common share	54.08	50.63	45.80	42.97	38.08
Dividends declared per common share	1.22	1.10	1.02	0.97	0.93
Operating ratios:					
Net loss and loss expense ratio	59.0%	56.5%	57.6%	61.4%	80.7%
Expense ratio	35.7%	35.1%	33.4%	34.8%	31.6%
Combined ratio	94.7%	91.6%	91.0%	96.2%	112.3%
Selected balance sheet data:					
Total assets	\$ 19,981.9	\$ 19,955.7	\$ 19,634.8	\$ 18,852.3	\$ 17,806.1
Senior notes	991.8	990.8	995.9	995.2	994.7
Preferred equity	627.8	627.8	627.8	502.8	500.0
Common equity	5,239.0	5,193.3	5,190.1	5,276.9	4,944.1
Total shareholders' equity attributable to AXIS Capital	5,866.9	5,821.1	5,818.0	5,779.8	5,444.1
Total capital*	6,858.7	6,811.9	6,813.8	6,775.0	6,438.7
Return on average common shareholders' equity ("ROACE")	11.5%	14.8%	13.1%	9.7%	0.2%
Operating ROACE**	7.7%	10.8%	12.1%	8.2%	(3.1%)

Note: * Total capital represents the sum of total shareholders' equity attributable to AXIS Capital and senior notes. 2011 results include pre-tax net losses of \$944.3 million for 2011 natural catastrophe events, including \$647.0 million for the Japanese earthquake and tsunami, the February 2011 earthquake near Christchurch, New Zealand, and associated June 2011 aftershock. 2012 results include pre-tax net losses of \$331.3 million attributable to Superstorm Sandy. 2015 results include a termination fee received from PartnerRe of \$280 million to terminate the Agreement and Plan of Amalgamation with the company.

** Operating income represents after-tax operational results without consideration of after-tax net realized investment gains (losses), foreign exchange gains (losses), termination fee received, reorganization and related expenses and losses on repurchase of preferred shares. Operating return on average common equity (Operating ROACE) is calculated using diluted operating income (loss) divided by average common shareholders' equity determined by using the common shareholders' equity balances at the beginning and end of the period. The presentation of Operating ROACE is a non-GAAP financial measure within the meaning of Regulation G. See Non-GAAP Financial Measures in Item 7 of Part II of the AXIS Annual Report on Form 10-K for the year ended December 31, 2015, for a detailed discussion of the measures used by AXIS to evaluate its financial performance.





Review of operations

As we drive forward through 2016, we have a clear vision for our future but remain very proud of the accomplishments across our businesses last year.

Financial highlights

For the year, our financial results were impacted by a range of competing forces. The competitive pressure on rates, unusual frequency of losses in our energy insurance operations and the low-interest-rate environment, which affected the return on our investment portfolio, led to operating results that were less robust than we would have hoped. Operating income was down 29% from the prior year, to \$4.02 per share.

Growth in diluted book value per share to \$54.08 was helped by the receipt of a \$280 million merger termination fee. Diluted book value per share growth adjusted for dividends, our most important measurement of shareholder value creation, was 9.2% during the year.

Gross written premium declined slightly to \$4.6 billion, while net written premium decreased to \$3.7 billion as we took advantage of the favorable environment for purchasing reinsurance and retrocessional insurance.

Our combined ratio rose to 94.7% from 91.6% in the prior year. An unusually high frequency of mid-size losses in energy and a shift in mix of business masked some very favorable improvement in professional lines and property. While a rising combined ratio is generally not

a welcome development, this year it reflected a reduction in catastrophe exposure in the face of declining returns and a meaningful shift in our business mix to include in our portfolio more high-frequency but low-severity risks such as motor reinsurance, thus fulfilling our strategy to reduce our portfolio's volatility.

Initiatives to support profitable growth and enhance shareholder value

Consistent with AXIS' long-term plan to rebalance the company towards the most profitable parts of its business, in October 2015 AXIS announced a new set of actions to enhance profitability and drive future growth. These actions would better align our resources to focus on our most attractive opportunities, deliver greater efficiencies, and increase our client and broker support around the world.

As part of these actions, we decided to wind down our retail insurance operations in Australia, where we did not enjoy sufficient profitability. Instead, we would focus on serving the Australian market through our international wholesale insurance and global reinsurance platforms.

