

NEWS RELEASE

FOR IMMEDIATE RELEASE

PICO HOLDINGS, INC. ANNOUNCES RESULTS FOR THE SECOND QUARTER AND FIRST HALF OF 2007

(LA JOLLA, CALIFORNIA)—August 9, 2007—PICO Holdings, Inc. (NASDAQ: PICO) reported shareholders' equity of \$522.5 million (\$27.74 per share) at June 30, 2007, compared to \$513.9 million (\$27.48 per share) at March 31, 2007, and \$405.2 million (\$25.52 per share) at December 31, 2006.

During the first half of 2007, shareholders' equity increased by \$117.3 million, representing growth in book value per share of 8.7%. The principal contributors to the growth in shareholders' equity were the issuance of 2.8 million new shares for net proceeds of \$100.1 million at a price of \$37 per share, and a \$20 million net increase in unrealized appreciation in investments (after-tax).

For the first half of 2007, PICO incurred a net loss of \$3.2 million (\$0.18 per share), compared to net income of \$7.6 million (\$0.54 per share) in the first half of 2006. In the second quarter of 2007, PICO incurred a net loss of \$3.7 million (\$0.20 per share), compared to net income of \$382,000 (\$0.03 per share) in the second quarter of 2006.

Commenting on the second quarter, PICO's President and Chief Executive Officer, John Hart, said:

"Construction is continuing on the 38 mile-long pipeline, and related infrastructure, to convey 8,000 acre-feet of water annually from Fish Springs Ranch to the fast-growing northern valleys of Reno, Nevada. As of June 30, 2007, approximately 75% of the project was completed, on time, and on budget.

"During the second quarter, we settled all outstanding claims and legal actions with the Pyramid Lake Paiute Tribe, and recorded a \$7.3 million expense related to the settlement. While we believed that the Tribe's claims were without merit, we made a commercial decision to negotiate a settlement, and avoid what could have been lengthy delays to the completion of the pipeline. We anticipate being able to deliver water in late 2007 or early 2008. Demand for water to support development in the northern valleys of Reno continues to exceed the available supply, a long-term trend which, based on population projections, should only increase over time.

"Despite the recent decline in housing, which has been severe in certain markets and would appear to have more room on the downside, the long-term projection for population growth in the West remains strong. This trend, combined with escalating costs and development lead times, due to increasing environmental and other regulatory issues, could result in a shortage of developable land at some time in the future. This situation will be further exacerbated by the lack of availability of water to support development. We believe that in the long term superior returns are possible for the astute buyer who identifies those properties which are best suited for development, due in large part to the availability of water. We also believe that Vidler and Nevada Land & Resource Company's expertise in successfully obtaining the necessary entitlements for the development of water and land is unique, and an important asset. With this in mind, Vidler acquired a farm property with water rights in Idaho. The property, which was acquired for \$9.2 million, is approximately 1,350 acres and has approximately 5,186 acre-feet of agricultural water rights. The property is near the fast-growing Boise/Nampa/Caldwell area. Vidler is actively pursuing a number of other projects, and reviewing other water resource development opportunities to put additional capital to work.

"Land sales remain strong at Nevada Land, resulting in income of \$2.6 million for the first half from the real estate operations segment. During the first six months of 2007, we sold approximately 47,000 acres of former railroad land for \$4.4 million. The gross margin on land sales was \$2.9 million, which represents a gross margin percentage of 66.8%. We currently have more than \$9 million of sales in escrow scheduled to close this year.

--more--

“The following summary is provided as a supplement to the financial statements contained in our 10-Q, to illustrate the relative size of PICO’s assets and activities.”

Segment	Net Book Value	Percentage
Water Resource and Water Storage Operations	\$202.2 million	38.7%
Real Estate Operations	67.9 million	13.0%
Insurance Operations in “Run Off”	108.7 million	20.8%
Business Acquisitions and Financing	143.7 million	27.5%
Shareholders’ Equity	\$522.5 million	100.0%

FIRST HALF SEGMENT RESULTS OF OPERATIONS

Our segment results of operations for the first 6 months are:

	2007	2006
Income (Loss) Before Taxes & Minority Interest By Operating Segment:		
Water Resource and Water Storage Operations	\$(7,591,000)	\$(1,961,000)
Real Estate Operations	3,839,000	3,650,000
Insurance Operations in “Run Off”	2,563,000	7,549,000
Business Acquisitions and Financing	(3,055,000)	7,627,000
Income (Loss) Before Taxes & Minority Interest	\$(4,244,000)	\$16,865,000
Income tax benefit (provision)	1,052,000	(6,211,000)
Minority interest		25,000
Loss from discontinued operations, net		(3,079,000)
Net Income	\$(3,192,000)	\$7,600,000

SECOND QUARTER SEGMENT RESULTS OF OPERATIONS

Our second quarter segment results of operations are:

	2007	2006
Income (Loss) Before Taxes & Minority Interest By Operating Segment:		
Water Resource and Water Storage Operations	\$(7,209,000)	\$(782,000)
Real Estate Operations	1,639,000	2,724,000
Insurance Operations in “Run Off”	862,000	748,000
Business Acquisitions and Financing	(981,000)	879,000
Income (Loss) Before Taxes & Minority Interest	\$(5,689,000)	\$3,569,000
Income tax benefit (provision)	1,976,000	(1,662,000)
Minority interest		12,000
Loss from discontinued operations, net		(1,537,000)
Net Income	\$(3,713,000)	\$382,000

PICO is a diversified holding company. PICO seeks to build and operate businesses where significant value can be created from the development of unique assets, and to acquire businesses which we identify as undervalued and where our participation can aid in the recognition of the business’s fair value, as well as create additional value.

Our objective is to maximize long-term shareholder value. We manage our operations to achieve a superior return on net assets over the long term, as opposed to short-term earnings. Currently our two major businesses are Vidler Water Company, a water resource development business, and Nevada Land & Resource Company, one of the largest private landowners in the state of Nevada. Vidler is a significant private sector owner of water resources and water storage operations in Nevada and Arizona. Nevada Land owns approximately 507,000 acres of land in northern Nevada, and certain water and mineral rights related to the property.

