



***LION, Inc.
Announces Financial Results
For Third Quarter 2001***

Contact:

Dave Stedman
President
LION, Inc.
800/546-6463
dstedman@lioninc.com

Steve Thomson
Chief Financial Officer
LION, Inc.
800/546-6463
sthomson@lioninc.com

Immediate Release:

October 29, 2001

Seattle, WA - LION, Inc. (OTC Bulletin Board: LINN) today announced its second consecutive profitable quarter in 2001.

Net income for the third quarter ended September 30, 2001 was \$10,800 as compared to a net loss of \$359,804 or \$0.01 per share for the same quarter in the prior year. Revenue for the third quarter decreased 5.2 percent to \$1,492,828 compared to \$1,574,605 for the same quarter in 2000.

The Company reached break-even for the nine-month period ended September 30, 2001 as compared to a net loss of \$1,040,425 for the same period in the prior year. Revenue for the nine-month period ended September 30, 2001 decreased 1.2 percent to \$4,547,159 compared to revenue of \$4,600,459 for the same period in the prior year.

"As a management team, our commitment continues to be focused on growing a strong company long term," stated David Stedman, President. "We are pleased with achieving our second consecutive quarter of profitability, but we are not satisfied with our overall revenue. We show positive and sustained revenue growth in most segments of our business while some are lagging. Our broker/originator revenue continues to be strong, but our lender revenue stream is performing below projections. To support stronger revenue growth, we have started to institute a number of changes in the fourth quarter of 2001 so we can begin to see stronger results in the first and second quarter of 2002," continued Stedman.

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"We are refining our 2002 business plan, which aggressively addresses key concerns and opportunities to strengthen those areas of our business that are performing well. The plan outlines strategies that specifically target the mortgage origination office, rather than the individual broker, offering tools that attract, capture and service mortgage business for these offices. Other key areas of focus include building performance-based marketing revenue that will increase when leads increase. In addition, we will be introducing LoanCAT lender technology to the "LionInc.com" marketplace web site to improve the online business relationship between broker and lender. Through this process we will also address operational issues necessary to support this commitment. This includes improving our technology infrastructure, strengthening our management team, and redesigning the LionInc.com marketplace web site."

"In many aspects, this new business model will reinvent the company to fully leverage the strengths of our core business and better position us in the market place to more effectively create new revenue generating opportunities," Stedman concluded.

About LION and LionInc.com

LION, Inc. has been a pioneer of online business-to-business products and services since 1995. It has emerged as a premier provider of Internet products and services for the over \$1 trillion mortgage industry, creating one of the largest mortgage marketplaces in the country. LION, Inc. brings together borrowers, real estate companies, mortgage brokers/originators, mortgage lenders and financial institutions, enabling them to facilitate home loans in an easy, efficient and quick manner. 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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3rd QTR 2001 RESULTS -- 3

LION, Inc.
Condensed Statements of Operations
(Unaudited)

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues	\$ 1,492,828	\$ 1,574,605	\$ 4,547,159	\$ 4,600,459
Expenses				
Direct costs	281,689	156,049	802,754	527,548
Selling and marketing	384,671	695,955	1,305,335	1,753,096
General and administrative	612,154	816,986	1,841,927	2,335,371
Compensation from stock options issued below fair market value	-	-	-	101,580
Research and development	50,411	114,964	154,274	450,324
Depreciation and amortization	144,461	136,260	437,758	371,030
	<u>1,473,386</u>	<u>1,920,214</u>	<u>4,542,048</u>	<u>5,538,949</u>
Operating income (loss)	19,442	(345,609)	5,111	(938,490)
Other income (expense) - net	<u>(8,642)</u>	<u>(14,195)</u>	<u>(5,392)</u>	<u>(101,935)</u>
NET INCOME (LOSS)	<u>\$ 10,800</u>	<u>\$ (359,804)</u>	<u>\$ (281)</u>	<u>\$ (1,040,425)</u>
Net income (loss) per common share	<u>\$ -</u>	<u>\$ (.01)</u>	<u>\$ -</u>	<u>\$ (.03)</u>

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LION, Inc.
Condensed Balance Sheets

ASSETS

	September 30, 2001 (Unaudited)	December 31, 2000
CURRENT ASSETS		
Cash and cash equivalents	\$ 364,134	\$ 117,254
Accounts receivable - net	447,310	457,705
Prepaid expenses and other	96,290	92,615
Total current assets	907,734	667,574
PROPERTY AND EQUIPMENT, net	838,798	861,847
OTHER ASSETS		
Goodwill - net	551,705	706,873
Other assets	35,036	45,377
	\$ 2,333,273	\$ 2,281,671
CURRENT LIABILITIES		
Accounts payable	\$ 164,815	\$ 236,836
Accrued liabilities	345,990	381,087
Deferred revenue	257,515	305,100
Total current liabilities	768,320	923,023
STOCKHOLDERS' EQUITY	1,564,953	1,358,648
	\$ 2,333,273	\$ 2,281,671

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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 October 29, 2001, 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 or to be filed with the Securities and Exchange Commission.