Similarly, we decided to further reduce our US primary surety and international excess casualty books.

Gross premiums written

\$4.6bn

Growth in diluted book value per share adjusted for dividends

+9.2%

These steps were accompanied by a workforce reduction of approximately 100 positions, primarily in corporate and select insurance operations. This will yield an annual cost savings of approximately \$30 million, which will be instrumental in helping us meet our target of realizing additional ongoing cost savings of \$50 million a year.

In addition, we drew up a new roadmap for our information technology to outsource much of our IT infrastructure and applications development. This will result in a considerable long-term financial and operational benefit.

While a portion of our staff worked tirelessly on the potential merger and subsequently on repositioning our operations, all AXIS employees still had a highly complex business to keep driving forward. I am grateful for the diligence of our entire organization and am proud of its unshakeable perseverance in the face of the prevailing uncertainty.

Capital management

Throughout the year, AXIS continued to be a careful and responsible steward of capital. We suspended our share repurchases during the potential merger but soon afterwards executed a \$300 million Accelerated Share Repurchase ("ASR") program. This was a strong commitment to return capital to shareholders in light of the

accumulated earnings during 2015 and the break-up fee from the potential merger with PartnerRe. This ASR concluded in early 2016. Additionally, our Board authorized a new share repurchase program in an amount up to \$750 million to expire at the end of 2016.

We raised our quarterly dividend by six cents a share for a 21% increase, the second-largest dividend increase in AXIS' history. For the year, AXIS returned a total of \$447 million to our common shareholders through dividends and share repurchases, equal to approximately 112% of our total operating earnings, in line with our target for returning substantial capital to shareholders.

We maintained a conservative investment portfolio, with the average fixed-income credit rating remaining a strong AA-. We reduced our exposure to emerging market debt and extended the average duration of the fixed-income portfolio from 2.9 years to 3.3 years. Our fixed-income portfolio returned 0.3% for the year.

Led by our Chief Investment Officer, we modified our portfolio's alternative investments, eliminating a number of hedge fund managers and redirecting this capital towards direct lending, real estate and private equity opportunities with higher expected returns. Our total equity and alternative portfolio returned 0.4% for the year.

Increase in quarterly dividend

+21%

Total returned to our common shareholders through dividends and share repurchases

