

2010

ANNUAL
REPORT

Celebrating our Past Building our Future

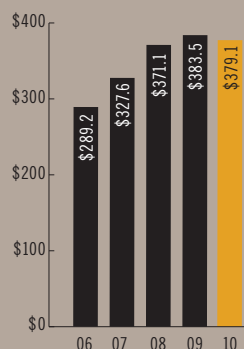


THE MARCUS CORPORATION

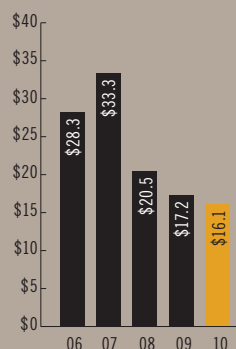
FINANCIAL HIGHLIGHTS

The Marcus Corporation is a leader in the lodging and entertainment industries. Marcus Theatres® currently owns or manages 668 screens at 54 locations in Wisconsin, Illinois, Iowa, Minnesota, Nebraska, North Dakota and Ohio. Marcus® Hotels and Resorts currently owns or manages a distinctive portfolio of 19 hotels, resorts and other properties in ten states.

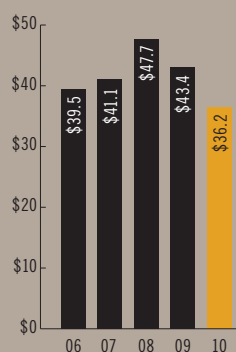
Revenues⁽¹⁾
(in millions)



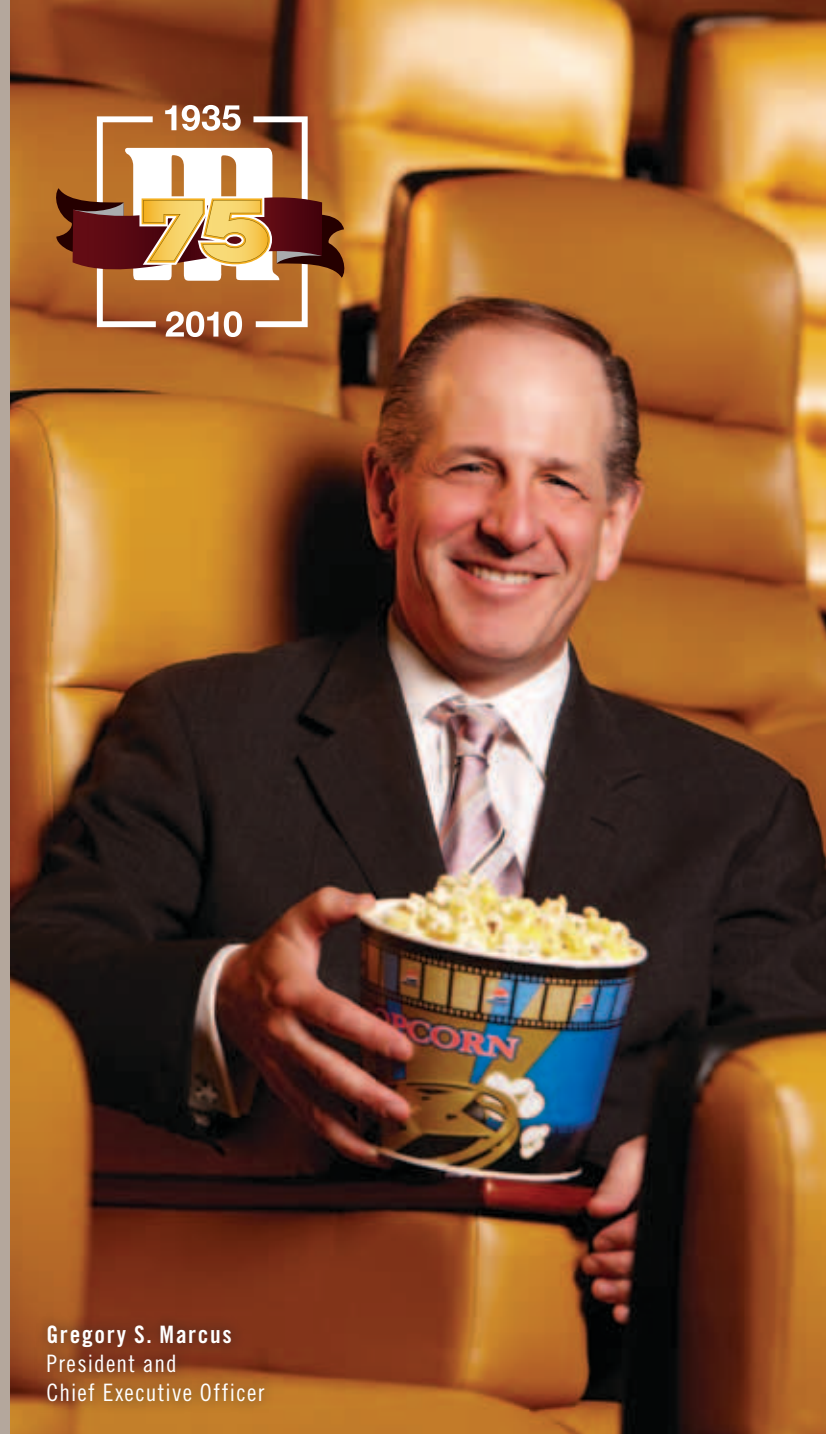
Net Earnings
(in millions)



