

AXIS CAPITAL HOLDINGS LTD
Form DEF 14A
March 20, 2006
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
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 Soliciting Material Pursuant to §240.14a-12

AXIS CAPITAL HOLDINGS LIMITED
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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AXIS CAPITAL HOLDINGS LIMITED

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 12, 2006

Pembroke, Bermuda

March 20, 2006

Notice is hereby given that the Annual General Meeting of Shareholders of AXIS Capital Holdings Limited (the Company) will be held at the Company's offices at Chesney House, 2nd Floor, 96 Pitts Bay Road, Pembroke HM 08, Bermuda, on Friday, May 12, 2006 at 8:30 a.m. local time for the following purposes:

1. To elect three Class I Directors to hold office until 2009;
2. To appoint Deloitte & Touche, Hamilton, Bermuda, to act as the independent auditors of the Company for the fiscal year ending December 31, 2006 and to authorize the Board of Directors, acting through the Audit Committee, to set the fees for the independent auditors; and
3. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Only shareholders of record, as shown by the transfer books of the Company at the close of business on March 10, 2006, are entitled to notice of and to vote at the meeting.

The Company's financial statements for the year ended December 31, 2005 together with the report of the Company's independent auditors in respect of these financial statements will be presented at the meeting.

PLEASE COMPLETE, DATE, SIGN AND RETURN THE ACCOMPANYING PROXY CARD IN THE RETURN ENVELOPE FURNISHED FOR THAT PURPOSE AS PROMPTLY AS POSSIBLE, WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING. IF YOU LATER DESIRE TO REVOKE YOUR PROXY FOR ANY REASON, YOU MAY DO SO IN THE MANNER DESCRIBED IN THE ATTACHED PROXY STATEMENT. YOU MAY ALSO VOTE OVER THE INTERNET OR BY TELEPHONE BY FOLLOWING THE VOTING INSTRUCTIONS PRINTED ON THE ACCOMPANYING PROXY CARD.

AXIS CAPITAL HOLDINGS LIMITED
106 PITTS BAY ROAD, PEMBROKE HM 08, BERMUDA

PROXY STATEMENT
FOR
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON MAY 12, 2006

March 20, 2006

This proxy statement is being furnished in connection with the solicitation of proxies by the Board of Directors of AXIS Capital Holdings Limited (the Company) to be voted at the Annual General Meeting of Shareholders of the Company to be held on May 12, 2006 and any postponements or adjournments thereof.

When the accompanying proxy card is properly executed and returned, the common shares, par value U.S.\$0.0125 per share, of the Company that it represents will be voted as specified at the meeting on the following: (1) the election of the three nominees for Class I Directors as identified in this proxy statement; (2) the appointment of Deloitte & Touche, Hamilton, Bermuda, to act as our independent auditors for the fiscal year ending December 31, 2006 and the authorization of our Board of Directors, acting by the Audit Committee, to set the fees for the independent auditors; and (3) such other business as may properly come before the meeting or any postponements or adjournments thereof.

Shareholders of record as of the close of business on March 10, 2006 are entitled to vote at the meeting. As of March 10, 2006, there were 151,896,204 outstanding common shares entitled to vote at the meeting. Except as set forth in our bye-laws, each common share entitles the holder of record to one vote. In accordance with our bye-laws, shareholders whose shares constitute 9.5% or more of the voting power of our common shares are entitled to less than one vote for each common share held by them and will be notified by us of their voting power prior to the meeting.

Election of the directors and approval of the other resolutions requires the affirmative vote of a majority of the votes cast at the meeting by the holders of shares represented in person or by proxy at the meeting, provided that there is a quorum consisting of two or more persons present in person and representing in person or by proxy shares representing more than fifty percent (50%) of the aggregate voting power of the Company. Common shares held by shareholders who are present in person or by proxy at the meeting and who elect to withhold authority to vote on any director nominee or who elect to abstain from voting on any resolution and broker non-votes will be counted towards the presence of a quorum but will not be counted as a vote for any director or for any resolution. Common shares held by shareholders who have signed their proxy cards but have not specified how their shares are to be voted will be counted towards the presence of a quorum and will be voted for the election of directors and for the resolutions.

Any shareholder giving a proxy has the power to revoke it prior to its exercise by notice of revocation to the Company's Secretary in writing, by execution of a subsequent proxy card or by voting in person at the meeting.

Our financial statements for the year ended December 31, 2005 together with the report of our independent auditors in respect of these financial statements will be presented at the meeting.

This proxy statement, the attached notice of annual general meeting and the accompanying proxy card are first being mailed to shareholders on or about March 20, 2006.

DIRECTORS AND EXECUTIVE OFFICERS**Directors**

Our Board of Directors is divided into three classes designated Class I, Class II and Class III. The term of office for each Class I director expires at the annual general meeting in 2006; the term of office for each Class II director expires at the annual general meeting in 2008; and the term of office for each Class III director expires at the annual general meeting in 2007. At each annual general meeting, the successors of the class of directors whose term expires at that meeting will be elected to hold office for a term expiring at the annual general meeting to be held in the third year following the year of their election.

Three Class I directors are to be elected at the meeting to hold office until the annual general meeting in 2009. All of the nominees currently are directors. All of the nominees were recommended to our Board of Directors for election at the meeting by the Corporate Governance and Nominating Committee. All nominees have consented to serve if elected. It is not expected that any of the nominees will become unavailable for election as a director, but if any nominee should become unavailable prior to the meeting, proxy cards authorizing the proxies to vote for the nominees will instead be voted for substitute nominees recommended by our Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THE NOMINEES.

