

FOR IMMEDIATE RELEASE

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LION ANNOUNCES RESULTS FOR THIRD QUARTER 2002

Growing Sales and Improved Operating Performance

Seattle, WA – October 29, 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 third quarter ended September 30, 2002.

For the third quarter of 2002, revenue was \$1,628,000, up 9% from \$1,493,000 for the third quarter of 2001. For the first nine months of 2002, revenue was \$4,746,000, up 4% from \$4,547,000 for the same period of 2001.

Net income for third quarter of 2002 was \$115,000, up from \$34,000 for the same quarter in the prior year. The net loss for the first nine months of 2002 was \$250,000, compared to net income of \$70,000 for the same period of 2001.

The Company's results for the third quarter and first nine months of 2002 include settlement charges and legal fees totaling approximately \$14,000 and \$647,000, respectively, related to the Billy Anders litigation, which was settled in early July 2002. Excluding settlement charges and legal expenses, LION would have reported net income of approximately \$130,000 for the third quarter and approximately \$397,000 for the first nine months of 2002, up from \$45,000 and \$97,000, respectively, for the same periods in 2001.

"I am pleased to report that the Company is making good progress in building a stronger enterprise," said David Stedman, President and CEO. "During the third quarter, we added over 30 additional lenders and nearly 25,000 new loan programs, for a total of 120 lenders and 48,000 programs in our loan search database. We also completed private databases for two large mortgage companies for our new office-based version of LionPro, which will provide advanced connectivity to lenders, private lender pricing databases and multi-user management tools. In the fourth quarter, we expect to complete two additional private databases for large mortgage companies."

"Through our recent strategic alliances, LION brokers can now seamlessly lock and transfer a loan file to 25 of the top wholesale lenders in the country, and they will soon be able to access technology to process those loans more efficiently. We believe that the introduction of the new "Internet-based" loan origination software platform through our joint marketing and technology licensing agreement with ABC Virtual will streamline the LION marketplace and will potentially build a significant new transaction-based revenue stream over the long term."

“Our sustained efforts to convert consumer traffic into high-volume leads are also beginning to produce good results. We continue to focus on improving lead conversion ratios and increasing lead volumes. Overall, we continue to execute our growth strategy and make progress in achieving stronger revenue streams, accelerated growth and ultimately improved Company stock value.”

About LION, Inc.

LION, Inc. is a leader in online services that connect mortgage brokers with lenders and consumers more efficiently. The Company serves over 6,500 originators with online broker loan productivity tools and websites powered by a database of over 48,000 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 \$2 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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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, 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, 2001, 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.

LION FINANCIAL RESULTS 3RD QTR 2002 – 3

LION, Inc.
 CONDENSED STATEMENTS OF OPERATIONS
 (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2002	2001	2002	2001
Revenues	\$ 1,628,238	\$ 1,492,828	\$ 4,745,514	\$ 4,547,159
Expenses				
Direct costs	293,392	281,689	749,362	802,754
Selling and marketing	452,907	384,671	1,369,976	1,305,335
General and administrative	536,048	612,154	1,878,030	1,841,927
Research and development	67,321	50,411	238,520	154,274
Depreciation and amortization	120,644	121,079	363,328	367,612
	<u>1,470,312</u>	<u>1,450,004</u>	<u>4,599,216</u>	<u>4,471,902</u>
Operating income	157,926	42,824	146,298	75,257
Other - net	<u>(42,465)</u>	<u>(8,642)</u>	<u>(396,567)</u>	<u>(5,392)</u>
NET INCOME (LOSS)	<u>\$ 115,461</u>	<u>\$ 34,182</u>	<u>\$ (250,269)</u>	<u>\$ 69,865</u>
Net income (loss) per common share, basic and diluted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (.01)</u>	<u>\$ -</u>

(MORE)

LION, Inc.
CONDENSED BALANCE SHEETS

ASSETS

	September 30, 2002 (Unaudited)	December 31, 2001
CURRENT ASSETS		
Cash and cash equivalents	\$ 347,794	\$ 480,910
Accounts receivable - net	358,610	363,168
Prepaid expenses and other	84,872	72,579
	<u>791,276</u>	<u>916,657</u>
Total current assets	791,276	916,657
PROPERTY AND EQUIPMENT, net	909,138	875,807
OTHER ASSETS		
Goodwill – net	273,955	273,955
Other assets	33,022	33,022
	<u>306,977</u>	<u>306,977</u>
	<u>\$ 2,007,391</u>	<u>\$ 2,099,441</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 183,470	\$ 129,240
Accrued liabilities	416,775	327,616
Deferred revenue	274,367	277,449
	<u>874,612</u>	<u>734,305</u>
Total current liabilities	874,612	734,305
LONG-TERM OBLIGATIONS, less current maturities	33,144	51,325
STOCKHOLDERS' EQUITY	<u>1,099,635</u>	<u>1,313,811</u>
	<u>\$ 2,007,391</u>	<u>\$ 2,099,441</u>