\$447m

AXIS Insurance

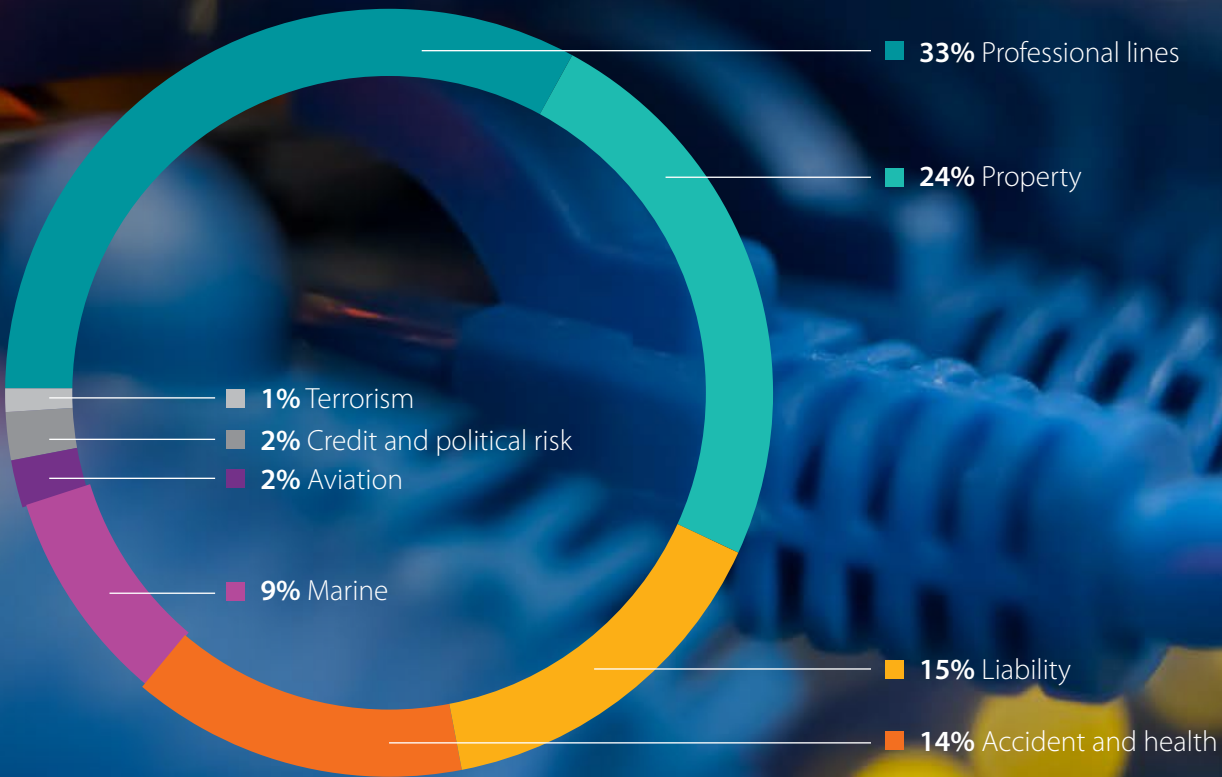
Gross premiums written in 2015

2015 Combined ratio

\$2.6bn

98%

Premiums written by line of business



AXIS Insurance realized a positive and productive year, although we achieved neither the top- nor bottom-line growth that we originally anticipated. The competitive marketplace and negative impact of a strong dollar affected top-line performance, whereas our bottom line was particularly impacted by a spate of unrelated, extraordinary losses in our energy portfolio.

AXIS Insurance did benefit, however, from adjusting its mix of business, increasing our exposure to smaller lines and lower volatility risks, which smoothed out the portfolio's performance without forsaking our traditional commitment to large lines and insuring high-severity losses.

We were pleased with the performance of our property insurance portfolios, including our US excess, surplus, risk management and global property lines. The improvement in our loss experience was further complemented by a low catastrophe year.

Additionally, our professional liability business, which enjoys significant market presence, showed good progress in our efforts to improve profitability, especially following the comprehensive reassessment of our book of business during the previous year. During the year, we became the new national underwriter for A&E Advantage, Aon Affinity's professional liability insurance program for architecture and engineering firms.

We also experienced good performance in our US casualty lines and in our renewable energy portfolio.

Unfortunately, these positive developments were primarily masked by unprecedented losses in our offshore energy lines. These unrelated losses weighed on the entire energy sector. AXIS also experienced elevated losses in our transportation lines, as an increase in driving, due to an improving economy and lower

gas prices combined with an increase in driver distractions, resulted in a higher level of automobile accidents throughout the industry.

New business initiatives were especially successful in 2015, with the top line up approximately 30% versus the prior year. However, this was offset by nonrenewals in our existing business as a result of pricing pressures in the market. Additionally, net premiums were impacted by our decision to increase our utilization of reinsurance, which was available at favorable rates – one of the few benefits that we reaped from the low-rate environment.

We continued to develop our successful relationship with the Lloyd's market, where our Syndicate 1686 underwrites a range of specialty insurance and reinsurance for clients around the world. Still under the tutelage of the Asta Managing Agency, which works to bring on board new syndicates at Lloyd's, we are quickly approaching the end of our introductory period and look forward to assuming full independence and operational management of the syndicate.



We are making real progress upgrading our foundation. What we call our 'future insurance platform' – a five-year, \$40 million project focused on creating a new US underwriting platform – will yield significant savings for us. In addition, our process redesign at AXIS PRO is shifting process-oriented tasks away from underwriters and should lead to a 30% improvement in our productivity.

Peter Wilson
Chief Executive Officer, AXIS Insurance



AXIS Accident & Health



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One of our signature achievements this year was opening our Dubai office. It was an important step in our expansion into the Middle East, which is a key market for our global AXIS A&H strategy and a welcome addition to our offices in the US, Europe and Southeast Asia. Our first work there will revolve around selling quota share and excess of loss health-care reinsurance and providing the actuarial and product solutions to support that effort.