The table below sets forth the names, ages, class and positions of the nominees who are standing for election at the meeting:

Name	Age	Class	Positions
Michael A. Butt	63	I	Chairman of the Board
John R. Charman	53	I	Chief Executive Officer and President
Charles A. Davis	57	I	Director

Michael A. Butt has been Chairman of the Board since September 2002. Mr. Butt is also Chairman of the Board of AXIS Specialty Limited. Mr. Butt has over 40 years of insurance industry experience. From 1982 to 1986, Mr. Butt was the Chairman of Sedgwick Limited and Vice Chairman of the Sedgwick Group plc. From 1987 to 1992, Mr. Butt served as Chairman and Chief Executive Officer of Eagle Star Holdings plc and Eagle Star Insurance Company. From 1993 to 1998, Mr. Butt was Chief Executive Officer and President of Mid Ocean Limited. From 1998 to August 2002, Mr. Butt was a director of XL Capital Ltd. Mr. Butt is also a former director of the Farmers Insurance Group, BAT Industries and Istituto Nazionale delle Assicurazioni.

John R. Charman has been Chief Executive Officer and President since our inception. Mr. Charman is also Chief Executive Officer and President of AXIS Specialty Limited. Mr. Charman has over 30 years of experience in the insurance industry and has been in a senior underwriting position since 1975. From 2000 to 2001, he served as deputy chairman of ACE INA Holdings and President of ACE International. Mr. Charman was also Chief Executive Officer at ACE Global Markets from 1998 to 2001. Prior to that, Mr. Charman was the Chief Executive Officer of Tarquin plc (a joint venture company among Insurance Partners, Harvard University and the Charman Group), the parent company of the Charman Underwriting Agencies at Lloyd's. He was also a deputy chairman of the Council of Lloyd's and a member of the Lloyd's Core Management Group and Lloyd's Market Board between 1995 and 1997. Mr. Charman has informed us that he will retire at the end of December 2008.

Charles A. Davis has served as a director since our inception. Since June 2005, Mr. Davis has been a member and the Chief Executive Officer of Stone Point Capital LLC. From 1998 until May 2005, he was with MMC Capital, Inc., a subsidiary of Marsh & McLennan Companies, Inc., serving as the Chief Executive Officer from 1999 to 2005 and Chairman from 2002 to 2005. He also served as a Vice Chairman

of Marsh & McLennan Companies, Inc. from 1999 to November 2004. Prior to joining MMC Capital in 1998, Mr. Davis spent 23 years at Goldman, Sachs & Co., where, among other positions, he served as head of Investment Banking Services worldwide, head of the Financial Services Industry Group, a General Partner, a Senior Director and a Limited Partner. Mr. Davis is also a director of Media General, Inc., Merchants Bancshares Corporation and The Progressive Corporation.

The table below sets forth the names, ages, class and positions of the directors who are not standing for election at the meeting:

Name	Age	Class	Positions
W. Thomas Forrester	57	I	Director
Robert L. Friedman	63	II	Director
Donald J. Greene	72	II	Director
Jurgen Grupe	68	II	Director
Maurice A. Keane	64	III	Director
Henry B. Smith	56	III	Director
Frank J. Tasco	78	II	Director

W. Thomas Forrester has served as a director since December 2003. Since 1999, Mr. Forrester has been the Chief Financial Officer of The Progressive Corporation, one of the largest automotive insurers in the United States, and has been a Vice President of Progressive since June 2001. From 1984 until 1999, he served in various other positions with Progressive, including Treasurer, Policy Team Member, Central Division President, Commercial Lines President and CAIP Division President. He intends to retire from the Company's board of directors when his term expires and will not stand for reelection at the meeting.

Robert L. Friedman has served as a director since our inception. Since 1999, Mr. Friedman has been a Senior Managing Director of The Blackstone Group, L.P., and since February 2003 he has also been that firm's Chief Administrative Officer and Chief Legal Officer. Prior to joining Blackstone, Mr. Friedman was a partner at Simpson Thacher & Bartlett for 25 years, where he served as a senior member of that law firm's mergers and acquisitions practice. Mr. Friedman currently serves as a director of Houghton Mifflin Holdings Inc., Northwest Airlines, Inc. and TRW Automotive Holdings Corp.

Donald J. Greene has served as a director since our inception. Mr. Greene was a name partner of LeBoeuf, Lamb, Greene & MacRae LLP, where he practiced from 1964 until his retirement in 2001. Mr. Greene is also a director of Associated Electric & Gas Insurance Services Limited and of its wholly-owned Lloyd's syndicate management company, AEGIS Managing Agency Limited. He is a former director of Equitable Life Assurance Company. He was a founding director and former Chairman of the International Insurance Foundation and a former director of the International Insurance Council. He is a member of the board of overseers of the School of Risk Management of St. John's University (which school was formerly the College of Insurance) and a director of the Risk Foundation. In addition, he is an invested Commander of the Most Excellent Order of the British Empire by order of Her Majesty's Government for service to Lloyd's, the British insurance industry and the community of international insurance and law.

