UNLOCKING OUR POTENTIAL, SHAPING OUR FUTURE.

Annual Report 2018

In 2018, we laid the groundwork for transformation. In 2019, we look forward to implementation and delivering on the expected benefits of this work.

Financial Highlights 02
Shareholder Value 03
CEO Letter 04
Insurance 10
Reinsurance 14
Chairman's Letter 20
Financial Detail 24
Directors & Executives 28

FINANCIAL HIGHLIGHTS

At and For the Year Ended December 31,	**2018**	**2017**	2016	2015	2014
(in millions, except per share amounts)					
Selected Statement of Operations Data:					
Gross premiums written	**$6,910.1**	**$5,556.3**	$4,970.2	$4,603.7	$4,711.5
Net premiums written	**4,659.0**	**4,027.1**	3,753.0	3,674.7	3,907.0
Net premiums earned	**4,791.5**	**4,148.8**	3,705.6	3,686.4	3,871.0
Net investment income	**438.5**	**400.8**	353.3	305.3	342.8
Net investment gains (losses)	**(150.2)**	**28. 2**	(60.5)	(138.5)	132.1
Net income (loss) available to common shareholders [1] [2] [3] [4] [5]	**0.4**	**(415.8)**	465.5	601.6	770.7
Operating income (loss) [1] [2] [4] [5] [6]	**161.4**	**(264.6)**	409.9	400.5	562.9
Ex-PGAAP operating income (loss) [13]	**209.2**	**(248.4)**	nm	nm	nm
Per Common Share Data:					
Earnings (loss) per diluted common share	**-**	**(4.94)**	5. 08	6.04	7.29
Operating income (loss) per diluted common share [7]	**1.92**	**(3.15)**	4. 48	4.02	5.32
Ex-PGAAP operating income (loss) per diluted common share [13]	**2.49**	**(2.95)**	nm	nm	nm
Book value per common share [8] [9]	**50.91**	**54.91**	59.54	55.32	52.23
Book value per diluted common share [8] [9]	**49.93**	**53. 88**	58.27	54.08	50.63
Cash dividends declared per common share	**1.57**	**1. 53**	1.43	1.22	1.10
Operating Ratios : [10]					
Net loss and loss expense ratio	**66.6%**	**79.2%**	59.5%	59.0%	56.5%
Expense ratio	**33.3%**	**33.9%**	36.4%	35.7%	35.1%
Acquisition cost ratio	**20.2%**	**19.9%**	20.2%	19.5%	19.0%
General and administrative expense ratio	**13.1%**	**14.0%**	16.2%	16.2%	16.1%
Combined ratio	**99.9%**	**113.1%**	95.9%	94.7%	91.6%
Selected Balance Sheet Data:					
Total assets	**$24,132.6**	**$24,760.2**	$20,813.7	$19,981 9	$19,955.7
Senior notes and notes payable	**1,342.0**	**1,376.5**	993.0	991.8	990.8
Preferred shares	**775.0**	**775.0**	1,126.1	627.8	627.8
Common equity	**4,255.1**	**4,566.3**	5,146.3	5,239.0	5,193.3
Total shareholders' equity attributable to AXIS Capital	**5,030.1**	**5,341.3**	6,272.4	5,866.9	5,821.1
Total capital [11]	**6,372.1**	**6,717.8**	7,265.4	6,858.7	6,811.9
Return on average common shareholders' equity ("ROACE")	**0.0%**	**(8.6%)**	9.0%	11.5%	14.8%
Operating ROACE [12]	**3.7%**	**(5.4%)**	7.9%	7.7%	10.8%
Ex-PGAAP Operating ROACE [13]	**4.7%**	**(5.1%)**	nm	nm	nm

nm = not meaningful

(1) During 2018 and 2017, the Company recognized transaction and reorganization expenses of $67 million and $27 million, respectively, related to the Company's transformation program which was launched in 2017. This program encompasses the integration of Novae Group plc ("Novae") which commenced in the fourth quarter of 2017, the realignment of the Company's accident and health business, together with other initiatives designed to increase efficiency and enhance profitability while delivering a customer-centric operating model.

(2) During 2017, the Company recognized a tax expense of $42 million due to the revaluation of net deferred tax assets pursuant to the U.S. Tax Reform.

(3) During 2018 and 2017, the Company recognized amortization of value of business acquired ("VOBA") of $171 million and $50 million, respectively, related to the acquisition of Novae.

(4) During 2015, the Company accepted a request from PartnerRe Ltd., a Bermuda exempted company ("PartnerRe") to terminate the Agreement and Plan of Amalgamation (the "Amalgamation Agreement") with the Company. PartnerRe paid the Company a termination fee of $280 million.

(5) During 2015, the Company implemented a number of profitability enhancement initiatives, which resulted in recognition of transaction and reorganization expenses of $46 million and general and administrative expenses of $5 million.

(6) Operating income (loss) is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to net income (loss) available (attributable) to common shareholders, the most comparable GAAP financial measure, is provided later in this report.

(7) Operating income (loss) per diluted common share is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to earnings (loss) per diluted common share, the most comparable GAAP financial measure, is provided later in this report.

(8) Book value per common share and book value per diluted common share are based on total common shareholders' equity divided by common shares and diluted common shares outstanding, respectively.

(9) Calculations and share amounts at December 31, 2015 include 1,358,380 additional shares delivered to the Company in January 2016 under the Company's Accelerated Share Repurchase ("ASR") agreement entered into on August 17, 2015.

(10) Operating ratios are calculated by dividing the respective operating expenses by net premiums earned.

(11) Total capital represents the sum of total shareholders' equity attributable to AXIS Capital plus senior notes and notes payable.

(12) Operating ROACE is calculated by dividing operating income (loss) for the year by the average shareholders' equity determined by using the common shareholders' equity balances at the beginning and end of the year. Operating ROACE is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to ROACE, the most comparable GAAP financial measure, is provided later in this report.

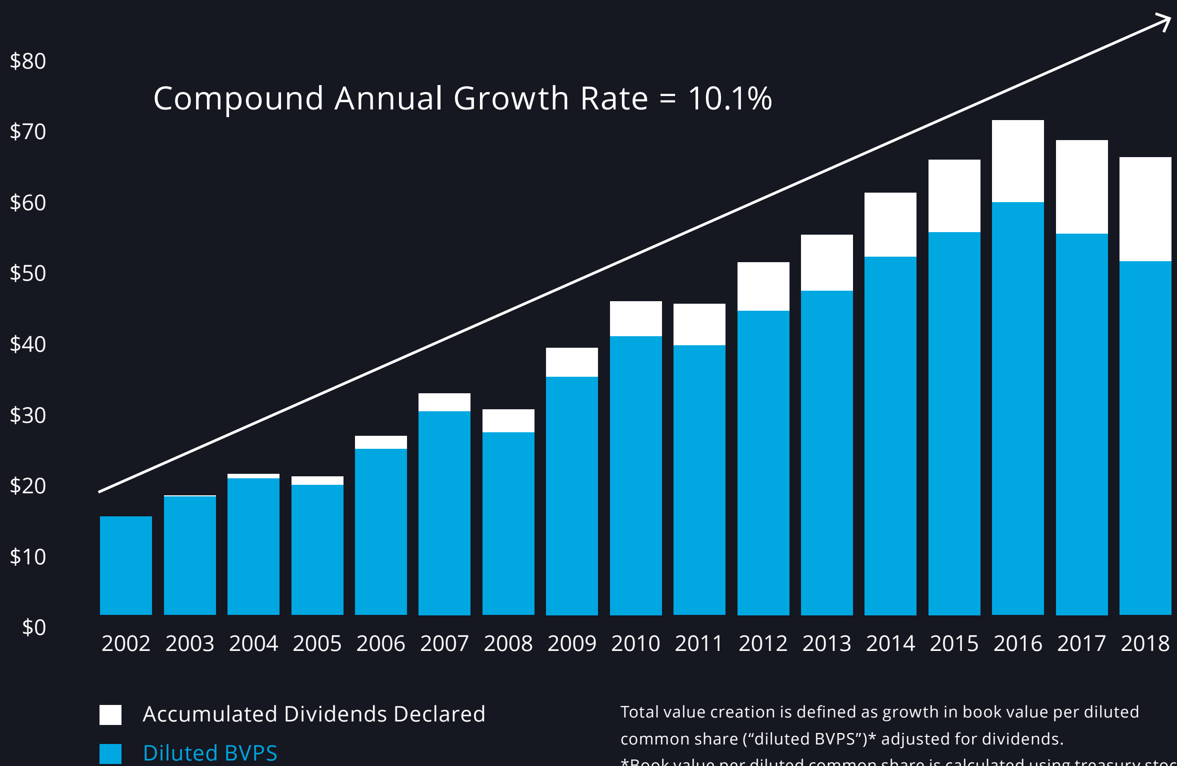
(13) Ex-PGAAP operating income (loss), ex-PGAAP operating income (loss) per diluted common share and ex-PGAAP return on average common equity ("ex-PGAAP operating ROACE") are non-GAAP financial measures as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to net income (loss) available (attributable) to common shareholders, earnings per diluted common share, and return on average common equity, respectively, the most comparable GAAP financial measures are provided later in this report.

DELIVERING VALUE TO SHAREHOLDERS
in billions

$15.0B	$24.1B	$6.4B
Cash & Invested Assets	Total Assets	Total Capital

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

Shareholder Value Creation



Total value creation is defined as growth in book value per diluted common share ("diluted BVPS")* adjusted for dividends.
*Book value per diluted common share is calculated using treasury stock method. Diluted BVPS at 12/31/02 is pro forma for AXIS Capital IPO.

"IN 2018, WE MADE SIGNIFICANT PROGRESS IN ADVANCING OUR STRATEGY"

Albert A. Benchimol
President and Chief Executive Officer

To Our Shareholders:

AXIS made significant progress in 2018 in accelerating our strategy to be a profitable leader in specialty insurance and global reinsurance. We did so amid a difficult backdrop — one of a challenging market, changing regulatory environments, and significant property and catastrophe losses.

AXIS' results showed steady progress in the year, and we delivered improved full-year underwriting performance, both with and without the impact of catastrophes. Our fourth quarter results, which were impacted by elevated losses in property, marred an otherwise positive year.

I am confident the fourth quarter experience reflected volatility inherent in our industry and does not represent a slowdown in our momentum to improve underwriting performance and reduce volatility. We are committed to continuing on this critical path and delivering an improved financial result in 2019 and beyond.

While our full year financial results fell short of our goal, given the fourth quarter losses, I hope they will not overshadow the important and significant improvements achieved in the year to strengthen our business and better position AXIS for relevance, leadership and profitable growth in our chosen insurance and reinsurance markets.

