

NEWS RELEASE

FOR IMMEDIATE RELEASE

PICO HOLDINGS, INC. ANNOUNCES RESULTS FOR THE THIRD QUARTER AND FIRST NINE MONTHS OF 2006

(LA JOLLA, CALIFORNIA)—November 9, 2006--PICO Holdings, Inc. (NASDAQ: PICO) reported shareholders' equity of \$389.9 million, or \$24.55 per share, at September 30, 2006, an increase for the first nine months of the year of \$1.88 per share, or 8.3%. PICO recorded net income of \$11.8 million (\$0.74 per diluted share) for the third quarter of 2006, and net income of \$19.4 million (\$1.32 per diluted share) for the first nine months of 2006.

Commenting on the Company's progress in 2006, PICO's President and Chief Executive Officer, John Hart, said:

"PICO's third quarter result was dominated by our Nevada Land & Resource Company, LLC subsidiary closing on the previously announced agreement to sell the Spring Valley Ranch, and related water assets, for \$22 million. This transaction added approximately \$18.8 million to pre-tax income in the third quarter of 2006. Spring Valley Ranch was acquired out of bankruptcy in 2000, and was a separate and distinct asset from Nevada Land's former railroad lands.

"In the first nine months of 2006, Nevada Land sold 108,916 acres of former railroad land for \$8.5 million, generating \$5.7 million in gross margin, which is a gross margin percentage of 67.8%. We still have approximately 648,000 acres of land in inventory, and the continuing strong demand for our lands is encouraging. We currently have approximately 47,633 acres of land in escrow for \$5 million, scheduled to close in the fourth quarter of 2006 and in 2007.

"During the third quarter, the Interior Board of Land Appeals dismissed the appeals against the Record of Decision, which was required to construct the 35 mile pipeline to convey 8,000 acre-feet of water annually from Fish Springs Ranch to the North Valleys of Reno, Nevada. With the final Record of Decision in hand, construction of the pipeline will now accelerate. The total cost of the pipeline project is estimated at \$78 million to \$83 million, which will be incurred over the next 9 to 15 months. Current real estate development plans require approximately 12,000 acre-feet of new water supply, and we are not aware of any other water that is currently available to meet this demand."

PICO's Chairman, Ron Langley, added:

"Apart from the gain on sale of Spring Valley Ranch, the other principal contributor to our net income for the first nine months of 2006 was more than \$19 million in realized gains, in the Insurance Operations in Run Off and Business Acquisitions & Financing segments. The realized gains primarily represented the sale of holdings in Anderson-Tully Company, a timberlands REIT which was bought out for a price approximately double our cost in 2003 and 2004, and a return of capital by California Coastal Communities, Inc. Even after the return of capital, which represented approximately double our cost in 2002, the stock is still trading at more than three times our original cost.

"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	\$130.2 million	33.4%
Real Estate Operations in Nevada	57.1 million	14.6%
Insurance Operations in Run Off	85.9 million	22.0%
Business Acquisitions & Financing	115.2 million	29.5%
HyperFeed Technologies	1.5 million	0.5%
Shareholders' Equity	\$389.9 million	100.0%

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THIRD QUARTER SEGMENT RESULTS OF OPERATIONS

Our third quarter segment results of operations are:

	2006	2005
Income (Loss) Before Taxes & Minority Interest By Operating Segment:		
Water Resource and Water Storage Operations	\$ 452,000	\$(1,287,000)
Real Estate Operations in Nevada	21,262,000	2,379,000
Business Acquisitions and Financing	(3,261,000)	(11,607,000)
Insurance Operations in Run Off	3,586,000	470,000
HyperFeed Technologies	(7,775,000)	(1,805,000)
Income (Loss) Before Taxes & Minority Interest	\$14,264,000	\$(11,850,000)
Income tax (provision) benefit	(2,608,000)	2,259,000
Minority interest	9,000	232,000
Loss from discontinued operations, net	165,000	76,000
Net Income (Loss)	\$11,830,000	\$(9,283,000)

PICO is a diversified holding company. 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 assets in Nevada and Arizona. Nevada Land owns approximately 648,000 acres of land in northern Nevada, and certain water and mineral rights related to its lands.

We acquire businesses which we identify as undervalued based on Graham and Dodd-style fundamental analysis, and our assessment of what the business is worth based on the private market value of its assets, earnings, and cash flow. We also acquire interests in companies where there is significant additional unrecognized value in land and other tangible assets.

Our objective is to maximize long-term shareholder value. We manage our operations to achieve a superior return on net assets. This return can be increased through the acquisition of operations or assets at a significant discount to our assessment of current realizable value, while enhancing that value through incorporation with existing operations or the development of more viable operations.

We regularly monitor and evaluate our operations to determine how best to maximize shareholder value, which may result in the sale of existing operations, or the acquisition of new businesses or assets.

NINE MONTHS SEGMENT RESULTS OF OPERATIONS

Our nine months segment results of operations are:

	2006	2005
Income (Loss) Before Taxes & Minority Interest By Operating Segment:		
Water Resource and Water Storage Operations	\$(1,509,000)	\$ 49,027,000
Real Estate Operations in Nevada	24,913,000	4,796,000
Business Acquisitions and Financing	4,366,000	(34,212,000)
Insurance Operations in Run Off	11,135,000	5,877,000
HyperFeed Technologies	(12,794,000)	(5,073,000)
Income Before Taxes & Minority Interest	\$26,111,000	\$ 20,415,000
Income tax (provision) benefit	(7,045,000)	(14,320,000)
Minority interest	34,000	1,215,000
Income (loss) from discontinued operations, net	330,000	36,000
Net Income	\$19,430,000	\$ 7,346,000

OTHER INFORMATION AND WHERE TO FIND IT

At September 30, 2006, PICO Holdings, Inc. had a market capitalization of \$516.9 million, and 15,880,458 shares issued and outstanding (net of treasury stock).

Given the size and diversity of our asset base, this release only summarizes the most significant elements in our nine-month results. For more complete information on our principal activities and assets, recent developments, and the current outlook, we encourage all investors to read our Form 10-Q report for the third quarter of 2006, which will be filed with the Securities and Exchange Commission today. The report can be accessed on-line via our web-site (www.picoholdings.com), or you can call Carlene Wilbur (614-475-3178 ext. 255) to request a paper copy.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This press release contains “forward-looking statements” within the meaning of securities law. These include, but are not limited to, statements about the Company’s operations and our future expectations. These statements reflect our current views about future events which could affect our financial performance. Although we aim to promptly disclose any new development which will have a material effect on PICO, we do not undertake to update all forward-looking statements. You should not place undue reliance on forward-looking statements because they are subject to various risks and uncertainties (including those listed under “Risk Factors” and elsewhere in our SEC filings) which could cause actual results to differ materially from such forward-looking statements or from our past results.

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CONTACT: Max Webb

Chief Financial Officer

(858) 456-6022 ext. 216