Jurgen Grupe has served on our Board of Directors since May 2004. He is also a director of AXIS Specialty Holdings Ireland Limited and AXIS Re Limited. From 1998 until 2002, Mr. Grupe was a director of Aon Reinsurance Worldwide and Chairman of the Board of Aon Reinsurance Europe. Prior to Aon's acquisition of Jauch & Hubener GmbH in 1997, he was a partner at Jauch & Hubener and Chairman of its reinsurance brokerage company.

Maurice A. Keane has served as a director since September 2002. He is also Chairman of the Board of AXIS Specialty Holdings Ireland Limited and a director of AXIS Specialty Europe Limited. Mr. Keane

was formerly the Group Chief Executive Officer of the Bank of Ireland, a position he held from 1998 until his retirement in 2002. He was Deputy Group Chief Executive Officer from 1991 through 1997, having been a Managing Director since 1983. He is currently Chairman of University College Dublin Foundation Limited and BUPA Ireland Limited and a director of DCC plc.

Henry B. Smith has served on our Board of Directors since May 2004. Mr. Smith has served as the Chief Executive Officer and President since May 2005. Mr. Smith announced that he will retire from these positions at W.P. Stewart & Co., Ltd at the end of March 2006. He has served as a director of W.P. Stewart & Co., Ltd. since June 1988. Mr. Smith is the former Chief Executive Officer of the Bank of Bermuda Limited, a position he held from March 1997 until March 2004. He joined the Bank of Bermuda in 1973 as a management trainee and has held various senior positions within the Bank of Bermuda, including Executive Vice President and Chief Operation Officer, Executive Vice President, Europe and Senior Vice President and General Manager, Retail Banking. He is a director of the Bank of Bermuda and W.P. Stewart & Co., Ltd.

Frank J. Tasco has served as a director since our inception. Mr. Tasco retired in 1992 as Chairman of the Board and Chief Executive Officer of Marsh & McLennan Companies, Inc., a position he held since 1986. From December 1992 to December 1994, Mr. Tasco served as Chairman of Borden, Inc. Mr. Tasco is a director of Travelers Property Casualty Corp.

Independence of Directors

Our Board of Directors currently consists of 10 directors of which 8 are non-management directors. After the 2006 Annual General Meeting, our Board of Directors will consist of 9 directors of which 7 will be non-management directors. The board has determined that all 8 of our non-management directors are independent as defined in the listing standards of the New York Stock Exchange. The board has made this determination based primarily on a review of the responses of the directors to questions regarding employment and compensation history, family relationships and affiliations, and discussions with the directors. With respect to Mr. Charles A. Davis, the board reviewed (1) his past relationship with MMC Capital, Inc., and its parent, Marsh and McLennan Companies, Inc., with which the Company has certain business relationships, (2) his current relationship with Stone Point Capital, LLC and a service agreement between the Company and Stone Point, and (3) the amount of the Company's common shares and warrants owned by entities that are managed by or affiliated with Stone Point. The board determined that none of these transactions nor the amount of common shares and warrants that may be deemed to be beneficially owned by Stone Point or its affiliates constituted a material relationship with the Company as defined in the listing standards of the New York Stock Exchange. With respect to Mr. Robert L. Friedman, the board reviewed his relationship with Blackstone Group, L.P. and various investments held by the Company that are managed by affiliates of Blackstone. The board determined that these transactions did not constitute a material relationship with the Company as defined in the listing standards of the New York Stock Exchange. For more details of these transactions and our share ownership, see [Principal Shareholders](#) and [Certain Relationships and Related Transactions](#) in this proxy statement. None of our other non-management directors have relationships with the Company that required consideration.

Meetings of the Board of Directors and its Committees

The Company's policy is to encourage directors to attend all meetings of our Board of Directors, all meetings of all committees of the board on which they serve and each annual general meeting of shareholders. Our Board of Directors met four times during the year ended December 31, 2005. No director attended fewer than 75% of the aggregate of the total number of meetings of the board and the total number of meetings of all committees of the board on which the director served, except Mr. Grupe who attended three of the five Compensation Committee meetings held. Eleven of the 13 directors then serving attended the 2005 annual general meeting of shareholders. Our non-management directors meet

quarterly at executive sessions without management. They have selected Mr. Greene as the presiding director.

Our Board of Directors currently maintains Executive, Audit, Compensation, Corporate Governance and Nominating, and Finance Committees. Current copies of the charter for each of these committees, as well as our Corporate Governance Guidelines and Code of Business Conduct, are available on our website at www.axiscapital.com and are available, without charge, in print to any shareholder who requests them by contacting the Company's Secretary at 106 Pitts Bay Road, Pembroke, Bermuda, HM 08.

Executive Committee. The Executive Committee is composed of Messrs. Butt, Charman and Davis and is chaired by Mr. Greene. This committee may exercise the authority of the Board of Directors when the entire Board of Directors is not available to meet, except in cases where the action of the entire Board of Directors is required by our memorandum of association, our bye-laws or applicable law. The Executive Committee did not meet during the year ended December 31, 2005.

Audit Committee. The Audit Committee is composed of Messrs. Keane and Smith and is and will be through the 2006 Annual General Meeting chaired by Mr. Forrester. Thereafter, we expect that this committee will be chaired by Mr. Smith. This committee has general responsibility for the oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, our independent auditors' qualifications and independence and the performance of our internal audit functions and independent auditors. The committee appoints, retains and determines the compensation for our independent auditors, pre-approves fees and services of the independent auditors and reviews the scope and results of their audit. Each member of the Audit Committee is a non-management director and is independent as defined in the listing standards of the New York Stock Exchange and under the U.S. Securities Exchange Act of 1934 (the Exchange Act). Our Board of Directors has determined that each of Messrs. Forrester, Smith and Keane qualifies as an audit committee financial expert pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC). The Audit Committee met nine times during the year ended December 31, 2005.