Christopher DiSipio
Chief Executive Officer, AXIS Accident & Health



AXIS A&H, first launched in 2009, continued its steady progress towards becoming a leading player in the expanding worldwide market for accident and specialty health insurance and reinsurance solutions. Reporting another year of strong growth far beyond the rest of the industry, AXIS A&H premiums rose 25% in 2015 as we continued to focus on working with our brokers and clients to achieve a differentiated value proposition. With profitability of this emerging business already at break-even overall, our reinsurance operations again were positive contributors while our insurance operations expect to reach that milestone in the coming year.

In April, we acquired Ternian Insurance Group, a provider of voluntary, limited-benefit health plans and other employee benefits primarily for hourly and part-time workers and their families. Ternian will give AXIS A&H greater depth in the US benefits market and increase our reach in serving brokers.

Entrepreneurial, marketing-driven and highly attuned to the changing market environment, AXIS A&H continues to focus on satisfying the evolving needs of our brokers and their customers. With the exploding growth of health-care spending worldwide, we are experiencing increasing demand for specialty health-care insurance and reinsurance products in both developed economies and emerging markets alike.

Gross premiums written in 2015

\$351m

Premiums written compared to 2014

+70.6m

AXIS Re

At AXIS Re, our headline achievement of the year was to become a more integrated company in serving the needs of our customers around the globe. We improved on our efforts to employ effective data and analytics to evaluate our customers' risks. This highly customer-centric, collaborative approach elicited enthusiastic customer response and contributed to another year of favorable reinsurance results.

Despite competitive conditions, AXIS Re continued to identify attractive growth opportunities around the world, extending our product breadth with existing customers and expanding with new customers. Although reported premiums written were down 7.1% for the year, after eliminating the net impact of multi-year premiums, prior-year adjustment premiums and foreign exchange rate movements, premiums written were flat for the year, a positive outcome in a declining-rate environment.

Catastrophe lines fared well in a very light cat year. We participated in some of the year's largest catastrophe losses, especially the giant factory fire in Tianjin, China, but its impact was in line with our expectations and market share and did not have an undue impact on AXIS Re. We continued to reduce premium from catastrophe lines

in order to lower our volatility and focus on profitable contracts. We have increased our writing of more stable, longer-tail lines such as motor and other casualty lines of business. Some of our exposures were mitigated by an increase in the purchase of retrocessional insurance. While this reduces our net premium, it also serves as another lever to manage volatility. In 2015, we ceded approximately 20% of our property catastrophe business to capital partners in quota share or similar form.

During the year, we saw good results from two of our newer specialties – agriculture and marine. Our weather business was negatively impacted by unseasonably warm temperatures, primarily in northern Europe in the fourth quarter. We believe that the recent weather volatility, which is causing economic losses in the billions, will create awareness and opportunities for our team.

Now that these specialties have been sufficiently integrated into the group, AXIS Re is seeing real opportunities to expand our product offering to existing and new customers.

We were pleased that AXIS Re was named "Specialty Reinsurer of the Year" for 2015 at the Reactions North American Awards.

