



**PRESS RELEASE
For Immediate Publication**

ICEWEB UNVEILS ITS AUTOMATION LAYER STRATEGY AND PRODUCT DEVELOPMENT PLANS

New Functionality opens up \$5 Billion Storage Virtualization Market for Company

STERLING, Va. – (PR NEWSWIRE) – January 12, 2011 – IceWEB, Inc. (OTCBB:IWEB), www.icweb.com, a leading provider of Unified Data Storage and building blocks for cloud storage networks, announced today that it has been working on a major software development effort over the past six months. The IceWEB Automation Layer software project will enable the Company to better serve mid-market customers who seek the same storage solutions as large enterprise customers but are not yet large enough to afford a dedicated storage administrator. The new IceWEB deliverables will enable these customers to quickly and easily install, integrate and use their IceWEB storage solutions.

The IceWEB Automation Layer project will not only make IceWEB Storage Systems much simpler to use but will also enhance the Company's storage efficiency and solid state storage capabilities.

"All these engineering development activities are working in concert with our nationwide, two-tier sales distribution plans," said Dave Glatfelter, IceWEB Vice President of Product Marketing. "The product vision is to enable customers to gain the benefits of complex technologies like deduplication and solid state drives without having to be a storage PhD."

About IceWEB, Inc.

Headquartered just outside of Washington, D.C., IceWEB manufactures and markets data storage products. For more information, please visit www.IceWEB.com.

This press release may contain forward-looking statements, which are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. In some cases you can identify those so-called "forward looking statements" by words such as "may," "will," "should," "expects," "plans," "targets," "believes," "anticipates," "estimates," "predicts," "potential," or "continue" or the negative of those words and other comparable words. These forward looking statements are subject to risks and uncertainties, product tests, commercialization risks, availability of financing and results of financing efforts that could cause actual results to differ materially from historical results or those anticipated. Further information regarding these and other risks is described from time to time in the Company's filings with the SEC, which are available on its website at: <http://www.sec.gov>. We assume no obligation to update or alter our forward-looking statements made in this release or in any periodic report filed by us under the Securities Exchange Act of 1934, as amended, or any other document, whether as a result of new information, future events or otherwise, except as otherwise required by applicable federal securities laws.

Contact:

IceWEB, Inc.

Investor Relations, 571.287.2400

investor@iceweb.com

or

Stephen D. Axelrod, CFA, 212.370.4500

steve@wolfeaxelrod.com

Wolfe Axelrod Weinberger Associates, LLC.