Compensation Committee. The Compensation Committee is composed of Messrs. Greene and Grupe and is chaired by Mr. Tasco. This committee establishes our Chief Executive Officer's compensation in light of our established corporate performance goals and makes recommendations to our Board of Directors with respect to employee compensation, incentive compensation plans, equity-based plans and director compensation. This committee also administers and interprets our compensation and benefit policies, including our incentive plans and equity-based plans. Each member of this committee is a non-management director and is independent as defined in the listing standards of the New York Stock Exchange. The Compensation Committee met five times during the year ended December 31, 2005.

Corporate Governance and Nominating Committee. The Corporate Governance and Nominating Committee is composed of Messrs. Davis and Friedman and is chaired by Mr. Greene. This committee takes a leadership role in shaping our corporate governance by identifying and proposing qualified director nominees, overseeing the purpose, structure and composition of the board committees, overseeing the annual evaluation of the Board of Directors and the committees and periodically reviewing our Code of Business Conduct and Corporate Governance Guidelines. Each member of this committee is a non-management director and is independent as defined in the listing standards of the New York Stock Exchange. The Corporate Governance and Nominating Committee met four times during the year ended December 31, 2005.

The Corporate Governance and Nominating Committee will consider candidates recommended by shareholders to be nominated to our Board of Directors for election at the annual general meeting of shareholders. A shareholder who wishes to submit a candidate for consideration must be a shareholder of record at the time that it submits a candidate for nomination and must be entitled to vote for the candidate at the meeting. A shareholder must give written notice of the submission to the Company's Secretary not

less than 90 days nor more than 120 days prior to the anniversary of the annual general meeting of shareholders of the preceding year. The notice must include (1) the name, age and business and residence addresses of the candidate, (2) the principal occupation or employment of the candidate, (3) the number of common shares or other securities of the Company beneficially owned by the candidate, (4) all other information relating to the candidate that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Exchange Act and (5) the candidate's written consent to be named in the proxy statement and to serve as a director if elected. The notice must also include information on the shareholder submitting the nomination, including the shareholder's name and address as it appears on the Company books and the number of our common shares beneficially owned by the shareholder.

The Corporate Governance and Nominating Committee believes that directors should be persons who combine the highest standards of integrity and significant accomplishments in their chosen field of endeavor. Directors should bring a diversity of experiences, skills and perspectives to our Board of Directors. The committee considers qualities of intelligence, honesty, perceptiveness, good judgment, high ethics and standards, integrity and fairness to be of paramount importance. It also examines experience, knowledge and skills in business judgment, leadership, strategic planning, general management practices and crisis response. In addition, the committee looks for candidates with financial expertise and a willingness and ability to commit the time required to fully discharge their responsibilities to the board. The committee evaluates candidates on the basis of their qualifications and not on the basis of the manner in which they were submitted for consideration.

Finance Committee. The Finance Committee is composed of Messrs. Butt and Friedman and is chaired by Mr. Davis. This committee generally approves and monitors all finance-related transactions, including investment of funds and financing facilities. It is also responsible for establishing our investment guidelines, approving the selection and terms of investment managers, evaluating the performance of investment managers, monitoring the need for additional financing and ensuring compliance with outstanding debt facility covenants. The Finance Committee met four times during the year ended December 31, 2005.

Director Compensation

Non-employee directors receive an annual retainer of \$35,000 for service on the Board of Directors plus \$3,000 for each board meeting and presentation attended. The chairman of the Audit Committee receives annually a fee of \$10,000 and the chairmen of each other board committee and the presiding director of the non-management directors receive a fee of \$5,000. Non-employee directors also receive \$1,500 for each committee meeting attended. Prior to the commencement of each calendar year, directors are entitled to elect to receive common shares in lieu of the cash compensation that would otherwise be payable to them during such year. In addition to the annual retainer, chairman fees and meeting fees, each non-employee director receives annually a grant of \$35,000 worth of common shares pursuant to a restricted stock grant at the fair market value of the common shares at the time of grant. Prior to the commencement of each calendar year, directors may elect to receive cash in lieu of the equity compensation that would otherwise be payable to them during such year with the approval of the Compensation Committee. The restricted stock vests six months after the date of grant. Directors who are also employees do not receive compensation for their service as directors.

In addition to compensation received for service on the Company's board, Mr. Keane receives an annual retainer of \$35,000 for services as Chairman of the Board of AXIS Specialty Holdings Ireland Limited and a director of AXIS Specialty Europe Limited plus \$1,000 for each meeting attended, and Mr. Grupe receives an annual retainer of \$25,000 for services as a director of AXIS Specialty Europe Limited and AXIS Re Limited. Prior to the commencement of each calendar year, these directors are

entitled to elect to receive common shares in lieu of the cash compensation that would otherwise be payable to them during such year.

Shares issued to our directors in lieu of fees and stock options and restricted stock grants made to our directors are made pursuant to the AXIS Capital Holdings Limited 2003 Directors Long-Term Equity Compensation Plan (the Directors Plan). The Directors Plan has been adopted by our Board of Directors and approved by our shareholders. The maximum number of common shares with respect to which awards may be granted under the Directors Plan is 1,200,000. As of February 28, 2006, non-qualified stock options exercisable for 120,000 common shares and 18,229 restricted shares have been granted under the Directors Plan. The board has broad authority to administer the plan, including the authority to determine when awards will be made, the type and amount of awards, the exercise price of options, any limitations, restrictions or conditions applicable to each award, if any, and the terms of any instrument that evidences an award.