Notably, in 2018 we proudly strengthened our competitive position as a Top 10 or Top 15 player in many of our chosen markets, and — as a result of the integration of Novae Group plc ("Novae") — advanced our position in several lines. Novae elevated our status in the London market, made us a Top 10 insurer at Lloyd's and a Top 5 player in many important and high-growth lines. Of course, achieving a top industry ranking is not an end in itself — such leadership brings more and better opportunities, more successful outcomes, and the resources to invest in the people, technology, analytics and R&D needed to excel.

In addition, through both the Novae integration and our transformation initiatives, we are on track to achieve significant cost savings — allowing for higher efficiency, profitability and investment in growth. We expect that by the end of 2020, we will reach our target of $100 million in net savings compared with 2017 expense levels.

Though AXIS operates in an environment with considerable challenges, including emerging risks, climate change, geopolitical uncertainties, increasing regulatory pressures, potentially disruptive technology, and the presence of excess capital in the market, we are excited about our long-term opportunities. Our Company plays an essential role in enabling organizations around the world to manage risk. We are well-positioned to fulfill that role and to perform in a challenging environment. Moreover, we continue to build on our strengths: leadership in chosen markets and a focus on attractive specialty lines, strategic investments in innovation, strong relationships with distribution partners and, most of all, a talented and energetic team dedicated to driving our success.

2018: Unlocking Our Potential

Despite a challenging fourth quarter, our results showed progress. Gross premiums written increased by $1.4 billion, or 24%, to $6.9 billion, with an increase of 35% in the Insurance segment, primarily attributable to the acquisition of Novae, and an increase of 14% in the Reinsurance segment. Adjusting for the impact of the Novae acquisition, gross premiums written increased by $331 million, or 6%, with an increase of $60 million in the Insurance segment, and an increase of $271 million in the Reinsurance segment. Net premiums written increased by 16% to $4.7 billion. Net income for 2018 was $0.4 million, while operating income was $161 million, reversing a prior-year operating loss.

Our reported combined ratio improved from 113.1% in 2017 to 99.9% in 2018. The timing of the Novae acquisition in 2017 and the associated purchase GAAP ("PGAAP") accounting entries complicate a like-for-like, year-over-year comparison. We believe the best perspective on improvements in underlying performance is on an

Transforming: Becoming the (Re)insurer of the Future

The forces of change reshaping our industry are more dramatic than perhaps any we have faced before. The emergence of new risks, heightened competition, pricing pressures in key business lines, climate risk, regulatory changes and the presence of alternative capital are profoundly altering the insurance landscape. Over the long term, the demand for more and new coverages bodes well for the growth of the industry and our Company. At the same time, data and analytics, InsurTech, and new technologies promise to make our business more innovative, agile, efficient and cost-effective, but will require that companies reinvent many aspects of their operations.

AXIS has launched a Company-wide transformation program to leverage these changes to our advantage and ultimately drive sustained, profitable growth. While we have pursued a number of initiatives to drive continuous improvement and accelerate growth, we redoubled our transformation efforts in 2018. This year, we set the foundation for an ambitious plan to make our Company smarter, more agile and future-ready. Reflecting our ongoing focus on the transformation agenda, we named Linda Ventresca, a 15-year veteran of our Company, Chief Strategy Officer in August 2018 to work with our Executive Committee to deliver on these strategic priorities.

In 2018, we laid the necessary groundwork for transformation. Our efforts this year should allow us to improve how we work together in the future and help us leverage expertise from across AXIS — all to better serve our internal and external customers. Four themes guided our activities: creating a future-ready operating model, strengthening our processes and promoting innovation, fostering an agile culture and investing in a high-performance culture.

Creating a future-ready operating model

We actively broke down silos in 2018 to ensure that in 2019 and beyond, we better leverage expertise, data and resources from across AXIS.

- We introduced integrated functional models for departments such as Finance and Information Technology (IT). For example, we brought our Finance, Risk and Actuarial teams together under one umbrella to increase collaboration amongst these groups and share insights that will enable better, faster decision-making. We also redesigned our IT approach and appointed a new leadership team that will enable more efficient decision-making and ultimately transition us to a new way of working.
- We realigned our A&H business by separating the A&H insurance and A&H reinsurance units and integrating them into our Insurance and Reinsurance segments. We expect to achieve synergies by aligning these businesses with the broader Insurance and Reinsurance segments, while also creating opportunities for our A&H teams to leverage customer and partner relationships across the enterprise. This also should help our P&C reinsurance team leverage the geographic expansion and client relationships developed by our A&H teams.

Strengthening our processes, promoting innovation

We continue to invest in innovation, data and analytics across the Company to help arm our teams with the tools and information they need to make better, faster decisions. One priority has been investing in the ability to collect data, convert data into an asset and make the information relevant across the Company.

We also launched the Global Underwriting and Analytics (GUA) unit in January 2018 to enhance the underwriting process by fostering consistent, enterprise-wide views relating to underwriting policy and risk appetite, and bring consistency to our portfolio management globally. GUA is also starting to invest in partnerships with the InsurTech ecosystem — in July 2018, we launched AXIS Digital Ventures. See the case study "Innovation: Investing in New Capabilities to Win in the Future" to learn more.

Fostering an agile culture

Our actions have strengthened our operating model enterprise-wide to make AXIS more nimble and efficient. We are investing in specific initiatives across the Company to encourage this culture — a culture of agility — and in 2018 we launched a number of training efforts to help educate our employees about more agile ways of working across the Company. Our teams will continue to evolve and develop on the agile journey, ensuring that we are well-poised to execute on our portfolio and innovation goals.

Investing in a high-performance culture

We know that the people within AXIS — their expertise, drive and hard work — bring our strategies alive. Our people, through their interactions with customers, brokers and fellow employees, differentiate our Company. Toward that end, one of our top priorities is investing in our people. This enables us to elevate the level of service that we provide to partners and, at the same time, helps us to develop and retain our top talent.

We encourage a high-performance culture where people are focused on delivering valuable solutions for our clients and partners. We aim to reward our top performers for doing great work, while at the same time we encourage our people to develop critical capabilities and experiences that will propel their careers at AXIS. To advance this culture, in 2018 we unveiled AXIS Academy, a learning and development initiative designed to help our employees grow and expand their skills. Through AXIS Academy, employees can access learning resources to bolster their expertise and future-ready capabilities while accelerating their development through feedback, coaching and collaborative stretch goals and experiences.

Through these and other transformation initiatives, we will continue to advance AXIS' strategy to be a global leader in specialty insurance and reinsurance.

ex-PGAAP basis, excluding catastrophes and weather-related losses, and the impact of prior year reserve development. On that basis, the combined ratio improved from 98.5% in 2017 to 97.7% in 2018.

Our Actions

I am proud of our progress in becoming an increasingly relevant specialty insurer and global reinsurer, well-positioned for future growth and performance.

In particular, we are pleased with the success of the Novae acquisition. The combined organization is functioning well and beginning to deliver the expected benefits. The portfolio repositioning has been underway since the acquisition closed, and continues to this day, such that 2018 results do not yet reflect the full potential benefits of the acquisition. For example, we integrated the AXIS international specialty insurance business at Lloyd's with Novae, and are now providing our customers with a diversified and balanced portfolio of specialist classes. The synergies are already yielding substantial run-rate cost savings. We eventually expect our combined specialty business to provide a platform for growth, particularly in such lines as Cyber Risk, Political Risk, Renewable Energy and Marine. We are excited by the potential to leverage Novae's distribution relationships, and to increase our relevance to brokers.

In 2018, we also accelerated our transformation program and made significant enhancements to our operating model. This included realigning our insurance and reinsurance Accident & Health (A&H) business units into our Insurance and Reinsurance segments. Additionally, we introduced new integrated service models for our IT and Finance functions. These actions help to improve agility, efficiency, data sharing and customer-centricity. As part of our transformation program, we also invested in innovation initiatives, and in fostering an agile and high-performance culture.

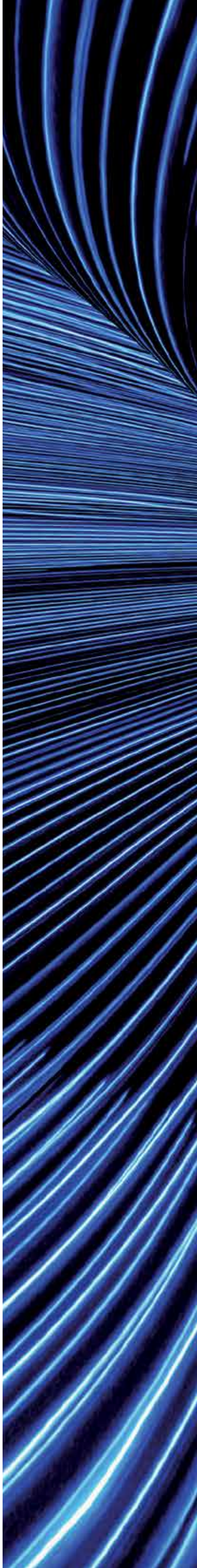
We launched our Global Underwriting and Analytics office (GUA) to improve our ability to leverage data and analytics and optimize our portfolio for better results. As part of our ongoing effort to drive relevance and profitability, the GUA is starting to provide more unified enterprise-wide views relating to underwriting policy and risk appetite, and bringing consistency across our global portfolio.

> ***"AXIS is executing a strategic plan designed to realize our vision — to be a leading specialty insurer and global reinsurer — with a target of achieving annual gross written premium of at least \$10 billion and top-quintile profitability."***

Our Insurance business, under the direction of CEO Peter Wilson, continued to strengthen its focus. We made changes in our organizational design to advance that goal — for example, we created a consolidated Global Cyber and Technology unit to deepen our leadership position in this key market. We are also continuing to invest in enhanced underwriting — both by leveraging the tools and technology we have developed in past years, such as our Future Insurance Platform, and by making additional investments in data and analytics-focused initiatives. Similarly, a key 2019 priority is to leverage technology to make our specialty underwriting expertise more efficiently available, in particular for small and medium sized enterprise (SME) accounts. The business is also enhancing its distribution function — maintaining its focused approach on working with key broker partners while creating more specialized resources to support business growth through new and emerging distribution channels.

In Reinsurance, we took decisive steps in 2018 to advance our global leadership position. Under our new Reinsurance CEO Steve Arora, the business is focused on driving greater client satisfaction and employee interaction, while introducing new products and gaining share in under-penetrated markets. Toward that end, Reinsurance launched a new client engagement model, including the formation of AXIS Re Strategic Partners, a unit that takes a more consultative approach to bolstering our value to key clients.

The success of our recent initiatives will rely on the talents of our team to lead, embrace excellence and drive innovation. We recruited outstanding new talent and promoted rising stars from within to put the right people in important roles, strengthen our service to our



customers and partners in distribution, elevate our leadership and grow our potential. We welcomed Group Chief Information Officer Keith Schlosser, and Chief Data Officer Michael Stege. We promoted long-standing existing executives, including Chief Strategy Officer Linda Ventresca, Group Chief Underwriting Officer Eric Gesick and Chief Financial Officer Peter Vogt. I can unreservedly affirm that our leadership team is the strongest we have ever had, and is the right team for this critical juncture in the history of our industry. Our shared commitment to customer-centricity, improved underwriting and superior results gives me great confidence.

