



IsoTis Closes on \$20 Million Credit Facility with Merrill Lynch Capital & Silicon Valley Bank

IRVINE, CA, USA – May 30, 2007 – IsoTis, Inc. (NASDAQ: ISOT), the orthobiologics company, today announced it has secured a \$20 Million credit facility with Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Inc., and Silicon Valley Bank.

The three-year \$20 million credit facility has two components: a \$10 million term loan and a \$10 million revolving line of credit. This credit facility expands on and replaces the \$5 million credit facility IsoTis closed on in June 2006 with Silicon Valley Bank. The \$10 million term loan will be repaid in equal monthly installments over 30 months, beginning on January 1, 2008. The Company would be required to prepay \$7.5 million of the term loan on September 1, 2007 if it fails to raise a threshold amount of additional capital by August 31, 2007.

Pieter Wolters, President and CEO of IsoTis said: "The proceeds of the Merrill Lynch Capital credit facility, in combination with the proceeds of other recent transactions, improves our cash position while we are considering the various financing alternatives necessary to fund our current operations."

About IsoTis, Inc.

IsoTis is a leading orthobiologics company that develops, manufactures and markets proprietary products for the treatment of musculoskeletal diseases and disorders. IsoTis' current orthobiologics products are bone graft substitutes that promote the regeneration of bone and are used to repair natural, trauma-related and surgically-created defects common in orthopedic procedures, including spinal fusions. IsoTis' current commercial business is highlighted by its Accell line of products, which the company believes represents the next generation in bone graft substitution.

About Merrill Lynch Capital

Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services Inc., is a leading commercial finance business providing a broad range of structured financing solutions to middle market companies nationwide. Based in Chicago and with regional offices throughout the country, Merrill Lynch Capital is focused on four market segments: corporate finance, equipment finance, healthcare finance and real estate finance. The Healthcare Finance Group of Merrill Lynch Capital provides senior financing solutions for middle market healthcare companies, offering cash flow, asset, life sciences related and real estate based credit facilities and junior secured debt, and equity co-investments. Merrill Lynch Capital is an affiliate of Merrill Lynch Bank USA. For more information, please visit www.mlcapital.ml.com.

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Certain statements in this press release are "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, including those that refer to management's plans and expectations for future operations, prospects and financial condition. Words such as "strategy," "expects," "plans," "anticipates," "believes," "will," "continues," "estimates," "intends," "projects," "goals," "targets" and other words of similar meaning are intended to identify such forward-looking statements. One can also identify them by the fact that they do not relate strictly to historical or current facts. Such statements are based on the current expectations of the management of IsoTis only. Undue reliance should not be placed on these statements because, by their nature, they are subject to known and unknown risks and can be affected by factors that are beyond the control of IsoTis. Actual results could differ materially from current expectations due to a number of factors and uncertainties affecting IsoTis' business, including, but not limited to, the Company's need to raise additional capital to continue operations, a competitive sales and marketing environment, the timely commencement and success of IsoTis' clinical trials and research endeavors, delays in receiving U.S. Food and Drug Administration or other regulatory approvals (i.e., EMEA, CE), including the risk that the FDA determines that our Accell Putty and Accell TBM products are not human tissue or class II medical devices, that the Company is unable to obtain 510(k) clearance for its Accell products, that the FDA requires the Company to obtain premarket approval of its Accell products prior to continuing their marketing, that the FDA requires the Company to produce additional clinical data to support approval or clearance of its products, that the FDA imposes compliance measures against the Company for the marketing of its Accell products, including imposing fines and injunctions or causing the Company to recall its Accell products, market acceptance of IsoTis' products, effectiveness of

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IsoTis' distribution channels, development of competing therapies and/or technologies, the terms of any future strategic alliances, the need for additional capital, the inability to obtain, or meet, conditions imposed for required governmental and regulatory approvals and consents. IsoTis expressly disclaims any intent or obligation to update these forward-looking statements except as required by law. For a more detailed description of the risk factors and uncertainties affecting IsoTis, refer to the Annual Report on Form 20-F for the fiscal year ended December 31, 2006 of IsoTis S.A. (the predecessor to IsoTis, Inc.), and its other reports filed with the SEC, IsoTis S.A.'s reports filed from time to time with the Swiss Stock Exchange (SWX), Euronext Amsterdam N.V., SEDAR at www.sedar.com and the Toronto Stock Exchange (TSX) and the quarterly report on Form 10-Q for the quarter ended March 31, 2007 and other reports filed with the SEC from time to time by IsoTis, Inc.