Gross premiums written in 2015

\$2.0bn

2015 Combined ratio

86%

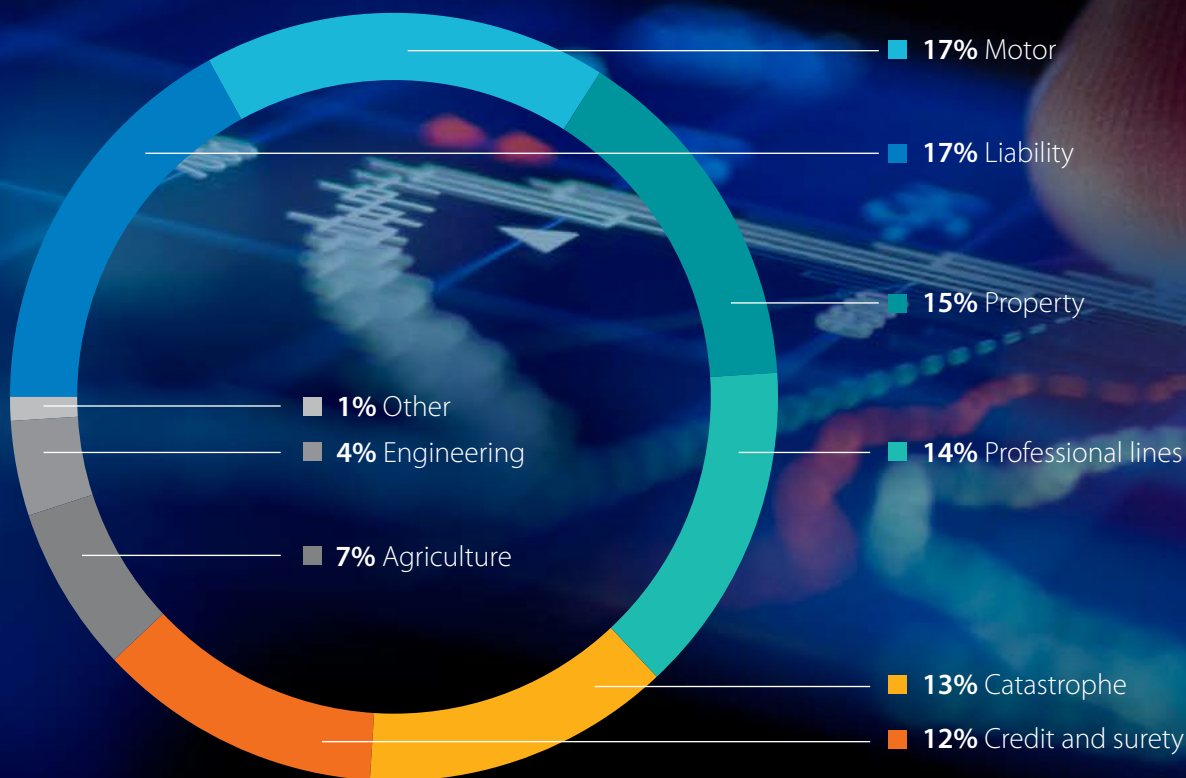


I'm really excited about AXIS Re Ventures. We are looking to harness third-party capital as another means of providing solutions for our customers and generating added fee income for us. Right now, our team is working diligently to introduce these new third-party capital vehicles to the marketplace.

John Nichols
Chief Executive Officer, AXIS Re



Premiums written by line of business



A letter from the Chairman



In the early days of 2015, we advanced a prediction regarding the general economy and our industry environment, which proved to be accurate – namely, that 2015 would be a difficult year. It turned out to be a year of low growth, low interest rates and an increasing flow of capital into the marketplace. In anticipating those developments, we were prepared for them and dealt with them successfully.

The one aspect of the year that was other than what we had expected, however, was being approached by PartnerRe to merge our two companies. As a result, we spent a good part of the year engaged in that project. Ultimately, as you know, we decided not to go ahead with the potential merger, as the terms became less attractive. However, the process produced several highly beneficial outcomes.

In evaluating the potential merger, we were led to closely examine our company and to consider afresh AXIS' place within the industry and where the industry itself was heading. The process caused us to think creatively and to identify the attributes that would most contribute to the company's greater success.

Moreover, we appreciated many of the advantages that AXIS already enjoyed, such as our loyal customers and our fine broker relationships, and the sound strategy that we already had in place. We were comfortable with our strategy for AXIS before we were approached regarding the potential merger and are comfortable with our strategy now. Either way, we knew we would be fine.

Our management group was also very successful in separating the issues surrounding the potential merger from those relating to everyday business. Irrespective of the merger's potential for diverting our attention, I am pleased that the company continued to do what it was supposed to do and that the entire process was well managed.

Now that we are looking forward to 2016, we are comfortable with developing our two main business segments, each with its separate value proposition, its opportunities and its challenges. Despite the continuing environment of strong competition and low growth, we believe that our market position and strong value proposition will enable us to continue underwriting quality business, especially as a result of the significant investment that we have made in our producer relationships.

Considering the macro-economic situation, the prevailing low-interest rates continue to affect the industry as a whole and the uncertainties that emerged at the beginning of the new year have placed a question mark over the economy, which had appeared to be on the mend, albeit slowly. Nevertheless, I believe that the positives still outweigh the negatives and that the global economy overall still has much in its favor. I am optimistic about eventual recovery to more normal levels of activity and the restoration of more normal interest rates.

Over time, all of the new capital coming into the industry will have a greater impact on our business. While much of this capital has been quite responsible to date, it also means that the market as a whole has the capacity to take on more risk.