2019 and Beyond

With significant advancements achieved over the past year, in 2019 our focus is on implementation. AXIS is executing a strategic plan designed to realize our vision — to be a leading specialty insurer and global reinsurer — with a target of achieving annual revenue of at least $10 billion and top-quintile profitability.

We will focus on key elements that we believe will accelerate our path to our strategic goals.

- **Differentiation.** Differentiate through our expertise, service, agility, claims service and the strength of our distribution partnerships.
- **Disciplined and proactive underwriting**. Instill discipline around the risk pools that we target, only pursuing those where we have a differentiated value proposition and perceive a path for profitable growth.
- **Investment in priority businesses.** Advance our investments in growth areas, dedicate resources to entering attractive and underserved markets and, where appropriate, introduce new products and approaches.
- **High-impact initiatives.** Continue progress in leveraging data, analytics and technology, expanding strategic capital partner relationships, and creating new risk-funding vehicles.
- **Talent.** Invest in the talent attributes we believe are key to best-in-class companies — an engaged team, an achievement-oriented culture, and a strong focus on proactive customer engagement.

Looking at the forces that will affect our future, we are encouraged by the trend toward price increases in many lines. We are also witnessing signs of greater discipline in the Lloyd's market, with the closure of syndicates, significant reductions in capacity announced by market participants and a focus on expense controls. These trends will be positive for our business, and we intend to push hard for reasonable pricing that properly reflects risks and delivers appropriate returns.

Living Our Purpose

As AXIS evolves, we never forget our responsibility to our communities and society. Insurance is the safety net for a thriving economy. As long as people and businesses have assets and income to protect, there will be a need for insurance to reduce the negative impact of risks. We serve a unique societal purpose: we give people the confidence to take necessary risks in the pursuit of their goals and ambitions. We see our claims service as the delivery of our promise — when things go wrong, we help people when they are down. One manifestation of our social purpose is the annual AXIS Day of Giving Rally, our global employee volunteer program.

Further, we continually seek to bolster our culture of diversity, inclusion and equity, and in 2019 this will remain a top priority. At AXIS, we believe we owe our teammates an equitable and supportive work environment. In turn, as a global enterprise, we benefit from a diversity of thought and perspectives.

Much of the credit for our work in 2018 belongs to our team of talented and committed employees. In a year marked by many challenges and changes, our team worked tirelessly to advance our business, serve our clients and communities and establish a platform for long-term performance. We also must express our undying appreciation to our customers and distribution partners, for whom we come to work energized every day. We thank you for your trust, and for the opportunity to serve you and contribute to your success.

Thank you also to Chairman Michael Butt, and to our Board of Directors for the sage advice and guidance, as well as to our shareholders for their confidence and support. In this regard, I want to thank Cheryl-Ann Lister, who retired from our Board after 10 years of service. I welcome three new Board members: Barbara Yastine, the former CEO of Ally Bank and a leader in the financial services and risk management sectors; Elanor Hardwick, an innovation leader bringing a range of experience from FinTechs to UBS; and, most recently, Lizabeth Zlatkus, a respected insurance industry leader. They join a distinguished Board.

AXIS moved forward in 2018 toward our vision to be a leading specialty insurer and global reinsurer. We have made great progress in creating an enterprise that is differentiated by its specialized underwriting expertise, attention to client service, strong distribution partner relationships, and talented team members. We are working relentlessly to build on this strong platform, to achieve industry leadership and to drive profitable growth.

Albert A. Benchimol
President and Chief Executive Officer

Integrating Novae: Expanding Our Role as a Global Specialty Insurer

With the acquisition of Novae Group plc, completed on October 2, 2017, AXIS took a dramatic step forward in accelerating our growth strategy while elevating our relevance in the London market for global specialty risks. Since then, we have integrated our underwriting teams and businesses, bringing together the best of both Novae and AXIS as we work to realize the great potential of the combined business.

Novae brought to AXIS its strong standing as a Lloyd’s specialty insurer, and a reputation for the strength and technical expertise of its underwriters. The respective portfolios are complementary, bolstering AXIS’ position in several existing lines while also enabling us to penetrate new classes of business such as Construction, U.K. Casualty, U.K. Non-Standard Homeowners, U.S. Property Facilities/Programs, Medical Malpractice and Crisis Management. In addition, combining with AXIS has brought new financial resources and a broader geographic platform. The acquisition was a step change in our London presence, a presence that otherwise would have taken years of organic growth to achieve.

The potential of this acquisition for our business is significant. The combination has made AXIS more relevant in one of our most important markets. We vaulted into the ranks of the Top 10 players at Lloyd’s and became a Top 10 leader in nearly all of our key Insurance lines. In a number of areas we became a Top 5 player, including Marine and Political Risk and Credit lines, and rapidly growing markets such as Cyber and Renewable Energy. The acquisition also accelerated the establishment of a London presence for AXIS Re.

The integration of Novae is proceeding as planned, as we move forward in a unified manner to deliver on our synergy target and position the business for growth. Notably, we have retained substantially all of the key talent and business we sought to keep. We have rationalized the Lloyd’s platform and began trading from January 1, 2019, exclusively through AXIS Syndicate 1686. We successfully completed the Reinsurance to Close of the 2015 and prior years of account of Novae Syndicate 2007, and in doing so reduced downside risk from the acquired reserves related to those years. We continue to see savings from back office operations and from combining our outward reinsurance protections. Our forecast of integration expense synergies has increased from $50 million at October 2, 2017, to $60 million presently; $38 million in synergies were achieved in full year 2018.

While as of the writing of this report we do not know the ultimate resolution of the Brexit talks, AXIS is ready for any eventuality, with approved regulated entities in both our London and European platforms. AXIS is Brexit-ready, with Lloyd’s Brussels and our European Union domiciled and regulated subsidiaries AXIS Specialty Europe SE and AXIS Re SE.

Most importantly, the addition of Novae has advanced our position as a key player in the London market, where AXIS is now a $2 billion Company. Our decision to acquire Novae underscored our commitment to London and to Lloyd’s, which continues to be the preeminent market for specialty risks.

When AXIS acquired Novae, the transaction was greeted with some skepticism related primarily to challenging market conditions at Lloyd’s. We said then that we had confidence in the London market and we believed that Lloyd’s would take action to improve profitability. Lloyd’s did take strong action in the year, mandating the use of electronic placement platforms and compelling syndicates to cut back or eliminate unprofitable business. As a result, market conditions in the fourth quarter of 2018, and continuing into 2019, were the strongest in many years. Pricing and conditions are ahead of what we budgeted in our acquisition analysis, reinforcing our confidence in the benefits of our acquisition of Novae.

With more than 500 employees in London, we expect to continue investing in the market and further grow our position. In 2019, we look forward to moving into The Scalpel building, located across from Lloyd’s in the heart of London’s insurance center.

In 2018, we made steady progress in advancing our strategy and strengthening our business, even as the Company faced heightened catastrophe activity and attritional property losses in the fourth quarter. Our results showed that we delivered improved full-year underwriting performance with and without catastrophe and weather-related claims. Further, we implemented significant initiatives, such as integrating Novae into our London operations and scaling up a global transformation.

Following three consecutive quarters in which AXIS delivered double-digit ex-PGAAP operating return on average common equity ("Ex-PGAAP operating ROACE"), our full-year results were marred by the losses.

For the year, net income available to common shareholders was $0.4 million, compared to net loss of $415.8 million in the prior year. In addition to improved underwriting performance, investment income grew 9% to $439 million and fee income from strategic capital partners rose to $48 million in 2018, compared to $36 million in 2017. Notwithstanding progress along a number of fronts, book value per diluted common share decreased by 7% to $49.93 over the last 12 months, due primarily to the elevated level of catastrophe and weather-related losses as well as the reduction in the market value of our investment portfolio given the rising rate environment. Adjusted for dividends declared, book value per diluted common share decreased by 4% over the last 12 months.

Gross premiums written rose by 24% and net premiums written rose by 16% in the year, associated primarily with the acquisition of Novae. Adjusting for the impact of the Novae acquisition, gross premiums written increased by $331 million, with an increase of $60 million in the Insurance segment, and an increase of $271 million in the Reinsurance segment.

Our reported combined ratio improved from 113.1% in 2017 to 99.9% in 2018. Adjusting for the impact of catastrophe and weather-related losses, our combined ratio for 2018 was 90.9%.

Given that the reported accident year 2018 results were impacted by PGAAP, and the reported accident year 2017 results only included one quarter of Novae's results, reviewing accident year 2018 ex-PGAAP and accident year 2017 pro-forma combined results as if the Novae acquisition was effective January 1, 2017 provides a more insightful year-over-year comparison. On that basis, the combined ratio for the full year improved from a pro forma 99.5% in 2017 to an actual 97.7% in 2018, with a 1.4 point reduction in the loss ratio excluding catastrophe and weather-related losses. This reflects the actions that we have taken over the past year to strengthen our portfolio.

During 2018, we continued to deliver operational expense efficiencies related to the Novae integration and our transformation. We are targeting $100 million in net savings compared with 2017 expense levels by the end of 2020. As of fourth quarter of 2018, the Company has achieved $68 million in annualized pre-tax cost savings on a run rate basis.

More broadly, our general and administrative expense ratio decreased to 13.1% from 14%, driven primarily by our transformation initiative and the integration of Novae. We have invested some of our savings back into the Company to enhance our data and analytics and technological capabilities, better enabling AXIS to leverage changes in the transformed insurance marketplace to our advantage.

Our investment portfolio yielded a total return of 0.6% including foreign exchange movements, or 0.9% excluding foreign exchange movements,* in line with our industry peers. Our fixed income portfolio, which represents approximately 76% of total cash and investments, remained highly rated at AA-. At December 31, 2018, the duration of our fixed maturities portfolio was approximately three years, which was lower than the estimated duration of our net insurance liabilities. In our alternative investments portfolio, which represents approximately 5% of total cash and investments, we continued our shift from hedge funds towards direct lending funds and real estate investments, with the expectation of generating better risk-adjusted returns.

We raised our dividend again this year, maintaining our history of increasing dividends every year.

The past year was one we laid the groundwork and strengthened our business and our operational infrastructure. We made progress on many of our financial metrics, but nevertheless fell short of our full-year net income goals. In 2019, we look forward to further improvement and delivering on the expected benefits of this work.

*Pre-tax total return on average cash and investments excluding foreign exchange rate movements is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to pre-tax total return on cash and investments, the most comparable GAAP financial measure, included foreign exchange gains (losses) of $(48) million for the year ended December 31, 2018.

INSURANCE

The past year was a productive and eventful one for AXIS Insurance as we maintained a focus on strengthening our position as a relevant specialty insurance carrier with recognized expertise in our chosen markets. With approximately $3.8 billion in gross premiums written in 2018 and more than 900 employees serving multitudes of clients globally, our Insurance business is striving to build on our strengths while operating with greater focus and efficiency.

