



**PRESS RELEASE  
For Immediate Publication**

## **ICEWEB REPORTS FISCAL FIRST QUARTER FINANCIAL RESULTS AND PROJECTS \$2 MILLION PLUS SECOND QUARTER SHIPMENTS**

- *Year-over-Year Revenues Increased 13%*
- *Future Shipment Pipeline Maintained at More Than \$10 Million*

**STERLING, VA – (MARKETWIRE) – February 15, 2011** – IceWEB™, Inc., (OTC BB: IWEB), a leading provider of unified data storage and building blocks for cloud storage, announced today results for the fiscal 2011 first quarter period ended December 31, 2010.

### Quarterly Highlights and Recent Developments

- Revenue increased 13% over year-ago period
- Gross margins maintained at 48%
- Order flow accelerating as channel partners ramp up efforts
- Second quarter storage shipments projected at over \$2 million
- Future shipment pipeline continues to grow and exceeds \$10 million

In the quarter ending December 31, 2010, the Company reported revenue of \$677,853, as compared to quarterly revenue of \$600,817 for the year-ago period. The year-over-year increase in revenue was due to the increase in data storage product sales versus the year-ago quarter. For the three month period ending December 31, 2010, the Company reported a loss of \$1,255,815, versus a loss of \$1,459,634 for the year-ago period.

Gross margin was 48% for the three months ending December 31, 2010, down slightly from 54% in the year earlier period.

The Company reports results on both a GAAP and a non-GAAP basis. Non-GAAP results excludes the impact of equity-based compensation and amortization of intangible assets, and includes the unrealized gain on marketable securities.

John R. Signorello, Chairman and CEO, stated, “The first quarter of fiscal 2011 attained our internal growth plans while maintaining a tight control on overhead expenses. We have diminished our cash burn level in the quarter and believe we are nearing revenue levels to be cash flow neutral.”

“Our experienced sales professionals, combined with the key alliances with established distributors such as Promark Technologies, give us confidence that our ambitious sales and earnings goals will be attained. Evidence of this growing success is seen in our Channel Sales Model that is continuing to mature and is now delivering new orders at an accelerated rate. We are very confident that storage sales revenues in the second quarter will exceed \$2 million,” concluded, Signorello.

Karl Chen, VP of Worldwide Channel Sales and Marketing, stated, “In addition, we have also seen our pipeline of future business opportunities continue to grow and is now over \$10 million; a direct result of our strong distribution network, that will be expanding further in coming months. Noting the accelerating order inflow for our storage platform and the rousing acceptance of our recently announced IceWEB 3000 Storage System, leads us to anticipate that an upward revision of our goals may be appropriate in the near future.”

Mr. Signorello noted, “The massive amounts of data that are being generated daily will require a vast number of storage systems to both store and manage the data. EMC, a leader in the storage industry, recently sponsored an IDC report “*The Digital Universe Decade*” that in the period from 2009-2020, the digital universe is expected to grow by a factor of 44.”

Mr. Signorello concluded, “We are very confident that the steps we have taken are positioning IceWEB as a key supplier in this burgeoning market.”

**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](http://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.*

**- Tables to Follow -**

**ICEWEB, Inc.**  
**Consolidated Balance Sheets**

	December 31, 2010 (Unaudited)	September 30, 2010 (1)
<b>CURRENT ASSETS:</b>		
Cash	\$ 256,107	\$ 540,156
Accounts receivable, net of allowance of \$409,000 and \$309,000, respectively	1,424,917	1,529,852
Inventory	107,093	62,197
Other current assets	27,500	6,875
Prepaid expenses	46,591	31,230
	<u>1,862,208</u>	<u>2,170,310</u>
<b>OTHER ASSETS:</b>		
Property and equipment, net	328,748	418,873
Deposits	13,320	13,320
Marketable securities	51,840	524,800
Intangible assets, net of accumulated amortization of \$729,270 and \$668,498)	486,180	546,952
Total Assets	<u>\$ 2,742,296</u>	<u>\$ 3,674,255</u>
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities	\$1,846,861	\$1,711,619
Notes payable	1,726,993	1,649,140
Deferred revenue	43,271	59,582
Total Liabilities	<u>3,617,125</u>	<u>3,420,341</u>
<b>STOCKHOLDERS' EQUITY (DEFICIT):</b>		
Preferred stock (\$.001 par value; 10,000,000 shares authorized)		
Series B convertible preferred stock (\$.001 par value; 626,667 shares issued and outstanding)	626	626
Common stock (\$.001 par value; 1,000,000,000 shares authorized; 138,841,375 shares issued and 138,678,875 shares outstanding and 134,443,725 and 134,281,225 issued and outstanding, respectively)	138,678	134,445
Additional paid in capital	29,956,633	29,360,833
Accumulated deficit	(30,878,606)	(29,622,792)
Accumulated other comprehensive income	3,840	476,800
Subscription receivable	(83,000)	(83,000)
Treasury stock, at cost, (162,500 shares)	(13,000)	(13,000)
Total stockholders' equity (deficit)	<u>(874,829)</u>	<u>253,912</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 2,742,296</u>	<u>\$ 3,674,255</u>

(1) Derived from audited financial statements

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**ICEWEB, Inc.**  
**Consolidated Statements of Operations**  
(Unaudited)

	Three Months Ended December 31	
	2010	2009
<b>Sales</b>	\$ 677,853	\$ 600,817
<b>Cost of sales</b>	350,657	273,624
<b>Gross profit</b>	327,196	327,193
<b>Operating expenses:</b>		
Sales and marketing	455,022	312,857
Depreciation and amortization	166,617	167,474
Research and Development	206,126	79,565
General and administrative	657,366	1,093,970
<b>Total operating expenses</b>	1,485,131	1,653,866
<b>Loss from operations</b>	(1,157,935)	(1,326,673)
<b>Other income (expenses):</b>		
Interest expense	(97,880)	(132,961)
<b>Total other income (expenses):</b>	(97,880)	(132,961)
<b>Net loss</b>	\$ (1,255,815)	\$ (1,459,634)
Loss per common share, basic and diluted	\$ (0.01)	\$ (0.02)
Weighted average common shares outstanding basic and diluted	136,447,266	78,328,313

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**ICEWEB, Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Three Months Ended December 31,	
	2010	2009
NET CASH USED IN OPERATING ACTIVITIES	\$ (697,182)	\$ (848,697)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in marketable securities	—	(48,000)
Purchase of property and equipment	(15,720)	(35,090)
NET CASH USED IN INVESTING ACTIVITIES	(15,720)	(83,090)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the sale of restricted common stock	—	190,000
Proceeds from notes payable	399,012	337,209
Proceeds from exercise of common stock options	351,000	650,000
Payments on notes payable	(321,159)	(304,617)
NET CASH PROVIDED BY FINANCING ACTIVITIES	428,853	872,592
NET DECREASE IN CASH	(284,049)	(59,195)
CASH - beginning of period	540,156	63,310
CASH - end of period	\$ 256,107	\$ 4,115
Supplemental disclosure of cash flow information:		
Cash paid for :		
Interest	\$ —	\$ 126,571
Income taxes	—	—

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**Contact:**  
IceWEB, Inc.  
Investor Relations, 571.287.2400  
[investor@iceweb.com](mailto:investor@iceweb.com)  
or  
Stephen D. Axelrod, CFA, 212.370.4500  
[steve@wolfeaxelrod.com](mailto:steve@wolfeaxelrod.com)  
Wolfe Axelrod Weinberger Associates, LLC.