In our industry today, three of the peak areas of risk that we are facing are cyber risk, terrorism and climate risk. I do feel that there is heightened awareness about these issues. In the case of climate risk, we have seen it gain increased visibility, most notably due to the Paris accords. However, the large majority of climate risk is still retained inefficiently by governments, even though there is plenty of scope for the transfer of this risk to the insurance and reinsurance markets to feed that increased capital and to offer efficient, post-event funding and disaster recovery to the global economy.

This last point raises the dilemma of the “Tragedy of the Horizon,” most recently articulated by Mark Carney of the Bank of England. Many of today’s important decisions are being driven by short-term considerations, mainly by the political process and the stock market, but the problems they seek to address are long-term in nature. Thus, if your decision-making entails a horizon of three-to-five years, but the decisions you are making will have an impact over twenty to twenty five years or longer, the wrong incentives are in place.

Many within our industry understand this issue, but public policy decision-makers, who could transfer risk into the market today, don’t want to pay the cost now for a benefit that will not be realized until a later time when they may no longer be active. Politicians will “kick the can down the road” and let disaster occur at a later date, when they are no longer in office to bear the cost of it. That is the “Tragedy of the Horizon.”



We are approaching that point in the industry cycle where the stronger companies will outperform the weaker. I am confident that AXIS is in that stronger group.



Because of the seriousness of these concerns, I hope the stewards of our vital assets will look at this issue in a more effective manner. Moreover, I am not just talking about the dangers associated with climate risk, but about many large issues that are increasingly interrelated – water, food, population, extraction industries, and so forth. And, the greater the risk to society, the greater the role of the insurance industry will be in mitigating those vulnerabilities. Quite simply, that is what we're here for: We play an absolutely pivotal role in the structure of society and in spreading the risks that threaten it.

I also see a considerably greater influence of technology and big data analytics on the industry and on how risk gets distributed. This influence will only increase in the years ahead, and it is an area on which AXIS has placed considerable focus.

Our performance during the year was largely as expected, and I am delighted that we were able to add significantly to book value, up 6.8%, which was reflected in our share price. I am happy the company did as well as it did, but I am also conscious that we have a lot more to do.

Looking forward, we are approaching that point in the industry cycle where the stronger companies will outperform the weaker and the survivors' selection process will continue more acutely. I am confident that AXIS is in that stronger group and will face its challenges well.

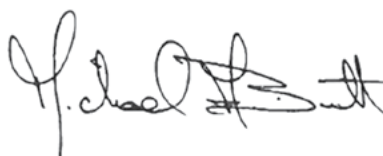
On the regulatory front, I wish to congratulate Bermuda and the Bermuda Monetary Authority, which worked so hard over the course of seven years – and against some considerably questioning opposition – to achieve jurisdictional equivalence under Solvency II. They crossed the finish line with flying colors. With this development, Bermuda has reinforced its position as one of the world's primary jurisdictions for insurance and reinsurance companies and

rendered Bermuda an even more attractive venue for conducting business than before. This has become even more relevant as national regulations regarding trade and insurance are increasingly imposed elsewhere around the world.

I would like to extend my great thanks to our entire Board for its enormous effort during this past year. The Board was cohesive and extremely helpful in its advice to management regarding the merger, and devoted many long hours and endured numerous meetings in discharging its responsibilities. Personally, it was marvelous for me to experience the many different views of our Board members, participate in their debate and see how all of the different views eventually coalesced.

I wish to thank all members of the AXIS staff, particularly those who had to perform two jobs during this past year – their day job and their merger-related job – and who acquitted themselves so admirably. Finally, I wish to thank our shareholders, who continued to support us throughout this eventful year.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael A. Butt". The signature is fluid and cursive, with a large initial "M" and "A".