Among the year's key accomplishments were the successful integration of the Novae and Aviabel acquisitions, the realignment of the A&H Insurance business, the creation of a Global Cyber and Technology unit, the introduction of technological innovations to enhance the distributor experience, and continued improvements in operating efficiency. These initiatives, as well as other achievements during 2018, reflect our efforts to deliver on the four key strategic principles we outlined in the 2017 Annual Report. These principles will remain our focus in 2019, and will help us deliver on our vision of achieving leadership across our chosen specialty markets:

- Continuing to optimize our portfolio;
- Increasing our expertise and insight in specialty risks;
- Enhancing our strategic relationships with our most important distribution and business partners; and
- Further improving the efficiency of our operating platforms.

Successful Integrations and Realignments

The integration of Novae, in particular, has allowed us to advance several strategic objectives. Combining the complementary AXIS and Novae businesses has increased our relevance in key specialty markets, adding to our expertise in areas such as Cyber, Marine, and Political Risk and Credit lines while enabling us to do more for our clients and partners in distribution. Additionally, over time, it is expected that our ability to produce higher volume of business in both Lloyd's and within our Company platform will strengthen operating efficiency.

We were also successful in integrating Aviabel, a Brussels-based firm specializing in aviation with particular emphasis on general aviation. Aviabel has a strong core of attractive business serving the relatively stable regional airline and general aviation risk classes, which will be important as we seek to transition our existing airlines book away from more competitive and volatile areas.

We also integrated our A&H insurance business, formerly a separate operating entity within AXIS, into the Insurance segment. This realignment has resulted in a global A&H insurance unit that can now benefit from the scale, operations and distribution relationships of the larger global Insurance segment.

Portfolio Optimization and Growth Opportunities

AXIS Insurance has continued to exercise discipline in underwriting within the risk pools we choose to target—pursuing those lines in which we have a differentiated value proposition and the potential to achieve profitable growth. We have invested in growing businesses such as Cyber, Renewable Energy, Primary Casualty and A&H, among others. At the same time, we have made decisions to exit markets, where we either did not have the required relevance or where the market was unlikely to deliver sufficiently attractive returns over the cycle. We also have been disciplined in evaluating pricing relative to risk across all our portfolios and will regularly trade growth for profitability.

Among the areas we have targeted for investment, we created a consolidated Global Cyber and Technology unit to help deepen our leadership position in this key growth market. This investment is vital for us to maintain leadership in a product area of such importance to our customers and brokers.

We continued to see opportunities in our AXIS Programs business, which provides property and casualty insurance products through Program Administrators (PAs) and Managing General Agents (MGAs) throughout the U.S. This program focus enables AXIS to serve the small-to-midsize customer segments with a broad range of commercial and personal lines coverages. Our long-standing approach in this segment is to partner with PAs and MGAs that have a high level of technical expertise and strong distribution capabilities.

Excellence in Distribution, Underwriting and Operations

We have continued to invest in AXIS Insurance's distribution function to enable a more disciplined and focused approach to working with our key broker partners—with the goal of taking our distribution management to the next level. This will include creating an even more targeted approach to support our business in existing and emerging distribution channels.

Across AXIS, we have also continued to invest in advanced data and analytics to deepen our underwriting capabilities and insights while also delivering greater efficiency to our teams. For example:

- Our Future Insurance Platform, a multi-year technology investment that utilizes the Duck Creek platform, underpins the Insurance underwriting operations. The platform has resulted in an enhanced distributor experience by improving quote turnaround times, reducing time to market with coverage enhancements and markedly improving the speed with which we deliver final policies. In 2018, AXIS Insurance was the recipient of the Novarica Research Council Impact Award for deployment of this platform.

- We are building a dedicated data and analytics Center of Excellence within Insurance that will work in partnership with our Global Underwriting and Analytics (GUA) office (see case study, "Innovation: Investing in New Capabilities to Win in the Future").

Operationally, we have continued to invest in and improve our administrative systems, which we expect will deliver cost-effective efficiencies and improved speed to market. All of this effort is to ensure that AXIS has the most robust, nimble and flexible systems needed to support future growth.

Financial Performance

In 2018, gross premiums written increased by $983 million, or 35%, and net premiums written increased by $549 million, or 31%. The growth in gross premiums written was largely driven by the acquisition of Novae. Adjusting for the impact of the Novae acquisition, gross premiums written increased $60 million or 2%, and net premiums decreased $65 million, or 4%. The decrease in net written premiums was driven by disciplined underwriting which slowed new business growth and the purchase of additional reinsurance protections as we took advantage of attractive risk-adjusted reinsurance pricing to decrease our exposure to volatility.

Insurance reported underwriting income of $77 million for 2018, compared to an underwriting loss in 2017 and an ex-PGAAP underwriting loss of $44 million for 2018, compared to an ex-PGAAP underwriting loss of $267 million in 2017.

In 2018, Insurance improved its accident year loss ratio excluding catastrophe and weather-related losses, but more progress is needed. The improvement was driven largely by the addition of the Novae portfolio, which carries a lower loss ratio. In addition, underwriting actions were accelerated during the year to further reduce losses and volatility in the portfolio with a particular focus on the segment's Property book.

Our Insurance business enters 2019 with confidence in our potential for long-term growth and profitability. That outlook comes from our belief in a number of our competitive advantages, including:

- Deep underwriting expertise in our chosen segments;
- A robust global platform with hubs in key specialty markets;
- Influential thought leadership;
- Recognized excellence in claims handling;
- Customized product solutions and a variety of go-to-market strategies geared toward the needs of customers and distributors;
- An agile business model that is focused on more attractive existing and emerging market opportunities; and
- Strong, mutually relevant relationships with partners in distribution.

These advantages, paired with our relentless focus on our four key strategic principles, will help us achieve our vision of leadership across our chosen specialty markets.

Innovation: Investing in New Capabilities to Win in the Future

Given the speed of change in the (re)insurance industry, the skills and capabilities needed to source, underwrite, manage and service our business in the future will be very different from those of the past. To get "out in front" of change, take our business to the next level, and maintain and reinforce market competitiveness, we must adhere to four core principles:

- Improve, through data and analytics, our decision-making and competitive position across the value chain, including marketing and sales, underwriting, claims and support functions;
- Embrace and adopt the new technologies and digital innovations that are reshaping our profession and changing the way that we work, sell our products, manage our business and service our customers;
- Be disciplined in allocating underwriting capital and capacity to the businesses with the most strategic and tactical value add for AXIS in this increasingly competitive industry; and
- Hold ourselves accountable for driving performance against enterprise-wide views of risk appetite and key performance indicators.

In 2018, we implemented a number of initiatives across the Company to advance these principles while accelerating innovation, incorporating new technologies into our key processes, and making us more client-focused, nimble and efficient.

GUA: Putting Better Tools and Data in the Hands of Our Underwriters

A prime example of our commitment to best-in-class execution of our hybrid business model and innovation is the creation of our Global Underwriting and Analytics (GUA) office. The GUA is dedicated to providing a centralized view on underwriting, and further direction and coordination of our Insurance and Reinsurance portfolios. Its focus is to arm our teams across the world with enhanced insights, resources and tools to make better-informed decisions, maintain a competitive advantage in our product and service offerings, and deliver a better return on the capital that we deploy.

GUA aims to help to drive performance by collecting and transforming data into useful insights; conducting research to deepen our understanding of the risk landscape; increasing awareness of groupwide exposures and concentrations; and supporting our businesses with technical/expert knowledge.

The GUA launched a Group Underwriting function, comprising Underwriting and Portfolio Management teams, designed to strengthen our return on underwriting capital deployed through underwriting portfolio analysis; a uniform approach to enterprise-wide risks; and sharing of best practices and research.

Within the GUA, we are launching Innovation Labs, a team dedicated to delivering business transformation. The Labs will deliver physical co-location space and expert resource to incubate digital use cases, including a Center of Excellence, for Data & Analytics and agile project delivery.

AXIS Digital Ventures: Partnering with InsurTech Companies

Another key driver of innovation is the development of an engagement strategy to connect AXIS to the growing InsurTech ecosystem and to support the implementation of new digital and technology capabilities. To accelerate our InsurTech partnerships and initiatives, we launched AXIS Digital Ventures in July 2018. AXIS Digital Ventures will lead our enterprise-wide efforts to partner with entrepreneurial companies focused on data and technology with high-value (re)insurance applications; new product opportunities, including emerging risks; and new distribution and (re)insurance business models.

In 2018, AXIS Digital Ventures has led our organization in partnering with the FinTech Innovation Labs program in London. The program serves as a global accelerator, with partners like AXIS providing mentoring, networking and advice to FinTech start-ups—thus helping new ventures to grow while connecting us with the latest developments in financial technology.

AXIS also advanced its partnership in 2018 with Plug and Play, a global digital innovation platform headquartered in Silicon Valley through which AXIS is providing mentoring and support to startups.

The GUA, AXIS Digital Ventures, the Labs and other elements of our innovation strategy will give our teams more powerful tools and platforms to enhance our capabilities and provide our services in a more effective manner, while delivering profitable growth for our shareholders.

REINSURANCE

In 2018, our Reinsurance business began an exciting new phase as we welcomed CEO Steve Arora in January and launched a series of initiatives designed to grow relevance, gain market leadership and become a Top 10 reinsurer. We believe that this will increase our access to risk, and in turn allow us to deliver more value to our clients and our communities.

In particular, AXIS Re has focused intensely on sharpening client-centricity, which we believe is the key to building strong portfolios, delivering exceptional service, and driving profitable growth. In 2018 we made great strides on this journey. This included introducing a new client engagement model based on a more consultative approach to strengthening our strategic value to clients as they navigate a constantly evolving marketplace. Likewise, we adopted a new organizational model to align our resources and energies to better serve clients and our distribution partners.

Our Drivers

Building on our long-standing track record as a responsive and agile reinsurer, combined with the need to prioritize client-centricity and adapt as the industry evolves, AXIS Re will focus on five key drivers in the future:

- Performance culture that stands for accountability, discipline and an obsession with success;
- Human culture that emphasizes employee engagement, emotional intelligence, and a real sense of purpose;
- A more modern and sophisticated approach to underwriting and portfolio management;
- Client engagement model focused on consultative sales and superior claims management; and
- Expansion of our capabilities across products and markets to complement our core offering.

These key drivers will help unlock the potential of the business, in combination with a new organizational model designed to deliver on our long-term promise. Customer-centricity is a distinguishing strength of AXIS Re and is critical to our future, making us more responsive and agile to address the needs of our clients in a changing market, while providing greater value. The high-performance culture AXIS Re is building will underpin everything we do. Our key values are based on discipline, accountability, and an obsession with success; matched equally with human elements such as empathy, emotional intelligence, and a deep sense of purpose. Culture has a direct relationship with business results and we believe a motivated and engaged staff will translate into better solutions and higher client satisfaction.