Options awarded under the Directors Plan are generally granted for a ten-year term, but may terminate earlier if the participant's service terminates prior to the end of the term. The exercise price of an option must be at least equal to the fair market value of the shares on the date such option is granted. The exercise price of options may be paid (1) in cash, (2) by delivery of previously-acquired common shares, (3) by any combination of (1) and (2), (4) pursuant to a cashless exercise program or (5) by any other means that our Board of Directors approves in its discretion. Holders of restricted stock may generally exercise full voting rights and may be credited with regular dividends paid with respect to the underlying shares while they are so held. The shares generally become freely transferable after the last day of the applicable period of restriction. Upon a change in control of the Company, all outstanding stock options will become immediately exercisable and remain exercisable throughout their entire term and all restrictions with respect to outstanding restricted stock awards will lapse.

Each non-employee director may elect to participate in an unfunded nonqualified deferred compensation plan (the Directors Deferred Plan), which has also been adopted by our Board of Directors and approved by our shareholders. The Directors Deferred Plan allows participating directors to elect (1) the amount, if any, of cash or stock received as fees for services to be deferred (expressed as a dollar amount, number of shares or percentage) and (2) the form in which payment is to be made (lump sum or three annual installments). Directors who choose to defer fees otherwise payable in shares are credited a number of phantom stock units equal in amount to the number of shares of stock deferred. As of February 28, 2006, 45,668 shares of phantom stock have been issued under the Directors Deferred Plan. When a cash dividend is paid on the stock, the portion of the participant's deferral account denominated in phantom share units is credited with additional phantom share units (or portions thereof). Directors who choose to defer fees otherwise payable in cash are credited with interest on their cash deferral at a rate for the year of deferral that is 100 basis points above the 12-month LIBOR rate for deposits of U.S. dollars. Amounts deferred are 100% vested at all times. Generally, benefits are paid upon termination of service as a director. The plan is administered by our Board of Directors.

Executive Officers

The table below sets forth certain information concerning our executive officers:

Name	Age	Positions
Michael A. Butt(1)	63	Chairman of the Board
John R. Charman(1)	53	Chief Executive Officer and President
Andrew Cook	43	Chief Financial Officer
Dennis B. Reding	57	Chairman, AXIS Insurance
William A. Fischer	45	Chief Executive Officer and President, AXIS Global Reinsurance
John Gressier	38	Deputy Chairman, AXIS Insurance and Chief Executive Officer and President of AXIS Global Insurance
Karl Mayr	56	Chief Executive Officer and President, AXIS Re Europe
Michael E. Morrill	46	Chief Executive Officer and President, AXIS U.S. Reinsurance
F. Marshall Turner, II	48	Chief Executive Officer and President, AXIS U.S. Insurance
Brian W. Goshen	44	Chief Human Resources Officer
John J. Murray	45	Chief Operations Officer
Richard Strachan	38	Chief Claims Officer

(1) Biography available under Directors.

Andrew Cook has been Chief Financial Officer of the Company since our inception. He is also a director and Executive Vice President of our subsidiary, AXIS Specialty Limited. Mr. Cook, a chartered accountant, has 18 years of industry experience. From 1993 to 1999, he served as Senior Vice President and Chief Financial Officer of LaSalle Re Holdings Limited. Mr. Cook worked as an independent consultant assisting clients in raising private equity capital from 1999 to 2000. He then served as Senior Vice President and Chief Financial Officer of Mutual Risk Management Limited from 2001 until joining us in late 2001. Mr. Cook has resigned as an officer of the Company effective April 1, 2006.

Dennis B. Reding has been Chairman of AXIS Insurance since January 2005. From January 2003 until December 2004, he was Chief Executive Officer of AXIS U.S. Insurance. He is also Chief Executive Officer and President of our subsidiaries, AXIS Specialty U.S. Holdings, Inc. and AXIS Specialty U.S. Services, Inc., and an Executive Vice President of our subsidiaries, AXIS Specialty Insurance Company, AXIS Reinsurance Company, AXIS Surplus Insurance Company and AXIS Insurance Company. Mr. Reding has 35 years of industry experience. Mr. Reding was President and Chief Executive Officer of Westchester Specialty Group from 1992 to 1998. He then served as President and Chief Executive Officer of ACE USA, Inc. from 1998 to 2001 and President of ACE INA Holdings, Inc. from 2001 to 2002. Mr. Reding was Chairman and Chief Executive Officer of Combined Specialty Group, Inc., an Aon subsidiary, in 2002.

William A. Fischer has been Chief Executive Officer and President of AXIS Global Reinsurance since our inception. He is also Executive Vice President of our subsidiary, AXIS Specialty Limited. Mr. Fischer has 19 years of industry experience. Mr. Fischer began his career at Skandia America Reinsurance in 1987 as a treaty underwriter, where he served until November 1991. From November 1991 to October 1994, he served as Vice President of Treaty Property Underwriting at Transatlantic Reinsurance Company. Mr. Fischer then served as Executive Vice President with responsibilities for property, accident and health, and financial products at Everest Re Group, Ltd. from October 1994 to May 2001. He then served as a Senior Vice President of the Brokered Group of American Re, where he was responsible for all property business, until joining us in late 2001.

