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For Immediate Release

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ICEWEB ANNOUNCES FISCAL 2010 YEAR END RESULTS

*Results Reflect Transition to High Margin Storage Business
Company Positioned for Future Profitability*

-STERLING, Va. – December 29, 2010 – IceWEB, Inc. (OTCBB:IWEB), www.IceWEB.com, a leading storage technology company and provider of computing hardware today announced financial results for the year ended September 30, 2010.

Key Operational Highlights for fiscal year 2010 include:

- In May 2010, IceWEB launched a 2-tier distribution channel sales model that selected key channel partners to increase IceWEB's footprint across the U.S., setting as an initial goal 100 channel partners within one year. Through the end of the 2010 fiscal year, IceWEB had signed and trained 53 value-added resellers. The company is on target to attain its goal of 100 channel partners by May 2011.
- IceWEB sold its non-storage business, IceWeb Virginia in May 2009 and since then has focused on storage. In fiscal 2010, storage sales increased 49% to \$ 3.3 million compared to fiscal 2009 storage sales. Since May 2010, IceWEB has developed an 8-figure storage-sales pipeline.
- IceWEB filed U.S. Non-Provisional Patent Application No.61/289,714 for Locally Connected Cloud Storage Device that supports the company's leadership position in cloud computing.
- IceWEB hired a senior management team led by Karl Chen. Mr. Chen, formerly a key member of LeftHand Networks, was instrumental in developing LeftHand's channel. Eventually LeftHand Networks was sold to HP for \$360 million. Mr. Chen has attracted other experienced storage professionals to strengthen the management team.
- IceWEB raised \$2.4 million from sale of its common stock, renegotiated and retired over \$1 million in long-term debt in exchange for equity (at a 37% premium to the then current share price), improved the working capital deficit by \$1.9 million and achieved a positive stockholders equity.

John R. Signorello, CEO of IceWEB, stated, "Fiscal year 2010 was a year of many achievements and some disappointments. Early in the year, the company elected to re-invent itself by manufacturing and marketing state-of-the-art, storage appliances for cloud computing and other rapidly growing markets. After consultation with a number of storage VARs (Value Added Resellers), we determined a channel partner distribution system was key to our future success."

Signorello continued, "We were fortunate that a very experienced storage professional, Karl Chen, after successfully guiding LeftHand Networks from start-up to its ultimate sale to HP, was seeking a new challenge. Karl saw an opportunity with IceWEB to use his experience to establish a distribution network for the company. Already the company's has over 50 plus channel partners selling IceWEB storage systems throughout the nation and is on target to have 100 partners by May 2011.

Although final 2010 quarter sales appear to be well below expectations, it is important to note that sales valued at over six figures were delivered to a key channel partner in the final quarter but the systems were not delivered to the end user in time to be included in the audited final quarter sales results."

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“Storage companies have commanded attention from major computer manufacturers and storage suppliers. Deals in the past year have seen a number of large and small storage companies being acquired at many times trailing sales revenues. As our footprint grows and as sales ramp up, it is reasonable to expect that those who have not added storage appliances to their product offerings will continue to explore the opportunity to do so.”

“In 2010 we continued to create the foundation for future profitability by investing in our high-margin storage business. Strategically, we believe we are well-positioned to see significant improvement in our fiscal 2011 operating results. Also, we entered into several key strategic alliances with Promark, a leading value added distributor of data storage products and solutions in the United States, which will provide us with significant growth opportunities.”

“At this stage of our development our focus is on expanding our channel partnerships, developing enhancements to our already rich featured storage appliance line and increasing sales. In so doing, we will gain market share and, eventually, a valuation that is in keeping with our success.”

Operating Results

For fiscal 2010, we reported sales from continuing operations of \$3.3 million as compared to sales of \$2.2 million, adjusted for the sale of our IceWEB Virginia subsidiary in March 2009, an increase in sales from continuing operations of \$1.1 million or approximately 49.7%. The increase in revenue is attributable to the launch of our two-tier channel sales model.

Gross profit increased to \$1.6 million in fiscal 2010, from \$900,000 in fiscal 2009, an increase of 76%. Gross margin percent improved from 41% to 48%. The improvement in margins is attributable to the sale of higher margin storage products and improving margins in the hardware and software solutions business. We anticipate that our margins will continue to improve during the next fiscal year.

Non-GAAP Financial Measures

On a Non-GAAP basis, adjusted net loss for fiscal 2010 was \$3,239,575 or (\$0.03) per share based on 101,379,729 weighted average shares outstanding. This compares to a GAAP net loss of \$6,964,233 or (\$0.07) per share for the fiscal year ended September 30, 2010.