Modern and Sophisticated Approach to Underwriting and Portfolio Management

One way in which AXIS Re started to create a more modern and sophisticated approach to underwriting and portfolio management in 2018 is through the creation of the Reinsurance Products division. This division consolidated AXIS Re technical functions to place a greater emphasis on portfolio management and risk selection. In addition, we created the AXIS Re Product Center. As a subset of the Reinsurance Products division, the Product Center is implementing a technology-based approach to underwriting and portfolio management, and has built a proprietary end-to-end underwriting work flow tool. A key feature of the new AXIS Re structure is that the actuarial and catastrophe modelling teams remain embedded within the local teams, ensuring close collaboration and team orientation when solving client needs.

We are also very committed to building a stronger portfolio, matching our capital to the right risks and ultimately optimizing our portfolio for the greatest financial return. This approach is not mutually exclusive to our client-centric approach as both clients and reinsurers understand that underwriting discipline and portfolio management are critical factors to success.

Refreshed Client Engagement Model

Customer-centricity also means that we are not simply selling reinsurance products, but rather understanding the needs of our clients and brokers, and responding with meaningful solutions. That was the inspiration to emphasize a more consultative approach to client engagement in 2018, in an effort to make AXIS Re a more strategic and high-valued partner.

For example, in mid-2018 we announced the formation of AXIS Re Strategic Partners, a dedicated team created to serve clients and brokers on a global basis. This new team is designed to engage with clients thoughtfully and deliberately, to listen to and understand their needs, and to respond with relevant solutions. We have created seven Strategic Account Executive roles to globally serve 23 Strategic Partners — both clients and brokers.

By enhancing our client engagement model while also taking a relationship-driven approach, we are demonstrating our commitment to service. We are also identifying opportunities to develop new products that meet the needs of our clients.

Expansion of Our Capabilities Across Products and Markets

To ensure we deliver maximum value to our clients, we have taken a series of actions to strengthen our capabilities across products and markets. For example, we have:

- Broadened our capabilities for Structured Reinsurance to enable customization;
- Created a team to service the highly expert-driven Specialty Re businesses;
- Expanded the capabilities of our Lloyd's platform; and
- Committed to expanding our presence in Asia.

Performance Highlights

In 2018, gross premiums written increased by $371 million, or 14%, and net premiums written increased by $83 million, or 4%. Gross premium written and net premiums written were positively impacted by the acquisition of Novae by $100 million and $72 million, respectively. Adjusting for the acquisition of Novae, the increase in net written premiums was driven by new business and rate increases across Credit & Surety, Motor, A&H, and Catastrophe lines, partially offset by the purchase of attritional retrocession protections and increased risk-sharing with our third-party capital partners.

Reinsurance reported underwriting income of $46 million, compared to an underwriting loss in 2017 and ex-PGAAP underwriting income of $42 million, compared to an ex-PGAAP underwriting loss in 2017. Following three strong quarters, reinsurance results were negatively impacted by high catastrophe and attritional property losses in the fourth quarter. In 2018, Reinsurance improved its accident year loss ratio excluding catastrophe and weather-related losses through disciplined underwriting actions, including rate increases.

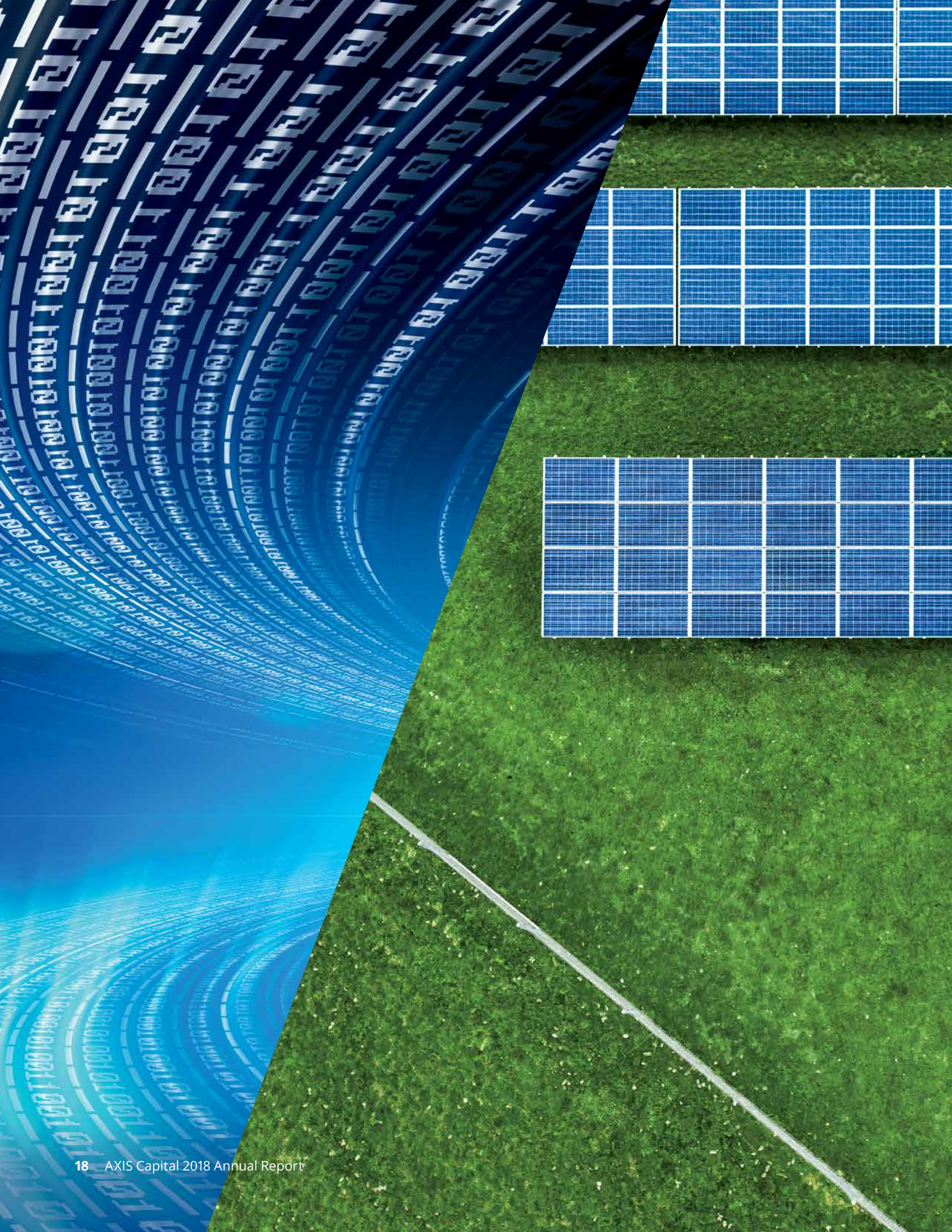
The past year was distinguished by solid strategic, operational and financial progress for AXIS Re. We are excited about our plans for the future, as we focus on high client satisfaction, high employee engagement and bottom-line growth. We will accomplish these goals while maintaining our character as an expert-driven and agile reinsurer. Our vision for leadership in the reinsurance market is not about what our customers can do for us; it is about the partnership and solutions we seek to offer so that our customers will win in their marketplaces.

Risk Funding

AXIS continues to expand partnerships with Strategic Capital Partners to better match the right risk with the right capital, and we continue to increase our third-party capital relationships. We organize risk funding under a single leadership, an approach embraced by few (re)insurance companies, and we partner with multiple sources of capital.

Our partnerships currently include Harrington Re, a reinsurance company that AXIS Capital launched with the Blackstone Group in 2016 to underwrite a multiline portfolio comprised of medium- and long-tail risks; AXIS Ventures Reinsurance Limited, a risk transfer entity used to transfer Property Catastrophe risk for managed accounts; and Alturas Re, a sidecar launched in 2019 that provides capital for property risks in the Insurance and Reinsurance segments.

In 2018, we ceded approximately $778 million of premiums (up 59% from 2017) to Strategic Capital Partners. Risk funding is an attractive source of fee revenue, and we received substantial fee income of $48 million (up 33% from 2017) for originating, structuring and managing these relationships.



AXIS Centers of Excellence

To help establish our leadership in future growth markets, as well as help clients to address new risks as they emerge, AXIS is continually working to maintain and expand our role as a trusted expert in specialized areas. This focus has led to the establishment of Centers of Excellence (CoEs) in areas such as cyber risk and renewable energy. The CoE concept builds upon our team's extensive underwriting and cybersecurity industry expertise in these emerging areas of risk, as well as our ability to educate our clients and partners and to bolster the value that we deliver. Through CoEs, we also partner with respected industry influencers and researchers to create a better-informed and prepared marketplace. We believe this effort is vital to AXIS' ability to ensure relevance and deliver profitable growth in the insurance industry of tomorrow.

Cyber Risk

As businesses worldwide are plagued by a dynamic threat landscape and a rising number of attacks, they face a growing need to insure against cyber and technology-related losses, which amount to hundreds of billions of dollars globally. AXIS has differentiated itself via our leadership in helping clients understand and better navigate the potential hazards associated with cyber and technology-related dangers. In addition to offering comprehensive commercial insurance protection and mitigation solutions for tangible and intangible assets, we offer educational programs and courses and cyber advisory services led by our team of experts. Our acknowledged leadership in cyber risk also can have a halo effect, distinguishing the Company in other lines of business as well.

In April 2018, we launched the AXIS Cyber Insurance Center of Excellence, a global resource for cyber insurance solutions, insurance innovation, consulting services, education and mentorship focused on improving brokers' and insureds' understanding of cyber risk. Educating the marketplace is a vital step in mitigating cyber risk, and a key goal of the Cyber CoE. In 2018, AXIS was recognized by GCHQ, one of the three intelligence and security agencies in the United Kingdom, as a Certified Training provider for our course on "Understanding Cybersecurity and Insurance," which is offered to insureds and brokers. Certification from GCHQ helps individuals and businesses find trusted, high-quality training. Our Cyber CoE also hosted AXIS Cyber INCYTE, the first in a series of global events bringing together clients, brokers, academics and security experts for a day of education and collaboration around cybersecurity and cyber insurance.

Additionally, we consolidated all of our cyber offerings into a new Global Cyber and Technology unit in November. Housed within our AXIS Insurance Professional Lines Division, the new unit unites our U.S. Cyber, Technology, Media and Professional Liability businesses in a single group. This allows us to serve clients globally with a comprehensive suite of cyber and technology insurance capabilities, underwriting expertise and claims services.

The AXIS Global Cyber and Technology unit focuses our team of specialized experts, strong underwriting discipline, access to capacity, and innovative spirit to address the global problem of cyber threats. We aim to continue to set industry standards and further grow our leadership position as a cyber insurance carrier of choice in the global markets.