John Gressier has been Chief Executive Officer and President of AXIS Global Insurance since April 2002. He is also Chairman of the Board of our subsidiary, AXIS Specialty Europe Limited, a director of our subsidiary, AXIS Specialty Holdings Ireland Limited and Executive Vice President of our

subsidiary, AXIS Specialty Limited. Mr. Gressier has over 19 years of experience in the insurance industry. Mr. Gressier served as an underwriter at Charman Underwriting Agencies from 1989 until ACE Limited acquired Charman in 1998. Mr. Gressier then served as Deputy Underwriter of Syndicates 488/2488, Director of ACE Global Markets Underwriting Limited and Director of Marine and Specialty Lines for Syndicate 2488. He was also a member of ACE Global Markets Executive Underwriting Committee. In February 2001, Mr. Gressier was appointed Joint Active Underwriter of Syndicate 2488 and director of the ACE Agency Board, where he served until joining us in 2002.

Dr. Karl Mayr has been Chief Executive Officer and President of AXIS Re Europe since August 2003. He is also Chairman of the Board of our subsidiary, AXIS Re Limited, and a director of our subsidiary, AXIS Specialty Holdings Ireland Limited. Mr. Mayr has 26 years of reinsurance experience. He joined Frankona Ruckversicherungs-AG in 1980, where he was appointed a member of the Board of Management in 1992. From 1988 to 1992, he held senior officer positions at the U.S. branch of Frankona in Kansas City, Missouri, which he headed up from 1990. After the acquisition of Frankona by ERC, he served on various boards of management in the German companies as well as a director on the boards of several European affiliates. From 2002 until July 2003, Mr. Mayr was Chief Executive Officer of GE Frankona Re.

Michael E. Morrill has been Chief Executive Officer and President of AXIS U.S. Reinsurance since August 2002. He is also a director and an Executive Vice President of our subsidiaries AXIS Specialty U.S. Holdings, Inc. and AXIS Specialty U.S. Services, Inc., Chairman, Chief Executive Officer and President of our subsidiary, AXIS Reinsurance Company, and an Executive Vice President of AXIS Specialty Insurance Company, AXIS Surplus Insurance Company and AXIS Insurance Company. Mr. Morrill has over 20 years of experience in the insurance and reinsurance industry. From 2001 to 2002, Mr. Morrill was the President and Chief Executive Officer of Gerling Global Reinsurance Corporation of America. From 1996 to 2001, he served as Chief Underwriting Officer for North America and Senior Vice President at Transatlantic Reinsurance Company. He has also held senior management and underwriting positions at Munich American Reinsurance Company, Cologne Reinsurance Company of America and Christiania General Insurance Company.

F. Marshall Turner, II has been the Chief Executive Officer of AXIS U.S. Insurance since January 2005 and the President of AXIS U.S. Insurance since January 2004. He is also a director and an Executive Vice President of our subsidiaries, AXIS Specialty U.S. Holdings, Inc. and AXIS Specialty U.S. Services, Inc., Chairman, Chief Executive Officer and President of our subsidiaries, AXIS Specialty Insurance Company and AXIS Insurance Company, Chairman and Executive Vice President of our subsidiary, AXIS Surplus Insurance Company, and a director and an Executive Vice President of our subsidiary, AXIS Reinsurance Company. He joined the Company in November 2002 as Executive Vice President and Chief Operating Officer of AXIS U.S. Insurance. Prior to that, Mr. Turner was President of the Specialty Property & Casualty Group of Aon Corporation's Combined Specialty Group from February 2002. From 1996 to 2002, he served in various senior positions, including President, with the Westchester Specialty Group/ACE USA. Mr. Turner also served as Vice President, Specialty Property Director for Zurich American Insurance Group after holding several property/package underwriting and managerial positions with the Hartford Insurance Group, where he began his insurance career in 1980.

Brian Goshen has been the Chief Human Resources Officer since January 2006. Mr. Goshen has over 20 years of professional human resources experience. From March 2004 to January 2006, he served as a Vice President of Human Resources at Fifth Third Bank. From May 1996 to March 2004, he was a Managing Director with Marsh, Inc., a global insurance and brokerage and risk management company. While at Marsh, he served in various senior human resource positions, including the Head of Human Resources for North America and the Head Human of Resources for their Asia and Pacific operations. From February 1994 to May 1996, he was Vice President of Human Resources with the Hong Kong and

Shanghai Banking Corporation. Mr. Goshen started his corporate career with Goldman Sachs following a period of service as a Personnel Officer with the United States Army.

John J. Murray has been Chief Operations Officer since November 2001. He is also an Executive Vice President of Operations of our subsidiary, AXIS Specialty Limited. Mr. Murray, a chartered accountant, has 15 years of industry experience. From 1995 to 2000, he was the Head of Operations for ACE Global Markets Limited. He then served as a Finance Director of Newmarket Underwriting Limited during 2000 and 2001.

Richard Strachan has been Chief Claims Officer since April 2002. He is also a director of our subsidiaries, AXIS Re Limited and AXIS Specialty Europe Limited. Mr. Strachan has 20 years of experience in the insurance and reinsurance industry. From 1985 to 1997, he managed claims for Syndicates 488 and 2488 at both Charman Underwriting Agencies and Tarquin plc. From 1997 to 1999, Mr. Strachan served as a claims adjuster at ACE Global Markets. From 1999 to 2001, he served as claims team leader for ACE Global Markets.

