

FOR IMMEDIATE RELEASE

**UK PRODUCTION ENVIRONMENT LEADS TO CLOSURE OF
LONDON DIVISION OF JIM HENSON'S CREATURE SHOP™
Company to Continue to Provide Worldwide Visual Effects Services**

HOLLYWOOD, CA – July 1, 2005 –The Jim Henson Company will no longer have a full time staff at its London location of Jim Henson's Creature Shop™, the company's visual effects and animatronics division. Citing the dollar's unfavorable exchange rate and the absence of concrete tax incentives in the UK production market, Peter Schube, President & Chief Operating Officer made the announcement today from the corporate headquarters in Hollywood, CA. The company's own television and film projects are not affected and the Creature Shop will continue to service third party clients out of its Los Angeles and New York locations, as well as hiring freelance crews in London on a project-by-project basis.

Peter Schube said, "Jim Henson's Creature Shop in London was founded on the highest standards of innovation and creativity, launching our worldwide facilities with those principles in mind. We are grateful to the UK film industry for its important place in our company's history and we are confident that it will remain a significant production center for us."

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Jim Henson's Creature Shop™ provides performed digital visual effects, animatronic creatures, animation and soft puppets to the international film, television and advertising industries. Based in Los Angeles and New York with satellite shop capabilities internationally, the Shop is known for designing and building some of the world's best-known characters including Elmo from "Sesame Street," Miss Piggy from "The Muppet Show," the Baby from "Dinosaurs," Rygel from "Farscape," and the Skeksis from "The Dark Crystal." Other credits include "The Hitchhiker's Guide to the Galaxy," "Are We There Yet?," "Five Children and It," the critically acclaimed television series "Farscape," "The English Patient," "101 Dalmatians," and "Cats and Dogs."

A recipient of more than 9 Emmy Awards for its outstanding work building puppets for "Sesame Street," the Shop also received an Academy Award for its visual effects work on the film "Babe." Other awards include a Scientific and Engineering Academy Award for the Henson Performance Control System, a powerful custom-based interface for puppeteers as well as the Computer Graphics World Innovation Award and the prestigious Computerworld Honors 21st Century Achievement Award, which recognizes innovative applications of technology that benefit society. Both computer awards were given to the Shop for its work in developing the Henson Digital Puppetry Studio, a patented control system technology that enables puppeteers to physically perform computer generated (CG) characters in real time.

Jim Henson's Creature Shop is currently in production on "Sid the Science Kid," a 40 episode animated preschool series to air on PBS in the fall of 2008 featuring Henson Digital Puppetry Studio technology and Season 38 of "Sesame Street" for Sesame Workshop.