Renewable Energy

With the global focus on electrification and reducing carbon emissions, renewable energy sources such as solar, wind and other alternatives have proliferated. As the world increasingly moves toward a renewable energy future, there is potential for insuring related risks and growing our business accordingly. Consequently, AXIS was an early entrant into the market for assessing and insuring risks for renewable energy producers and distributors.

In 2018, we were one of the leading insurers in the sector. AXIS is fully committed to the continued growth of the renewables business, as a leading insurer in both wind and solar projects globally, and particularly in North America, where we work with a large number of the major solar developers.

AXIS is considered one of the largest insurers of offshore wind and we are proud to be one of the only insurers to participate in both of the major East Coast offshore wind farms in North America, the Block Island and Coastal Virginia projects.

Additionally, AXIS has been a thought leader in helping to clarify the responsibilities that should be assumed by manufacturers of renewable energy systems, versus the risks borne by our insureds, such as developers, independent power producers, lenders, investors, and other financial parties.

AXIS' strong position in the renewable energy market is based on our unparalleled experience and the fact that we are an actual insurance carrier, as differentiated from competitors that are managing general agents. This gives us the ability to devote our deep industry knowledge and underwriting expertise, capital resources and claims processing ability to the needs of our clients and partners, providing stable solutions and financial security.

"WE ARE ENCOURAGED BY THE ADVANCES AXIS HAS MADE ALONG ITS TRANSFORMATION JOURNEY"

To Our Shareholders:

To grasp the very real progress that AXIS has made toward its strategic ambition of becoming a leader in specialty insurance and global reinsurance, it is worthwhile to revisit a major point that was articulated in our prior year's annual report. In 2017, we stated that, *"We focused our efforts on repositioning AXIS to become an increasingly relevant player in targeted markets while charting a course for long-term profitability and reducing the overall volatility of our book."*

I am pleased to report that AXIS made very good headway in 2018 in turning that objective into a reality. Our increased relevance is reflected in the number of Top 5 or Top 10 positions that we hold in lines that are critical to our long-term growth, including lines such as Cyber Risk and Renewable Energy. The successful integration of our Novae acquisition has made AXIS a more significant player in London's international specialty market and at Lloyd's. Concerted efforts have been made to execute the Company's transformation program, as reflected in the new Global Underwriting and Analytics office, organizational improvements in Insurance, a stronger operating model and new client engagement model in Reinsurance, and numerous initiatives to bring the benefits of data, analytics and vital digital technologies to our underwriting, customer engagement and other processes. Together, these actions have the potential to deliver profitable growth, along with cost synergies that are estimated to reach $100 million annually.

The past year was not without challenges, however. Along with the rest of our industry, AXIS endured significant catastrophe losses from global weather-related events and, for the second consecutive year, devastating California wildfires. Nonetheless, our underlying results reflected solid progress, including an improvement in full-year underwriting performance, which is evident on an ex-PGAAP basis and also on an ex-catastrophe and weather-related loss basis.

The changes AXIS has made — and is pursuing — are positioning the Company well for an evolving (re)insurance business climate. We have commented in the past on such issues as the regulatory and economic pressures including those created by Brexit, the disruptive aspects of innovative technologies and new competitors, the industry's slow pace of pricing improvement, and the continued presence of excess capital. Add to that the fact that major economies are now in the later stages of the economic cycle, and the inherent uncertainty is amplified by potential geopolitical and trade issues.

In spite of these difficulties, we believe the changing industry conditions will bring new opportunities. The emergence of new risks, growing populations, and a more rational pricing environment should make the next few years an excellent time to be in the (re)insurance industry. It appears that markets are adjusting, albeit belatedly, to the realization that the pricing of risk must be reflective of the industry's challenges. The coming years also will bring opportunities to employ data, analytics, artificial intelligence and technologies to better evaluate risk, connect with customers, and operate cost-effectively. Further, the need to address areas such as cyber risk, renewable energy and others, will underscore the vital role that (re)insurance plays in enabling clients to manage new and emerging risks.

That brings me to a most important point: The future of our industry is a positive and exciting one, because — more than ever — the world needs what we can provide. The global (re)insurance industry plays an essential role in helping individuals, businesses and governments to move forward on their plans, with the confidence that major risks can be planned for and properly managed. The vision that AXIS is pursuing will ensure that we are at the heart of the industry's efforts to understand and mitigate risk — benefiting society and leading to profitable growth opportunities.

In particular, society as a whole is challenged to find solutions to the continuing massive growth of the global population and the related impact on climate risks and standards of living around the world. Our role at AXIS, and across the (re)insurance industry, is to contribute constructively to addressing these problems by helping clients understand and mitigate all their risks in a responsible manner.

The Board of Directors stands solidly behind the Company's strategic plans to become a leading specialty insurer and global reinsurer, and we are encouraged by the advances AXIS has made along its transformation journey. The Company is steadfast in its vision, and consistently results-oriented in its implementation.

I would like to take this opportunity to express the Board's gratitude to Cheryl-Ann Lister, who has retired as a Director after a decade of outstanding service. I also welcome Barbara Yastine, Elanor Hardwick, and Lizabeth Zlatkus, who joined the Board in the past nine months and bring deep financial and industry expertise, innovative thinking and strategic perspective to our enterprise. I thank AXIS' shareholders for their ongoing confidence and support and, as always, I thank our employees for their hard work and dedication in a challenging environment.

It is gratifying to see AXIS move — with deliberate speed and thoughtful execution — toward a position as a globally recognized market of choice for clients, a preferred partner for brokers and other distributors, and a source of value for our shareholders.

Sincerely,

Michael A. Butt
Chairman of the Board

"The changes AXIS has made — and is pursuing — are positioning the Company well for an evolving (re)insurance business climate."

A Perspective on Our Purpose

At AXIS, our corporate purpose underpins how we operate and how we achieve our strategy of becoming a leader in specialty insurance and global reinsurance. That purpose provides a foundation for our commitments to customers, partners, our colleagues and employees, and society. It unites our team members under a common cause. And it guides the decisions we make as business leaders, so that we continually strive to do the right things — and to do them the right way.

AXIS' purpose is to give our customers the confidence to take necessary risks in the pursuit of their goals and ambitions. We help people achieve their dreams by limiting the downside of unplanned adverse events.

For AXIS' clients, living our purpose means we will be there to support them when they need us the most. In a world filled with uncertainties, we can help minimize risks. As a client-centric organization, we are committed to provide the solutions to meet clients' needs and the best possible experience in the industry, from knowledgeable and responsive underwriters through a claims service that is recognized in many surveys as one of the best in the industry.

Consistent with our purpose of helping our customers have a more secure future, AXIS is committed to building strong communities where we live and work. One such initiative is the AXIS Global Day of Giving Rally. Over the past two years we've scaled up this program, which encourages employees worldwide to volunteer and make a positive difference in their communities. Throughout the rally, AXIS provides all employees with paid time off to volunteer. More than half of AXIS employees participated in 2018 in more than 50 crossing events in areas such as social services, hunger, health, environment and education. Additionally, throughout 2018, we supported a variety of causes across the regions where we do business, ranging from Habitat for Humanity and Covenant House to the Dive In Festival, promoting diversity and inclusion within (re) insurance.

In 2019, we also are seeking to expand our corporate social responsibility initiatives more broadly going forward. We will continue to work in the area of giving and philanthropy, as well as in areas such as climate risk, diversity and inclusion, and advocacy on issues critical to our society such as bringing the benefits of insurance to vulnerable populations.

We feel greatly rewarded every time we create value for our clients, communities, employees and other stakeholders — by living our purpose and delivering on our promise.

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NON-GAAP FINANCIAL MEASURES RECONCILIATION

For the Year Ended December 31,	2018	2017	2016	2015	2014
(in thousands, except per share amounts)					
Underwriting revenues:					
Net premiums earned	**$ 4,791,495**	**$ 4,148,760**	**$ 3,705,625**	**$3,686,417**	**$3,870,999**
Other insurance related income (losses)	10,622	(1,240)	7,222	(2,953)	650
Underwriting expenses:					
Net losses and loss expenses	(3,190,287)	(3,287,772)	(2,204,197)	(2,176,199)	(2,186,722)
Acquisition costs	(968,835)	(823,591)	(746,876)	(718,112)	(737,197)
Underwriting general and administrative expenses (1)	(519,168)	(449,483)	(482,701)	(486,911)	(486,201)
Statement of Operations Data:					
Underwriting Income (Loss) (1)	**$ 123,827**	**$ (413,326)**	$ 279,073	$ 302,242	$ 461,529
Corporate expenses	(108,221)	(129,945)	(120,016)	(109,910)	(135,675)
Net investment income	438,507	400,805	353,335	305,336	342,766
Net investment gains (losses)	(150,218)	28,226	(60,525)	(138,491)	132,108
Other (expenses) revenues, net	(38,267)	(189,548)	69,935	51,349	29,744
Termination fee received	-	-	-	280,000	-
Transaction and reorganization expenses	(66,940)	(26,718)	-	(45,867)	-
Amortization of value of business acquired	(172,332)	(50,104)	-	-	-
Amortization of intangible assets	(13,814)	(2,543)	-	-	-
Bargain purchase gain	-	15,044	-	-	-
Income (loss) before income taxes and interest in income (loss) of equity method investments	**$ 12,542**	**(368,109)**	$521,802	$644,659	$830,472
Income tax (expense) benefit	29,486	7,542	(6,340)	(3,028)	(25,908)
Interest in income (loss) of equity method investments	993	(8,402)	(2,094)	-	-
Net income (loss)	**$ 43,021**	**$ (368,969)**	$513,368	$641,631	$804,564
Amounts attributable from noncontrolling interests	**-**	**-**	-	-	(6,181)
Net income attributable to AXIS Capital	**43,021**	**(368,969)**	$513,368	$641,631	$810,745
Preferred share dividends	(42,625)	(46,810)	(46,597)	(40,069)	(40,088)
Loss on repurchase of preferred shares	**-**	**-**	(1,309)	-	-
Net income (loss) available (attributable) to common shareholders	**396**	**$ (415,779)**	$465,462	$601,562	$770,657
Net investment (gains) losses, net of tax (2)	138,576	(26,204)	62,355	135,320	(106,196)
Foreign exchange losses (gains), net of tax (3)	(33,496)	126,960	(119,181)	(99,291)	(101,586)
Termination fee received (4)	-	-	-	(280,000)	-
Transaction and reorganization expenses, net of tax (5)	55,904	23,879	-	42,924	-
Revaluation of net deferred tax asset (4)	-	41,629	-	-	-
Bargain purchase gain (4)	-	(15,044)	-	-	-
Loss on repurchase of preferred shares (4)	-	-	1,309	-	-
Operating income (loss) (6)	**161,380**	**(264,559)**	409,945	400,515	562,875
Amortization of VOBA and intangible assets, net of tax (7)	149,470	42,644	nm	nm	nm
Amortization of acquisition costs, net of tax (8)	(101,628)	(26,443)	nm	nm	nm
Ex-PGAAP operating income (loss) (9)	**209,222**	**(248,358)**	nm	nm	nm

nm = not meaningful

(1) Consolidated underwriting income (loss) and ex-PGAAP underwriting income are non-GAAP financial measures as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to income (loss) before income taxes and interest in income (loss) of equity method investments, the most comparable GAAP financial measure, is presented in the table above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

(2) Tax cost (benefit) of $(12) million, $2 million, $2 million, $(3) million, and $26 million for the years ended 2018, 2017, 2016, 2015, and 2014, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions, after consideration of other relevant factors including the ability to utilize capital losses.