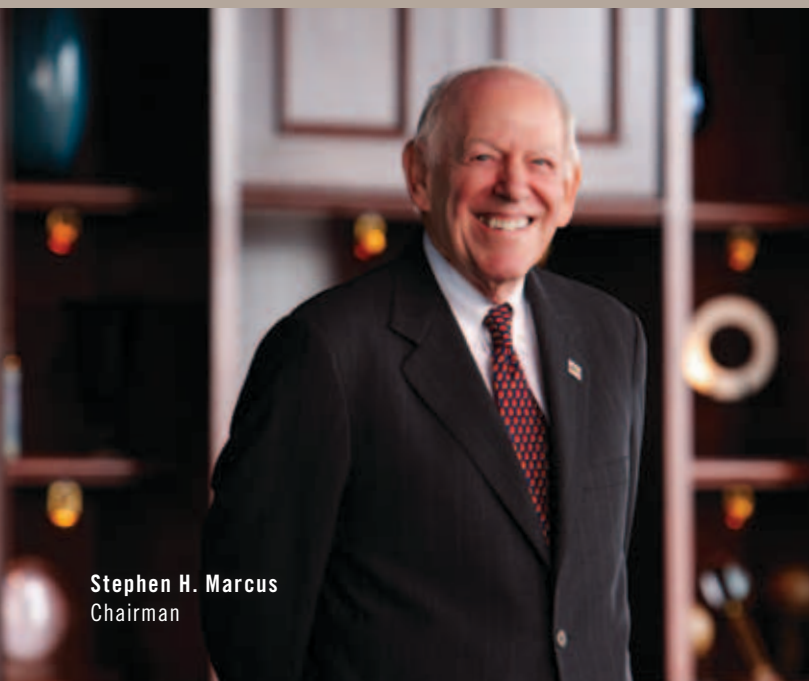
Operating Income⁽¹⁾
(in millions)



(1) Fiscal 2006-2007 exclude discontinued operations (limited-service lodging, the Miramonte Resort and Marcus Vacation Club).



Gregory S. Marcus
President and
Chief Executive Officer



Stephen H. Marcus
Chairman

	Fiscal Year May 27, 2010	Fiscal Year May 28, 2009	Percent Change
OPERATIONS (in millions)			
Revenues	\$ 379.1	\$ 383.5	(1.2)%
Operating Income	36.2	43.4	(16.6)%
Net Earnings	16.1	17.2	(6.3)%
PER COMMON SHARE (diluted)			
Net Earnings	0.54	0.58	(6.9)%
Cash Dividends	0.34	0.34	—
FINANCIAL POSITION (dollars in millions)			
Shareholders' Equity	\$ 335.8	\$ 327.4	2.6 %
Total Assets	\$ 704.4	\$ 711.5	(1.0)%
Debt/Capitalization Ratio	.41	.44	

DEAR SHAREHOLDERS

THIS YEAR, we celebrate the 75th anniversary of The Marcus Corporation. Starting a business, nurturing it and growing it over three generations is a pretty remarkable accomplishment, especially when you consider that very few companies achieve this milestone, much less remain vibrant and thriving.

A lot has changed since Ben Marcus, the founder of our business, along with his partner the late Irwin Swirnoff, opened our first movie theatre in Ripon, Wisconsin, on November 1, 1935. From that single theatre, we have grown to become the sixth largest motion picture circuit in the United States. We expanded into the lodging business in 1962 and now own or manage approximately 5,200 hotel rooms in ten states.