In this release, the Company’s adjusted net loss below is not presented in accordance with generally accepted accounting principles (GAAP) and is not intended to be used in lieu of GAAP presentations of results of operations. This measure is presented because management believes it provides additional information to investors with respect to the performance of our fundamental business activities. Adjusted net income is a Non-GAAP financial measure and should not be viewed as an alternative to GAAP measures of performance. Management believes the most directly comparable GAAP financial measure for adjusted net income is net income and has provided a reconciliation of adjusted net income to net income at the end of this release.

Reconciliation of GAAP Net Loss to Non-GAAP Adjusted EPS (Unaudited)

	Fiscal year ended December 31,	
	2010	2009
Net Loss	\$ (6,964,233)	\$ (2,526,602)
Amortization of intangible assets	243,090	243,090
Stock-based compensation	2,495,284	2,183,855
Unrealized gain on marketable securities	476,800	-
Common stock issued for services rendered	509,484	132,500
Adjustments to GAAP loss	<u>\$ 3,724,658</u>	<u>\$ 2,559,445</u>
Adjusted earnings (loss)	<u>\$ (3,239,575)</u>	<u>\$ 32,843</u>
Adjusted EPS	\$ (0.02)	\$ 0.00

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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.

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ICEWEB, Inc. and Subsidiaries
Consolidated Balance Sheets

<u>ASSETS</u>	<u>September 30, 2010</u>	<u>September 30, 2009</u>
CURRENT ASSETS:		
Cash	\$ 540,156	\$ 3,310
Accounts receivable, net of allowance for doubtful accounts of \$309,000 and \$9,000 respectively	1,529,852	424,919
Inventory, net	62,197	151,361
Other current assets	6,875	6,390
Prepaid expenses	31,230	25,180
	<u>2,170,310</u>	<u>671,160</u>
OTHER ASSETS:		
Property and equipment, net of accumulated depreciation of \$2,180,643 and \$1,761,730 respectively	418,873	752,162
Deposits	13,320	13,320
Marketable Securities	524,800	-
Intangible assets, net of accumulated amortization of \$668,498	546,952	790,042
Total Assets	<u>\$ 3,674,255</u>	<u>\$ 2,226,684</u>
<u>LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,711,621	\$ 1,971,376
Notes payable	1,649,140	1,847,755
Deferred revenue	59,582	10,261
	<u>3,420,343</u>	<u>3,829,392</u>
Long-Term Liabilities		
Notes payable	-	934,756
Total Liabilities	<u>3,420,343</u>	<u>4,764,148</u>
Stockholders' Equity (Deficit)		
Preferred stock (\$.001 par value; 10,000,000 shares authorized) Series A convertible preferred stock (\$.001 par value; 0 shares issued and outstanding)	-	-
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; 134,443,725 and 68,469,617 shares issued and outstanding, respectively)	134,445	68,471
Additional paid in capital	29,360,833	20,064,998
Accumulated deficit	(29,622,792)	(22,658,560)
Accumulated other comprehensive income	476,800	-
Subscription receivable	(83,000)	-
Treasury stock, at cost, (162,500 shares)	(13,000)	(13,000)
Total stockholders' equity (deficit)	<u>253,912</u>	<u>(2,537,464)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>\$ 3,674,255</u>	<u>\$ 2,226,684</u>

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ICEWEB, Inc. and Subsidiaries
Consolidated Statements of Operations

	For the Year Ended	
	September 30,	
	2010	2009
Sales	\$ 3,353,286	\$ 2,240,363
Cost of sales	1,742,110	1,326,385
Gross profit	<u>1,611,176</u>	<u>913,978</u>
Operating expenses:		
Sales and marketing expense	1,690,684	1,004,970
Depreciation and amortization expense	662,003	696,723
Research and development	533,713	336,616
General and administrative	5,325,898	3,538,086
Total operating expenses	<u>8,212,298</u>	<u>5,576,395</u>
Loss From continuing Operations	<u>(6,601,122)</u>	<u>(4,662,417)</u>
Income from discontinued operations	-	136,408
Gain from sale of subsidiary	-	2,666,236
Total gain from discontinued operations	<u>-</u>	<u>2,802,644</u>
Other income (expenses):		
Gain on conversion of debt	190,136	-
Interest income	-	1,142
Interest expense	(553,247)	(667,971)
Total other income (expenses):	<u>(363,111)</u>	<u>(666,829)</u>
Net loss	<u><u>\$(6,964,233)</u></u>	<u><u>\$(2,526,602)</u></u>
Net loss per common share - basic and diluted:		
Loss from operations	\$ (0.07)	\$ (0.11)
Gain (loss) from discontinued operations	\$ -	\$ 0.07
	\$ (0.07)	\$ (0.06)
Weighted average common shares outstanding basic and diluted	<u>101,379,729</u>	<u>40,911,411</u>

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