(3) Tax cost (benefit) of $(4) million, $(8) million, $2 million, $3 million, and $3 million for the years ended 2018, 2017, 2016, 2015, and 2014, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions, after consideration of other relevant factors including the tax status of specific foreign exchange transactions.

(4) Tax impact is nil.

(5) Tax cost (benefit) of $(11) million, $(3) million, and $(3) million for the years ended 2018, 2017, and 2015. Tax impact is estimated by applying the statutory rates of applicable jurisdictions.

(6) Operating income (loss) is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to net income (loss) available (attributable) to common shareholders, the most comparable GAAP financial measure, is presented in the table above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

(7) Tax cost (benefit) of $(35) million and $(10) million for the years ended December 31, 2018, and 2017, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions.

(8) Tax cost (benefit) of $24 million and $6 million for the years ended December 31, 2018, and 2017, respectively. Tax impact is estimated by applying the statutory rates of applicable jurisdictions.

(9) Ex-PGAAP operating income (loss) is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to net income (loss) available (attributable) to common shareholders, the most comparable GAAP financial measure is presented in the table above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

NON-GAAP FINANCIAL MEASURES RECONCILIATION

For the Year Ended December 31,	2018			2017		
Segmental Data:	Insurance	Reinsurance	Total	Insurance	Reinsurance	Total
Underwriting Income (Loss)[1]	$ 77,298	$ 46,529	$ 123,827	$ (241,642)	$ (171,684)	$ (413,326)
Amortization of acquisition costs, gross of tax	(121,014)	(4,452)	(125,467)	(25,571)	(7,075)	(32,646)
Ex-PGAAP underwriting income [1]	$ (43,717)	$ 42,091	$ (1,626)	$ (267,197)	$ (178,759)	$ $(445,955)

At and For the Year Ended December 31,	**2018**	**2017**	2016	2015	2014
(in thousands, except per share amounts)					
Per Common Share Data:					
Earnings (loss) per diluted common share	$ **$0.00**	$ **(4.94)**	$ 5.08	$ 6.04	$ 7.29
Net investment (gains) losses, net of tax	1.65	(0.31)	0.68	1.36	(1.00)
Foreign exchange losses (gains), net of tax	(0.40)	1.51	(1.29)	(1.00)	(0.97)
Termination fee received	-	-	-	(2.81)	-
Transaction and reorganization expenses, net of tax	0.67	0.28	-	0.43	-
Revaluation of net deferred tax asset	-	0.49	-	-	-
Bargain purchase gain	-	(0.18)	-	-	-
Loss on repurchase of preferred shares	-	-	0.01	-	-
Operating income (loss) per diluted common share[10]	$ **1.92**	$ **(3.15)**	4.48	4.02	5.32
Amortization of VOBA and intangible assets, net of tax[7]	1.78	0.51	nm	nm	nm
Amortization of acquisition cost, net of tax[8]	(1.21)	(0.31)	nm	nm	nm
Ex-PGAAP operating income (loss) per diluted common share [11]	**$2.49**	**(2.95)**	nm	nm	nm
Weighted average diluted common shares outstanding	84,007	84,108	91,547	99,629	105,713

Return on Average Common Shareholders Equity:	**2018**	**2017**	2016	2015	2014
Return on average common equity	**0.0%**	**(8.6%)**	9.0%	11.5%	14.8%
Operating return on average common equity[10]	**3.7%**	(5.4%)	7.9%	7.7%	10.8%
Ex-PGAAP operating return on average common equity [11]	**4.7%**	(5.1%)	nm	nm	nm
Average common shareholders' equity	$ 4,410,668	$4,856,280	$5,192,668	$5,216,159	$5,191,699

	2018			
Annualized Return on Average Common Shareholders Equity:	**Year ended**	**Nine months ended**	**Six months ended**	**Three months ended**
Annualized return on average common equity	-	5.9%	6.9%	5.5%
Annualized operating return on average common equity [10]	3.7%	9.1%	10.1%	10.8%
Annualized ex-PGAAP operating return on average common equity [11]	4.7%	10.2%	11.3%	12.2%
Average common shareholders' equity				

Operating Ratios:	**2018**	**2017**	**Change**
Combined ratio	**99.9%**	**113.1%**	**(13.2%)**
Exclude:			
Catastrophe and weather-related loss ratio	(9.0%)	(20.4%)	11.4%
Prior year reserve development	(4.1%)	(4.9%)	(0.8%)
PGAAP adjustment	2.7%	0.9%	1.8%
Current accident year, ex-PGAAP, ex-cat combined ratio[12]	**97.7%**	**98.5%**	(0.8%)
Nine Months Pro-Forma Novae Adjustment[14]	n/a	1.0%	(1.0%)
Pro-forma, current accident year, ex-PGAAP, ex-cat combined ratio [13]	**97.7%**	**99.5%**	(1.8%)
Pro-forma, current accident year, ex-PGAAP, ex-cat loss ratio	**61.7%**	63.1%	(1.4%)
Pro-forma, net acquisition ratio	**22.9%**	22.5%	0.4%
Pro-forma, general and administrative expense ratio	**13.1%**	13.8%	(0.7%)
Pro-forma, current accident year, ex-PGAAP, ex-cat combined ratio [13]	**97.7%**	**99.5%**	**(1.8%)**

nm = not meaningful

(10) Operating income (loss) per diluted common share and (annualized) operating return on average common equity are non-GAAP financial measures as defined in Item 10(e) of SEC Regulation S-K. The reconciliations to earnings (loss) per diluted common share and (annualized) operating on average common equity, the most comparable GAAP financial measures, are presented in the table above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

(11) Ex-PGAAP operating income (loss) per diluted common share and (annualized) ex-PGAAP operating return on average common equity are non-GAAP financial measures as defined in Item 10(e) of SEC Regulation S-K. The reconciliations to earnings (loss) per diluted common share and (annualized) return on average common equity, the most comparable GAAP financial measures, are presented in the table above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

(12) Current accident year, ex-PGAAP, ex-cat combined ratio is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to combined ratio, the most comparable GAAP financial measure, is in the table above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

(13) Pro-forma, current accident year, ex-PGAAP, ex-cat combined ratio is a non-GAAP financial measure as defined in Item 10(e) of SEC Regulation S-K. The reconciliation to combined ratio, the most comparable GAAP financial measure, is presented in the table above. A discussion of the rationale for the presentation of non-GAAP financial measures is included later in this report.

(14) On January 29, 2018, the Company has furnished supplemental financial information presenting unaudited historical financial information for Novae for the nine months ended September 30, 2017, and the quarterly periods therein.

We present our results of operations in the way we believe will be most meaningful and useful to investors, analysts, rating agencies and others who use our financial information to evaluate our performance. Some of the measurements we use are considered non-GAAP financial measures under SEC rules and regulations. In this report, we present consolidated underwriting income (loss), operating income (loss) (*in total and on a per share basis*), annualized operating return on average common equity ("operating ROACE"), ex-PGAAP operating income (loss) (*in total and on a per share basis*), annualized ex-PGAAP operating ROACE, ex-PGAAP combined ratio and pre-tax total return on cash and investments excluding foreign exchange movements, which are non-GAAP financial measures as defined in Item 10(e) of SEC Regulation S-K. We believe that these non-GAAP financial measures, which may be defined and calculated differently by other companies, better explain and enhance the understanding of our results of operations. However, these measures should not be viewed as a substitute for those determined in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Consolidated Underwriting Income (Loss)

Consolidated underwriting income (loss) is a pre-tax measure of underwriting profitability that takes into account net premiums earned and other insurance related income (losses) as revenues and net losses and loss expenses, acquisition costs and underwriting-related general and administrative expenses as expenses. While this measure is presented in the Segment Information note to our Consolidated Financial Statements, it is considered a non-GAAP financial measure when presented elsewhere on a consolidated basis.

Underwriting-related general and administrative expenses include those general and administrative expenses that are incremental and/or directly attributable to our individual underwriting operations. While this measure is presented in the Segment Information note to our Consolidated Financial Statements, it is considered a non-GAAP financial measure when presented elsewhere on a consolidated basis.

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. As these expenses are not incremental and/or directly attributable to our individual underwriting operations, these expenses are excluded from underwriting-related general and administrative expenses and, therefore, consolidated underwriting income (loss). General and administrative expenses, the most comparable GAAP financial measure to underwriting-related general and administrative expenses, also includes corporate expenses.

We evaluate our underwriting results separately from the performance of our investment portfolio. As such, we believe it is appropriate to exclude net investment income and net investment gains (losses) from our underwriting profitability measure.

Foreign exchange losses (gains) in our Consolidated Statement of Operations primarily relate to the impact of foreign exchange rate movements on our net insurance-related liabilities. However, we manage our investment portfolio in such a way that unrealized and realized foreign exchange losses (gains) on our investment portfolio generally offset a large portion of the foreign exchange losses (gains) arising from our underwriting portfolio. As a result, we believe that foreign exchange losses (gains) are not a meaningful contributor to our underwriting performance, therefore, foreign exchange losses (gains) are excluded from consolidated underwriting income (loss).

Interest expense and financing costs primarily relate to interest payable on our senior notes and notes payable. As these expenses are not incremental and/or directly attributable to our individual underwriting operations, these expenses are excluded from underwriting-related general and administrative expenses, and therefore consolidated underwriting income (loss).

Termination fee received represents the break-up fee paid by PartnerRe Ltd. following the cancellation of the amalgamation agreement with the Company and is not indicative of future revenues, therefore, this revenue is excluded from consolidated underwriting income (loss).

Bargain purchase gain, recognized upon the acquisition of Compagnie Belge d'Assurances Aviation NV/SA ("Aviabel"), reflects the excess of the fair value of the net identifiable assets acquired over the fair value of consideration transferred and is not indicative of future revenues of the company, therefore, this revenue is excluded from consolidated underwriting income (loss).

Transaction and reorganization expenses are primarily driven by business decisions, the nature and timing of which are not related to the underwriting process, therefore, these expenses are excluded from consolidated underwriting income (loss).

Amortization of intangible assets including VOBA arose from business decisions, the nature and timing of which are not related to the underwriting process, therefore, these expenses are excluded from consolidated underwriting income (loss).

We believe that presentation of consolidated underwriting income (loss) provides investors with an enhanced understanding of our results of operations, by highlighting the underlying pre-tax profitability of our underwriting activities. The reconciliation of consolidated underwriting income (loss) to income (loss) before income taxes and interest in income (loss) of equity method investments, the most comparable GAAP financial measure, is presented in the *Non-GAAP Financial Measures Reconciliation* section of this report.