Management Compensation

The following table sets forth compensation earned by our Chief Executive Officer and each of our four other most highly compensated executive officers for the year ended December 31, 2005. These individuals are referred to as the named executive officers.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long Term Compensation Awards		
		Salary	Bonus	Other Annual Compensation(1)	Restricted Stock Awards(2)	Securities Underlying Options/SARs(3)	All Other Compensation(4)
John R. Charman CEO and President	2005	\$ 1,250,000	\$ 1,406,250	\$ 319,348	\$ 4,620,000	0	\$ 146,164
	2004	1,250,000	3,000,000	245,419	2,521,800	130,000	153,749
	2003	1,000,000	2,250,000	130,978	2,369,600	130,000	125,080
Michael A. Butt Chairman of the Board	2005	750,000	762,500	341,294	2,310,000	0	75,742
	2004	750,000	1,325,000	233,177	1,050,750	55,000	75,336
	2003	500,000	1,125,000	196,052	888,600	55,000	50,360
Dennis B. Reding Chairman, AXIS Insurance	2005	605,755	452,813	73,141	1,540,000	0	61,347
	2004	575,000	700,000	50,297	1,050,750	55,000	58,473
	2003	500,000	625,000	36,759	592,400	40,000	58,513
William A. Fischer CEO and President, Global Reinsurance	2005	750,000	562,500	309,053	1,540,000	0	77,822
	2004	575,000	1,000,000	266,743	840,600	40,000	60,197
	2003	475,000	950,000	256,101	592,400	40,000	50,313
John Gressier(5) CEO and President, Global Insurance	2005	914,991	663,250	6,556	1,540,000	0	144,039
	2004	665,078	1,140,000	4,555	840,600	40,000	104,167
	2003	490,598	950,000	1,676	592,400	40,000	105,661

(1) Other Annual Compensation includes (i) housing allowance paid to Mr. Charman for 2005 in the amount of \$180,000, for 2004 in the amount of \$185,782 and for 2003 in the amount of \$83,761; (ii) housing allowance paid to Mr. Butt for 2005 in the amount of \$180,000, for 2004 in the amount of \$180,000 and for 2003 in the amount of \$144,000; (iii) car allowance paid to Mr. Reding for each of 2005 and 2004 in the amount of \$12,000 and for 2003 in the amount of \$11,000; and (iv) housing allowance paid to Mr. Fischer for each of 2005, 2004 and 2003 in the amount of \$204,000. The reported amount also includes the amount we paid for health and long term disability insurance, social insurance and taxes, club membership fees, car allowances, home leave reimbursement, tax preparation fees and relocation expenses on behalf of the named executive officers. Other Annual Compensation also includes the incremental cost to the Company of personal use of an aircraft leased by the Company by Mr. Charman for 2005 in the amount of \$46,114 and by Mr. Butt for 2005 in the amount of \$73,185. The incremental cost to the Company is based on the variable operating costs to the Company, including fuel costs, hourly costs, landing fees, and other miscellaneous variable costs. Fixed costs that do not change based on usage, such as the lease costs for

the aircraft, are not included. On certain occasions, an executive's family member or other guest may accompany the executive on a flight. No additional direct operation cost is incurred in these situations.

(2) Includes restricted stock that was granted with respect to the 2005, 2004 and 2003 fiscal years on January 17, 2006, January 13, 2005 and January 2, 2004, respectively, and reflects the fair value per share on the date of grant for shares granted for the years ended December 31, 2005, 2004 and 2003, respectively. The number and aggregate value of all restricted stock holdings at December 31, 2005 based on the closing market price of our common shares at such date of \$31.28 for each of the named executive officers was as follows: Mr. Charman had 320,000 shares with a value of \$10,009,600; Mr. Butt had 142,500 shares with a value of \$4,457,400; Mr. Reding had 107,500 shares with a value of \$3,362,600; Mr. Fischer had 100,000 shares with a value of \$3,128,000; and Mr. Gressier had 100,000 shares with a value of \$3,128,000. Dividends are paid on the restricted stock but are held by the Company until the restrictions lapse.

(3) Includes stock options that were granted with respect to the 2004 and 2003 fiscal years on January 13, 2005 and January 2, 2004, respectively.

(4) Includes amounts paid in 2005, 2004 and 2003 under our defined contribution retirement plans, under arrangements to compensate employees whose contributions under those plans exceed statutory maximum limits and for term life insurance.

(5) Mr. Gressier's annual salary in 2005, 2004 and 2003 was £500,000, £364,210 and £301,000, respectively. The amounts shown for 2005, 2004 and 2003 are converted at the rate of exchange in force at the date of payment.

Options/SAR Grants in 2005

The Company did not grant any stock options to the named executive officers for the year ended December 31, 2005.

Aggregated Options/SAR Exercises in 2005 And Fiscal Year-End Option/SAR Values

The following table presents information concerning stock options exercised by the named executive officers during the year ended December 31, 2005 and the number and value of unexercised options held by them at December 31, 2005.