Michael A. Butt
Chairman of the Board

Total shareholder return

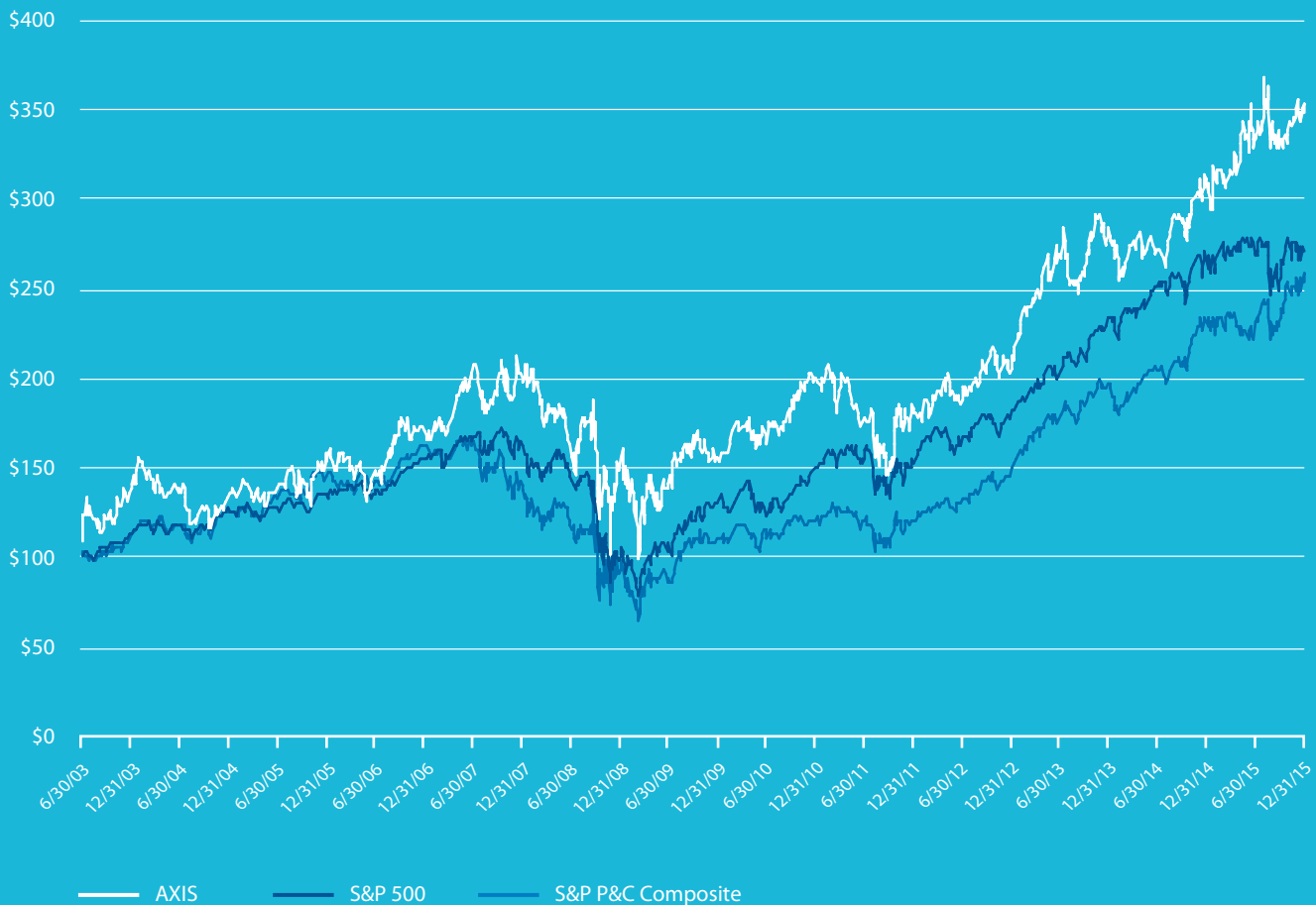
AXIS Capital Holdings Limited*

S&P 500*

S&P P&C Composite*

241.8% **171.1%** **154.7%**

Total annual shareholder return**



Note: * Data computed from June 30, 2003 to December 31, 2015.

** Shown above is a graph comparing the yearly percentage change in the cumulative total shareholder return on our common shares (assuming reinvestment of dividends) from July 1, 2003, the date that our common shares began trading on the New York Stock Exchange, through December 31, 2015, as compared to the cumulative total return of the Standard & Poor's 500 Stock Index and the cumulative total return of the Standard & Poor's Property and Casualty Insurance Index. This graph assumes an investment of \$100 in July 2003. The company's total return is computed using the initial public offering price of \$22.00 per share.