Over the years, innovations in technology have transformed the way films are shown and hotel reservations are made. In-theatre dining, cocktail lounges and digital 3D are shaping today's movie theatre business, just as spas, golf courses, water parks and creative restaurant concepts are defining the lodging industry.

CELEBRATING OUR PAST

But as the proverb says, the more things change, the more they stay the same.

We're still in the motion picture business and just as they were in the golden age of the 1930s, movies remain one of the least expensive and most widely available forms of out-of-home entertainment in the country. The desire of our hotel guests for an attractive, clean and comfortable room or the perfect setting for a business meeting or social event hasn't changed either.

We owe a great deal of our success to the philosophy of maintaining a strong balance sheet. This founding principle has enabled us to survive severe economic downturns, while fueling our expansion and innovation. Our solid balance sheet also enables us to continually update our facilities and introduce new amenities that capture the ever-changing imagination of our guests.

Ben's first movie theatre was an outstanding success because he recognized that when his guests left the auditorium, all they took with them was the memory of their experience. Our associates make that experience the best it can be. The entrepreneurial yet familial culture that was created in the early years continues today and we're proud that many of our associates have stayed with us for 20, 30 and even 40 years.

Of course, an effective team needs excellent leaders. We have an exceptional Board of Directors that provides valuable support and guidance. We also have a dedicated and experienced management team planning our future and executing our strategies.

Another founding principle is giving back to our communities. In recognition of our 75th anniversary, we challenged our associates to donate a total of 75,000 hours of volunteer time to local non-profit organizations. Although the program will not end until November 1, we are confident we will achieve our goal. The enthusiasm and support of our associates has been tremendous. They truly personify the campaign theme of "moving forward, giving back."

MAKING PROGRESS IN FISCAL 2010

We don't need to tell you that the economic environment during the past year was challenging, to say the least. This made fiscal 2010 very difficult for Marcus® Hotels and Resorts, with revenue per available room (RevPAR) down 8.5% for the year.

But we made progress late in the year, when the division ended seven quarters of reduced results with a 15-point increase in occupancy percentage and a 19% increase in RevPAR in the fourth quarter. Our experience is consistent with past lodging-industry recoveries, with occupancy rebounding first, followed by rates. Although in this current economic environment it will take some time before our results return to pre-recession levels, we are very optimistic about the positive trends.

Marcus Theatres® achieved record revenues and operating income for the second consecutive year. Six of our top 15 films for the year were in digital 3D, underscoring the popularity of this dramatic, life-like technology. We continued

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to expand digital 3D across our circuit and now offer this exciting entertainment concept at nearly 80% of our first-run theatres.

Of course, even after nearly 75 years in the theatre business, there are always challenges.

During fiscal 2010, we dealt with rising film costs and new discussions about the timing between when a picture appears in first-run theatres and when it is available in alternate channels of distribution. While the studios may experiment with the period of exclusivity provided to movie theatres, we believe they must be extremely cautious when tampering with a successful business model that has stood the test of time.

Looking at the numbers for the year, our total revenues were \$379.1 million in fiscal 2010, compared to \$383.5 million in the prior year. Net earnings were \$16.1 million, or \$0.54 per diluted common share, for fiscal 2010, compared to net earnings of \$17.2 million, or \$0.58 per diluted common share, in fiscal 2009. Our balance sheet remains solid, with a debt-to-total-capitalization ratio of 41% at the end of the year. We currently have over \$124 million available under our existing credit lines. In addition, we repurchased more than 350,000 shares of our common stock at the end of the fourth quarter and early in the first quarter of fiscal 2011 under an existing Board authorization.

BUILDING OUR FUTURE

Our ability to embrace change and make it work to our advantage is based on a set of principles our founder established 75 years ago. The concepts of maintaining a strong financial position, owning and maintaining our real estate assets, focusing on quality and value, managing for the long term and building shareholder value will be just as relevant in the years ahead as they were back in 1935.

The history of The Marcus Corporation is a true American success story. A smart, hard-working immigrant laid the foundation for a company whose current breadth and reach would both please and surprise him. Celebrating our past creates energy, excitement and anticipation for the future — and the many opportunities it will bring for our shareholders, customers and associates.



Stephen H. Marcus
Chairman



Gregory S. Marcus
President and Chief Executive Officer

August 19, 2010



Rivoli Theatre, La Crosse, Wis. 1953



Marcus Theatres® continues to enhance its theatres. Renovations at the Coral Ridge Cinema in Coralville, Iowa, were completed in May 2010

“Ours is a mission to make others happy. What a pleasure to be so engaged!” This message from Ben Marcus welcomed customers to the November 1, 1935 opening of the Campus Theatre in Ripon, Wisconsin.

