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VIKING SYSTEMS, INC. EXPECTS 34% REVENUE INCREASE FOR 2011 **Provides update on 3DHD System Placements**

WESTBOROUGH, MA, January 5, 2012 - Viking Systems, Inc. (OTC BB:VKNG), a leading worldwide developer, manufacturer and marketer of 3D and 2D visualization solutions for complex minimally invasive surgery, today announced that it expects to report sales for the year ended December 31, 2011 of approximately \$10.8 million, an increase of 34% compared with \$8.0 million in revenue reported for 2010.

During the year, Viking sold 56 of its recently-released 3DHD Vision Systems. Of the 56 3DHD systems, 28 were sold to customers, one of which is in deferred revenue pending final integration into the customer's system, and 28 were sold to distributors as demonstration systems. One additional unit was placed into a hospital under a monthly rental arrangement while the hospital goes through its capital purchase process.

Jed Kennedy, President and CEO of Viking Systems said, "We continue to be very pleased with the progress we are making in the market and the consistently positive feedback we get from surgeons and distributors. Keeping in mind the difficult financial situation in the global market and the typical capital equipment purchasing cycles, having shipped 29 end-user systems and deployed an additional 28 distributor demonstration systems during the past twelve months is very encouraging. While most of the customer system sales in 2011 have come from the International market, we believe that in 2012 the mix of 3DHD sales will be much more evenly spread between the United States and the International market."

Mr. Kennedy continued, "We expect the recent additions to our executive staff, Ms. Jennifer Silverman who joined Viking in October as our Vice President of Marketing and Mr. Andy Zappas who joined in November as the Company's Vice President of US Sales, will have a significant impact on our penetration of the US market in 2012. We plan to implement a customer technology access program that we believe will accelerate product placements in 2012. The combination of this program with an increasing body of scientific evidence will be the focus of our 2012 sales efforts. For example, the study results presented at the Association of Laparoscopic Surgeons of Great Britain & Ireland this past November noted that both speed and accuracy of specific tasks improved significantly when performed in 3D compared with 2D regardless of the laparoscopic experience level of the surgeon. We anticipate an increase in presentations of studies such as this will help to accelerate the placement of our pioneering 3DHD vision system."

The Company also reported that from initial product release in December 2010 through December 31, 2011, it had shipped a cumulative total of 77 of its 3DHD systems. These shipments comprised 38 distributor demonstration systems, 32 customer systems, two "Center of Excellence" systems, and five company-owned market development systems to independent commissioned representatives. Additionally the Company reported its OEM business remained strong, growing sales in 2011 at approximately 8%. Mr. Kennedy also reported, "As part of our OEM business strategy, we have been in discussions with three companies which are developing new surgical robotic systems. All three of these companies are evaluating our 3DHD technology for potential integration with their robotic systems."

Mr. Kennedy went on to say, "Minimally invasive surgery is evolving rapidly. We believe both robotic surgery and articulating manual instruments require 3D vision to be truly effective. If emerging surgical techniques such as single incision laparoscopic surgery (SILS) and natural orifice trans-endoluminal surgery (NOTES) are truly to become mainstream techniques, we believe 3D vision will be required to show the way. This paints a bright picture of the future for Viking Systems."

Viking Systems expects to report its full year results when it files its 2011 Annual Report on Form 10-K with the SEC, which is due not later than March 30, 2012.

About Viking Systems, Inc.

Viking Systems, Inc. is a leading worldwide developer, manufacturer and marketer of 3D and 2D visualization solutions for complex minimally invasive surgery. It actively markets and sells the only stand alone, FDA cleared, cost effective 3D system for use in minimally invasive laparoscopic surgery. Viking partners with medical device companies and healthcare facilities to provide surgeons with proprietary visualization systems enabling minimally invasive surgical procedures, which reduce patient trauma and recovery time. Viking, through its OEM products business, also designs and manufactures surgical vision systems and components for several leading medical instrument companies worldwide. For more information, please visit our website at www.vikingsystems.com.

This press release contains forward-looking statements. These forward-looking statements are estimates reflecting the best judgment of our management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. These forward-looking statements should, therefore, be considered in light of various important factors as described in our annual report on Form 10-K under the heading "Risk Factors" as updated from time to time by our quarterly reports on Form 10-Q and our other filings with the Securities and Exchange Commission. Statements concerning forecasts, revenue growth, profitability, production and shipment of units, future financial results, and statements using words such as "estimate", "project", "plan", "intend", "expect", "anticipate", "believe" and similar expressions are intended to identify forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this press release. We undertake no obligation to publicly update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this press release or to reflect the occurrence of unanticipated events.