Operating Income (Loss)

Operating income (loss) represents after-tax operational results exclusive of after-tax net investment gains (losses), foreign exchange losses (gains), termination fee received, transaction and reorganization expenses, revaluation of net deferred tax asset, bargain purchase gain, and loss on repurchase of preferred shares.

Although the investment of premiums to generate income and investment gains (losses) is an integral part of our operations, the determination to realize investment gains (losses) is independent of the underwriting process and is heavily influenced by the availability of market opportunities. Furthermore, many users believe that the timing of the realization of investment gains (losses) is somewhat opportunistic for many companies.

Foreign exchange losses (gains) in our Consolidated Statements of Operations primarily relate to the impact of foreign exchange rate movements on net insurance-related liabilities. However, this movement is only one element of the overall impact of foreign exchange rate fluctuations on our financial position. In addition, we recognize unrealized foreign exchange losses (gains) on our available-for-sale investments in other comprehensive income (loss) and foreign exchange losses (gains) realized upon the sale of these investments in net investment gains (losses). These unrealized and realized foreign exchange losses (gains) generally offset a large portion of the foreign exchange losses (gains) reported separately in net income (loss) available (attributable) to common shareholders, thereby minimizing the impact of foreign exchange rate movements on total shareholders' equity. As a result, the foreign exchange losses (gains) in our Consolidated Statement of Operations in isolation are not a fair representation of the performance of our business.

Termination fee received represents the break-up fee received on the cancellation of the amalgamation agreement between PartnerRe Ltd. and the Company and is not indicative of future revenues of the company, therefore, this revenue is excluded from operating income (loss).

Transaction and reorganization expenses are primarily driven by business decisions, the nature and timing of which are not related to the underwriting process, therefore, these expenses are excluded from operating income (loss).

The revaluation of net deferred tax asset ("DTA") represents a tax expense recognized in the fourth quarter of 2017 related to the revaluation of our net DTA, following the reduction in the U.S. corporate income tax rate from 35% to 21% enacted as part of the Tax Cuts and Jobs Act of 2017 ("U.S. Tax Reform"). The nature and timing of the tax expense associated with the U.S. Tax Reform is not related to the underwriting process, therefore, this expense is excluded from operating income (loss).

Bargain purchase gain, recognized upon the acquisition of Aviabel, reflects the excess of the fair value of the net identifiable assets acquired over the fair value of consideration transferred and is not indicative of future revenues of the company, therefore, this revenue is excluded it from operating income (loss).

Loss on repurchase of preferred shares arose from capital transactions that are not reflective of underlying business performance, and therefore, is excluded from operating income (loss).

Certain users of our financial statements evaluate performance excluding after-tax net investment gains (losses), foreign exchange losses (gains), termination fee received, transaction and reorganization expenses, revaluation of net deferred tax asset, bargain purchase gain, and loss on repurchase of preferred shares to understand the profitability of recurring sources of income.

We believe that showing net income (loss) available (attributable) to common shareholders exclusive of after-tax net investment gains (losses), foreign exchange losses (gains), termination fee received, transaction and reorganization expenses, revaluation of net deferred tax asset, bargain purchase gain, and loss on repurchase of preferred shares reflects the underlying fundamentals of our business. In addition, we believe that this presentation enables investors and other users of our financial information to analyze performance in a manner similar to how our management analyzes the underlying business performance. We also believe this measure follows industry practice and, therefore, facilitates comparison of our performance with our peer group. We believe that equity analysts and certain rating agencies that follow us, and the insurance industry as a whole, generally exclude these items from their analyses for the same reasons. The reconciliation of operating income (loss) to net income (loss) available (attributable) to common shareholders, the most comparable GAAP financial measure, is presented in the *Non-GAAP Financial Measures Reconciliation* section of this report.

We also present operating income (loss) per diluted common share and annualized operating ROACE, which are derived from the operating income (loss) measure and are reconciled to the most comparable GAAP financial measures, earnings per diluted common share and annualized return on average common equity ("ROACE"), respectively, in the *Non-GAAP Financial Measures Reconciliation* of this report.

Ex-PGAAP Operating Income (Loss)

Ex-PGAAP operating income (loss) represents operating income (loss) exclusive of amortization of VOBA and intangible assets, net of tax and amortization of acquisition costs, net of tax associated with Novae's balance sheet at October 2, 2017 (the "closing date" or "acquisition date"). The reconciliation of ex-PGAAP operating income (loss) to net income (loss) available (attributable) to common shareholders, the most comparable GAAP financial measure, is presented in the *Non-GAAP Financial Measures Reconciliation* of this report.

We also present ex-PGAAP operating income (loss) per diluted common share and annualized ex-PGAAP operating ROACE which are derived from the ex-PGAAP operating income (loss) measure as well as ex-PGAAP combined ratio, all of which are reconciled to the most comparable GAAP financial measures, earnings per diluted common share, annualized ROACE and combined ratio, respectively, in the *Non-GAAP Financial Measures Reconciliation* of this report.

We believe the presentation of ex-PGAAP operating income (loss), ex-PGAAP operating income (loss) per diluted common share, annualized ex-PGAAP operating ROACE and ex-PGAAP combined ratio enables investors and other users of our financial information to better analyze the performance of our business.

Acquisition of Novae

On October 2, 2017, AXIS Capital acquired Novae. The Company identified VOBA which represents the present value of the expected underwriting profit within policies that were in-force at the closing date of the transaction. In addition, the allocation of the acquisition price to the assets acquired and liabilities assumed of Novae based on estimated fair values at the acquisition date, resulted in the write-off of the deferred acquisition cost asset on Novae's balance sheet at the acquisition date as the value of policies in-force on that date are considered within VOBA.

Consequently, underwriting income (loss) in the three months and year ended December 31, 2018 included the recognition of premium attributable to Novae's balance sheet at the acquisition date without the recognition of the associated acquisition costs.

Pre-Tax Total Return on Cash and Investments excluding Foreign Exchange Movement

Pre-tax total return on cash and investments excluding foreign exchange movements measures net investment income (loss), net investments gains (losses), interest in income (loss) of equity method investments, and change in unrealized investment gains (losses) generated by average cash and investment balances. The reconciliation of pre-tax total return on cash and investments excluding foreign exchange movements to pre-tax total return on cash and investments, the most comparable GAAP financial measure is presented in the *Financial Highlights* in this report.

We believe this presentation enables investors and other users of our financial information to analyze the performance of our investments.

Directors

Albert A. Benchimol

President and Chief Executive Officer, AXIS Capital

- Executive Committee
- Risk 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, Chairman
- Risk Committee

Robert L. Friedman

Senior Advisor and Former Senior Managing Director, Blackstone Group LP

- Finance Committee
- Risk Committee

Christopher V. Greetham

Former Chief Investment Officer, XL Capital Ltd.

- Audit Committee
- Compensation Committee
- Finance Committee
- Risk Committee, Chairman

Elanor R. Hardwick

Chief Digital Officer, UBS

- Audit Committee
- Risk Committee

Maurice A. Keane

Former Group CEO, The Bank of Ireland

- Audit Committee
- Compensation Committee
- Corporate Governance and Nominating Committee, Chairman

Thomas C. Ramey

Former Chairman and President, Liberty International, Liberty Mutual Group

- Audit Committee, Chairman and Financial Expert
- Compensation Committee
- Corporate Governance and Nominating Committee

Henry B. Smith

Former CEO, W.P. Stewart & Co., Ltd. and Bank of Bermuda Limited

- Lead Independent Director
- Audit Committee
- Compensation Committee, Chairman
- Corporate Governance and Nominating Committee
- Executive Committee, Chairman

Barbara A. Yastine

Former Chair, President and Chief Executive Officer of Ally Bank

- Audit Committee
- Corporate Governance and Nominating Committee
- Risk Committee

Wilhelm Zeller

Former Chairman of the Executive Board, Hannover Re

- Finance Committee
- Risk Committee

Lizabeth H. Zlatkus

Former Executive Vice President and Chief Risk Officer, The Hartford Financial Services Group, Inc.

- Audit Committee
- Finance Committee

Executive Officers

Albert A. Benchimol

President and Chief Executive Officer

Peter J. Vogt

Chief Financial Officer

David S. Phillips

Chief Investment Officer

Steve K. Arora

Chief Executive Officer, AXIS Reinsurance

Peter W. Wilson

Chief Executive Officer, AXIS Insurance

Annual Meeting

Date:
May 2, 2019 at 8:30 a.m. EST

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

Independent registered public accounting firm

Deloitte Ltd.
Corner House
20 Parliament Street
P.O. Box HM 1556
Hamilton HM FX
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:
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Transfer agent and registrar

The Transfer Agent for AXIS Capital is Computershare. For shareholder inquiries, please contact Computershare:

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Hearing Impaired TDD: 1.800.952.9245

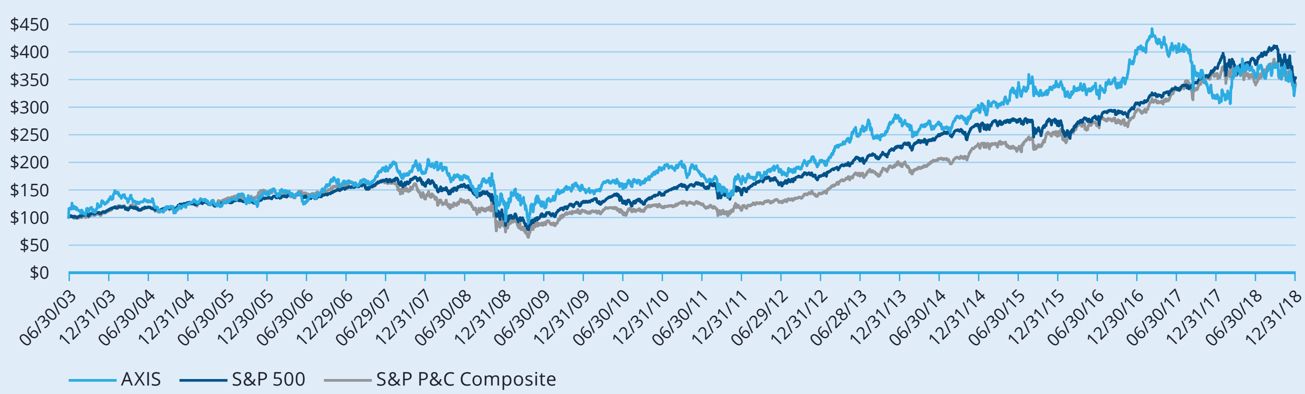
Website:
www.computershare.com

Total Shareholder Return

240.0%
AXS

253.6%
S&P 500

243.7%
S&P 500 P&C COMPOSITE



* Data computed from June 30, 2003 to December 31, 2018.

** 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, 2018, 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.