While the designs and amenities of movie theatres have changed dramatically, the primary reason people come to a Marcus Theatres® location is the same today as it was back then. Seeing a first-run film on the big screen is a communal entertainment experience unlike any other.

Building on Ben’s strategy of offering superlative entertainment in luxurious surroundings, we’re continually improving that experience. Through the years, our strong balance sheet has enabled us to build and acquire new theatres, add new screens and enhance existing locations, as well as introduce new technology and features.

Marcus Theatres®

THEN NOW

Campus Theatre in Ripon, Wis.
opened on November 1, 1935

Sixth largest theatre circuit
in the U.S.; owns or operates
668 screens at 54 locations in
seven Midwestern states

The CinemaScope process enabled
widescreen presentations

First 70-foot-wide signature
UltraScreen® introduced in 1999;
now 13 throughout the circuit

Concession stand offered
popcorn, candy and soda

Expanded food and beverage
concepts include *Zaffiro’s* pizza,
burgers, appetizers and upscale
cocktail lounges

Theatres in the 1960s had one
concession stand, a single ticket
counter and 3D glasses with red
and blue lenses

Digital 3D technology, stadium
seating, online ticketing, in-theatre
dining and reserved VIP seating
are the latest theatre amenities

New theatres in the 1970s
had two or three single-
screen auditoriums

Theatres average 12.4
screens per location

75 YEARS OF INNOVATION

Digital 3D is the newest technology in the industry, putting movie-goers right into the center of the action. In fiscal 2010, we continued to expand digital 3D throughout our circuit and went one step further, introducing digital 3D at eight of our gigantic 70-foot-wide *UltraScreens*®. We are among the first exhibitors in the U.S. to provide this industry-leading large-screen 3D technology, which we have branded *UltraScreen*® XL3D. We now offer digital 3D at nearly 80% of our first-run locations.

We are transforming selected theatres into complete entertainment destinations, where *CineDine*® in-theatre dining, sophisticated cocktail lounges and expanded menus featuring *Zaffiro’s*™ *thincredible*™ pizza have proven to be popular with our guests. Alternate programming featuring live entertainment and special events further expands our audience and provides additional revenues.

Combine all these innovations with service that exceeds the expectations of our guests, and it’s easy to see how the solid business model Ben Marcus created in 1935 has provided the foundation for 75 years of growth and success for Marcus Theatres.

Marcus® Hotels & Resorts

THEN NOW

Purchased The Pfister Hotel
in Milwaukee, Wis. in 1962

Operated a total of
185 rooms in 1962

First two hotels were
historic properties

Hotel experience featured a
comfortable bed, attractive
rooms and fine dining

The Crowne Plaza Northstar
hotel in Minneapolis, Minn.
was the first managed property
outside of Wisconsin

Owns or manages 19 hotels,
resorts and other properties

Approximately 5,200 rooms
under management

Portfolio includes upscale city
hotels, luxury resorts, suburban
properties and historic masterpieces

Hotel experience includes
signature restaurants, relaxing
spas, challenging golf courses
and indoor water parks

Presence has expanded to
major markets in 10 states

The purchase of The Pfister® Hotel in Milwaukee in 1962 marked The Marcus Corporation's entry into the full-service lodging business — a significant step that has served the company well for nearly five decades.

The Marcus® Hotels and Resorts portfolio has grown to include eight company-owned properties and 11 properties managed for other owners. We manage both independent and branded hotels that include Starwood, InterContinental and Hilton properties. As we celebrate our past, we remain committed to our promise of delivering quality, value and exceptional service to our guests.

A CUSTOMER-FOCUSED CULTURE

The dynamics of the lodging industry in 2010 are much different than they were in the 1960s. Today, a comfortable bed in an attractive room in a good location is a given. What really sets a property apart is the total guest experience. For us, this begins with our culture of guest service and the empowerment of our associates to connect with all of our guests and satisfy their every need. It also includes special features such as our fun-filled water parks, championship

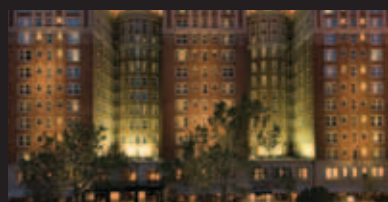
golf courses, signature restaurants and relaxing spas — amenities that make an already special hotel an exciting and unique destination for both business and leisure travelers.