Strategic global presence

5

Continents

31

Offices

1,225

Employees

Bermuda

Corporate Headquarters

AXIS House
92 Pitts Bay Road
Pembroke HM 08
Bermuda
1 441 496 2600
1 441 405 2600 fax
www.axiscapital.com

Europe

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Switzerland
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1 609 375 9170 fax

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1 415 262 6881 fax

Asia

Singapore

80 Raffles Place
#29-20 UOB Plaza 2
Singapore 048624
65 6579 0630
65 6579 0659 fax

Directors and executive officers

Directors

Geoffrey Bell

President, Geoffrey Bell and Company
– Compensation Committee
– Finance Committee
– Risk Committee

Albert A. Benchimol

President and Chief Executive Officer,
AXIS Capital
– Executive Committee
– Risk Committee

Jane Boisseau

Former Partner and Co-Chair,
Insurance Regulatory Department
of Dewey & LeBoeuf LLP
– Audit Committee
– Corporate Governance and Nominating Committee

Michael A. Butt

Chairman of the Board, AXIS Capital
– Executive Committee

Charles A. Davis

Chief Executive Officer,
Stone Point Capital LLC
– Executive Committee
– Finance Committee, Chairperson

Robert L. Friedman

Senior Advisor and
Former Senior Managing Director,
Blackstone Group LP
– Compensation Committee
– Finance Committee

Christopher V. Greetham

Former Chief Investment Officer, XL Capital Ltd.
– Compensation Committee
– Finance Committee
– Risk Committee, Chairperson

Maurice A. Keane

Former Group CEO, The Bank of Ireland
– Audit Committee
– Corporate Governance and Nominating Committee
– Risk Committee

Sir Andrew Large

Former Deputy Governor for Financial Stability,
Bank of England
– Corporate Governance and Nominating Committee
– Risk Committee

Cheryl-Ann Lister

Former Chairperson and CEO,
Bermuda Monetary Authority
– Corporate Governance and Nominating Committee
– Risk Committee

Thomas C. Ramey

Former Chairman and President,
Liberty International, Liberty Mutual Group
– Audit Committee, Chairperson
– Compensation Committee

Henry B. Smith

Former CEO, W.P. Stewart & Co., Ltd
and Bank of Bermuda Limited
– Audit Committee
– Compensation Committee, Chairperson
– Corporate Governance and Nominating
Committee, Chairperson
– Executive Committee, Chairperson

Alice Young

Former Special Counsel and Chairperson
of Asia Pacific Practice, Kaye Scholer LLP
– Audit Committee
– Corporate Governance and Nominating Committee

Wilhelm Zeller

Former Chairman of the Executive Board,
Hannover Re
– Finance Committee
– Risk Committee

Executive officers

Albert A. Benchimol

President and Chief Executive Officer

Christopher N. DiSipio

Chief Executive Officer
AXIS Accident & Health

Joseph C. Henry

Executive Vice President and
Chief Financial Officer

John D. Nichols

Chief Executive Officer
AXIS Re

Peter W. Wilson

Chief Executive Officer
AXIS Insurance

Shareholder information

Annual meeting

Date:

May 5, 2016, at 8:30 a.m. AST

Location:

AXIS House, 92 Pitts Bay Road
Pembroke HM 08, Bermuda

Investor relations

For copies of AXIS Capital's Annual Report, Forms 10-K and 10-Q or other reports filed with or furnished to the Securities and Exchange Commission:

Visit:

The Investor Information section of www.axiscapital.com

Email:

Investor Relations Department of AXIS Capital at investorrelations@axiscapital.com

For other investor relations inquiries:

Write to:

Director, Investor Relations
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Call:

1 441 405 2727

Email:

investorrelations@axiscapital.com

Independent registered public accounting firm

Deloitte Ltd.
Corner House
Church & Parliament Streets
Hamilton HM FX, Bermuda

Transfer agent and registrar

The Transfer Agent for AXIS Capital is Computershare.

For shareholder inquiries, please contact Computershare:

By regular mail:

P.O. Box 30170
College Station, TX 77842-3170

By overnight delivery:

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College Station, TX 77845

Call:

1 800 522 6645 (within the US)
1 201 680 6578 (outside the US)

Visit:

www.computershare.com/investor



www.axiscapital.com