Name	Number of Shares		Number of Securities	Value of Unexercised
	Acquired	Value	Underlying Unexercised Options/SARs at Fiscal Year End	In-the-Money Options/SARs At Fiscal Year End
	On Exercise	Realized	Exercisable/Unexercisable	Exercisable/Unexercisable
John R. Charman			2,268,445/216,667	\$ 41,459,537/567,667
Michael A. Butt			130,000/75,000	2,178,200/212,500
Dennis B. Reding			73,333/81,667	1,091,933/223,567
William A. Fischer			166,667/53,333	2,855,867/152,533
John Gressier			146,666/53,334	2,480,266/152,534

Retirement Plans

We provide retirement benefits to eligible employees through various plans sponsored by the Company in Bermuda, Ireland, the United Kingdom, the United States and Switzerland. For 2005, in Bermuda, we contributed 10% of base salary to a registered plan for Bermudians and 10% of base salary to an unregistered plan for non-Bermudians. In Ireland and the United Kingdom, we contributed 15% of base salary to defined contribution plans, subject to certain statutory maximum limits. In the United States, we contributed 10% of eligible compensation to a 401(k) profit sharing plan, subject to certain statutory maximum limits, and, for certain highly compensated employees for which the statutory limits were met, contributed 10% of base salary (less amounts contributed to the 401(k) plan) to a supplemental retirement plan. In Switzerland, we contributed 15% of base salary to a defined contribution plan. Under the plans in Ireland, the United Kingdom, the United States and Switzerland, some employees are entitled to contribute to the plans on a tax-deferred basis. Under the Swiss plan, contributions are invested by an insurance company with a minimum guaranteed return on statutorily mandated amounts. Under all of the other plans, contributions are invested at the discretion of the participants in a variety of investment

options selected by the Company. Benefits under the plans generally vest upon one to four years of service with the Company (other than the Swiss plan, which vest immediately) and generally are distributable upon termination or retirement.

In January 2004, we implemented supplemental retirement plans for Messrs. Charman and Butt. The plan for Mr. Charman requires us to make annual payments to Mr. Charman upon his retirement for a period of 20 years. The benefits vest over a period of two years commencing in 2006. Commencing at age 56, Mr. Charman is entitled to an annual payment of \$750,000 compounded by 3% annually for each year commencing from inception. The plan for Mr. Butt requires us to make annual payments to Mr. Butt upon his retirement for a period of 10 years. The benefits vest over a period of two years commencing in 2006. Commencing at age 66, Mr. Butt is entitled to an annual payment of \$250,000 compounded by 3% annually for each year commencing from inception. If either Mr. Charman or Mr. Butt dies, is permanently disabled or a change of control of the Company occurs, the remaining benefits under his plan are payable by the Company in a lump sum. The benefits received under these plans will be offset by the benefits received by Messrs. Charman and Butt under the Bermuda retirement plan.

2003 Long-Term Equity Compensation Plan

Our Board of Directors has adopted and our shareholders have approved a long-term incentive plan (the Employees Plan). The plan provides for the granting of non-qualified stock options, incentive stock options (within the meaning of Section 422 of the U.S. Internal Revenue Code of 1986 (the Code)), stock appreciation rights (SARs), restricted stock awards, performance share and performance unit awards and share purchase rights to employees, directors and consultants. To date, the Company has issued only non-qualified stock options, restricted stock and share purchase rights under the Employees Plan. The maximum number of common shares with respect to which awards may be granted under the plan is 14,855,192, of which 1,200,000 are available for issuance pursuant to share purchase rights and of which 13,655,192 are available for issuance under all other awards. As of February 28, 2006, 11,947,035 shares have been issued or are subject to issuance upon the exercise or payment of outstanding awards under the Employees Plan. The Compensation Committee has broad authority to administer the plan, including the authority to determine when awards will be made, determine the type and amount of awards, determine the exercise price of options and SARs, determine any limitations, restrictions or conditions applicable to each award, determine the terms of any instrument that evidences an award and select plan participants.

Stock Options. Options awarded under the Employees Plan are generally granted for a ten-year term, but may terminate earlier if the participant's employment or service terminates prior to the end of the term. The exercise price of an option must be at least equal to the fair market value of the shares on the date such option is granted. The exercise price of options may be paid (1) in cash, (2) by delivery of previously-acquired common shares, (3) by any combination of (1) and (2), (4) pursuant to a cashless exercise program or (5) by any other means the Compensation Committee approves, in its discretion. The outstanding stock options generally vest in three equal installments on the first, second and third anniversaries of the date of grant or earlier upon the retirement, death or permanent disability of the participant or a change of control of the Company. As of February 28, 2006, non-qualified stock options exercisable for 6,414,675 common shares had been granted under the Employees Plan.

Restricted Stock. Holders of restricted stock may generally exercise full voting rights and may be credited with regular dividends paid with respect to the underlying shares while they are so held. The shares generally become freely transferable after the last day of the applicable period of restriction. The period of restriction with respect to outstanding stock awards generally expires on the third anniversary of the date of grant or earlier upon the retirement, death or permanent disability of the participant or a change of control of the Company. As of February 28, 2006, 4,610,800 restricted shares have been granted under the Employees Plan.

Share Purchase Rights. Share purchase rights may only be granted to employees according to terms determined by the Compensation Committee. To assist employees in purchasing shares pursuant to a grant of share purchase rights, we may offer employees who are not executive officers of the Company full recourse loans secured by the shares purchased with the loan proceeds. As of February 28, 2006, share purchase rights exercisable for 921,560 common shares had been granted and exercised under the Employees Plan.

Equity Compensation Plan Information

The following table presents information concerning our equity compensation plans as of December 31, 2005.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity&n
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