

FOR IMMEDIATE RELEASE

CONTACTS:	Dave Stedman President LION, Inc. 800-546-6463	Steve Thomson Chief Financial Officer LION, Inc. 800-546-6463	Michael Newman Investor Relations StreetConnect 206-320-1231
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**LION ANNOUNCES FINANCIAL RESULTS FOR
FOURTH QUARTER AND YEAR**

Seattle, WA – February 20, 2002—LION, Inc. (OTC Bulletin Board: LINN), a leader in online services for connecting mortgage brokers with consumers and lenders, today announced its financial results for the fourth quarter and year ended December 31, 2001.

For the fourth quarter of 2001, revenues were \$1.5 million, approximately comparable to the fourth quarter of 2000. Revenues for the full year 2001 were \$6.0 million, compared to \$6.1 million for 2000.

For the fourth quarter and the full year 2001, the net loss was \$52,000 or \$0.00 per share, a significant improvement from a net loss of \$257,000 or (\$0.01) per share for the fourth quarter of 2000, and from a net loss of \$1.3 million or (\$0.04) per share in 2000.

The results for the fourth quarter and full year of 2001 include unbudgeted legal expenses primarily related to a lawsuit initiated against LION by Billy Anders, Sr., formerly LION's Chairman, as discussed in the Company's SEC Form 10-KSB for the year ended December 31, 2000. Excluding these legal expenses, LION would have reported a profit for the fourth quarter and full year of 2001, in the amount of \$4,000 and \$31,000, respectively. Until the litigation with Billy Anders is settled, the Company anticipates that additional legal expenses will adversely affect its operating results in 2002, much as it did during the fourth quarter of 2001.

"In 2001, we successfully focused on bringing expenses in line with current revenue levels and, excluding the unbudgeted legal expense, reached profitability," said David Stedman, President. "At the same time, we strengthened our sales processes and expanded our technology infrastructure in order to increase our market penetration and revenues in the future."

"We continue to make progress in our core business. We are receiving positive feedback for our new multi-user license strategy for brokers and the anticipated rollout of enhanced broker productivity tools -- which should increase our broker customer base. With more participating brokers, we also expect increased lender participation -- which will further augment our core loan program and pricing database."

"During 2001, we continued to see growing demand from both broker and lender originators for our Mortgage101.com lead generation system, driven by the expanding

consumer traffic from our network of LION supported web sites. However, we were disappointed with the slow adoption by lenders of our custom technology development during 2001. As a result, we have dramatically redefined our lender strategy for 2002 and plan to launch a new suite of management tools for lenders, which will provide them with a powerful connection to the broker originator.”

“As we move into 2002, we plan to report progress on our key strategic initiatives as they are introduced to the market. We are also exploring partnerships with leading industry players that may accelerate delivery of these services. While it remains difficult to predict how quickly the market will respond to our new products and strategic partnerships, we are very excited about our potential and currently expect to see revenue growth in the second half of 2002.”

About LION:

LION, Inc. is a leader in online services that connect mortgage brokers with lenders and consumers more efficiently. The Company serves over 6,000 brokers with online broker loan search and productivity tools that are linked to over 17,000 loan programs nationwide. LION also provides the foundational architecture and database for co-branded and private label web sites that connect consumers to leading companies in the over \$1.3 trillion mortgage industry. LION, Inc. has offices in two locations: Seattle, at 4700-42nd Ave. SW, Seattle, WA 98116, and Denver, at 2000 S Colorado Blvd, Denver, CO, 80222. For more information, please visit www.lioninc.com.

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LION, Inc.

CONDENSED STATEMENTS OF OPERATIONS

	Three months ended December 31,		For the Year Ended December 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues	\$ 1,463,445	\$ 1,514,857	\$ 6,010,604	\$ 6,115,316
Expenses				
Direct costs	251,206	167,808	1,053,960	695,356
Selling and marketing	419,670	590,581	1,725,005	2,343,677
General and administrative	576,876	715,134	2,418,803	3,050,505
Compensation from stock options issued below fair market value	-	-	-	101,580
Research and development	112,839	127,226	267,113	577,550
Depreciation and amortization	154,306	145,184	592,064	516,214
	<u>1,514,897</u>	<u>1,745,933</u>	<u>6,056,945</u>	<u>7,284,882</u>
Operating loss	(51,452)	(231,076)	(46,341)	(1,169,566)
Other expense – net	<u>(228)</u>	<u>(26,348)</u>	<u>(5,620)</u>	<u>(128,283)</u>
NET LOSS	<u>\$ (51,680)</u>	<u>\$ (257,424)</u>	<u>\$ (51,961)</u>	<u>\$ (1,297,849)</u>
Loss per common share, basic and diluted	<u>\$.00</u>	<u>\$ (.01)</u>	<u>\$.00</u>	<u>\$ (.04)</u>

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LION FINANCIAL RESULTS 2001 – 4

LION, Inc.

CONDENSED BALANCE SHEETS

December 31,

ASSETS

	<u>2001</u>	<u>2000</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 480,910	\$ 117,254
Accounts receivable - net	363,168	457,705
Prepaid expenses and other	<u>72,579</u>	<u>92,615</u>
Total current assets	916,657	667,574
PROPERTY AND EQUIPMENT, net	875,807	861,847
OTHER ASSETS		
Goodwill, net	499,984	706,873
Other assets	<u>33,022</u>	<u>45,377</u>
	<u>\$2,325,470</u>	<u>\$2,281,671</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 129,240	\$ 236,836
Accrued liabilities	327,616	381,087
Deferred revenue	<u>277,449</u>	<u>305,100</u>
Total current liabilities	734,305	923,023
LONG-TERM OBLIGATIONS, less current maturities	51,325	-
COMMITMENTS	-	-
STOCKHOLDERS' EQUITY	<u>1,539,840</u>	<u>1,358,648</u>
	<u>\$2,325,470</u>	<u>\$2,281,671</u>

LION FINANCIAL RESULTS 2001 – 5

This press release contains forward-looking statements that involve risks and uncertainties concerning our expected performance (as described without limitation in the quotations from current management in this release). Actual results may differ materially from the results predicted and reported results should not be considered as an indication of our future performance. We believe that these potential risks and uncertainties include, without limitation: our substantial dependence on mortgage brokers and the mortgage broker industry; mortgage market trends; interest rate changes; housing and consumer trends effecting home purchases; the management of our potential growth; risks of new business areas and new Internet technology; joint-marketing and sales agreements; our need for additional financing; our ability to attract and retain high quality employees; changes in the overall economy and in technology; and the number and size of our Internet competitors. Statements in this release should be evaluated in light of these important factors. All information set forth in this release is as of February 20, 2002, and LION undertakes no duty to update this information. More information about these and other important factors that could affect our business and financial results is included in our Annual Report on Form 10-KSB for the fiscal year ended December 31, 2000, including (without limitation) under the captions, "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", which is on file with the Securities and Exchange Commission. Additional information may also be set forth in those sections in our quarterly reports on Form 10-QSB previously filed with the Securities and Exchange Commission.