In fiscal 2010, we focused on effectively using the Internet to manage revenues and capture customers. We also made significant investments in our properties at a time when others have found it difficult to do so. These investments are paying off, as our growth in revenue per available room (RevPAR) for our fiscal 2010 fourth quarter outperformed our segment of the lodging industry.

From the very beginning, Ben Marcus established the principles that enabled us to build a reputation for excellence. His core values of remaining financially strong, maintaining and enhancing our properties, and focusing on our guests are the major reason why we not only survived one of the worst downturns in the lodging industry, but are well positioned to become one of the leading hotel management companies in the years ahead.

The Pfister® Hotel, Milwaukee, Wis.

*Recent investments position
Marcus® Hotels and Resorts for
growth. An extensive renovation
project at the Hilton Milwaukee
was recently completed*



BOARD OF DIRECTORS

Stephen H. Marcus (d)*

Chairman, The Marcus Corporation

Daniel F. McKeithan, Jr. (a)* (b)

Chairman and Chief Executive Officer,
Tamarack Petroleum Company, Inc.

Diane Marcus Gershowitz (d)

Real Estate Management and Investments

Timothy E. Hoeksema (b)* (c)

Retired Chairman, President and
Chief Executive Officer, Midwest Air Group, Inc.

Allan H. (Bud) Selig (c) (d)

Commissioner of Major League Baseball

Bruce J. Olson

Senior Vice President, The Marcus Corporation
and President, Marcus Theatres Corporation

Philip L. Milstein (a) (b) (d)

Principal, Ogden CAP Properties, LLC

Bronson J. Haase (b) (c)*

Retired President of Pabst Farms Equity
Ventures, LLC, Retired President and Chief
Executive Officer of Wisconsin Gas Company, and
Vice President of WICOR, Inc., and former President
and Chief Executive Officer of Ameritech Wisconsin

James D. Ericson (a) (d)

Retired Chairman, President and
Chief Executive Officer, Northwestern
Mutual Life Insurance Company

Gregory S. Marcus

President and Chief Executive Officer,
The Marcus Corporation

Committees of the Board:

(a) Audit

(b) Compensation

(c) Corporate Governance and Nominating

(d) Finance

*Denotes chairman

OFFICERS AND EXECUTIVE MANAGEMENT

Gregory S. Marcus

President and Chief Executive Officer

Bruce J. Olson

Senior Vice President, The Marcus Corporation
and President, Marcus Theatres Corporation

Thomas F. Kissinger

Vice President, General Counsel and Secretary

Douglas A. Neis

Chief Financial Officer and Treasurer

William J. Otto

President, Marcus Hotels and Resorts

Jane Durment

Chief Information Officer

Karen Y. Spindler

Director of Corporate Human Resources



Jack McKeithan, Phil Milstein, Bruce Olson, Diane Marcus Gershowitz, Steve Marcus,
Greg Marcus, Jim Ericson, Tim Hoeksema, Bud Selig and Bronson Haase



Bruce Olson, Doug Neis, Greg Marcus, Jane Durment, Bill Otto, Tom Kissinger and Karen Spindler

CORPORATE INFORMATION

Annual Meeting

Shareholders are invited to attend
The Marcus Corporation's 2010
Annual Meeting at 10:00 a.m. CDT on
Wednesday, October 13, 2010 at the
North Shore Cinema, 11700 N. Port
Washington Road, Mequon, Wisconsin.

NYSE Listing and Symbol

MCS
LISTED
NYSE
The Marcus Corporation
common stock is traded
on the New York Stock
Exchange under the
symbol MCS. The Marcus Corporation
is included in the Standard & Poor's
SmallCap 600 Index, the Russell 2000
Index and other indices.

Transfer Agent

Wells Fargo Bank, N.A.
Shareowner Services
P.O. Box 64854
St. Paul, MN 55164
(800) 468-9716
www.wellsfargo.com/shareownerservices

Corporate Headquarters

The Marcus Corporation
100 East Wisconsin Avenue, Suite 1900
Milwaukee, WI 53202-4125
(414) 905-1000
www.marcuscorp.com

Dividend Reinvestment Plan

The Marcus Corporation has a
dividend reinvestment plan through
which shareholders of record may
reinvest their cash dividends and
make supplemental cash investments
in additional shares. There are no
commissions or service charges
to purchase shares. For additional
information, write or call our
transfer agent.

Independent Registered Public Accounting Firm

Deloitte & Touche LLP,
Milwaukee, Wisconsin

Form 10-K Report

A copy of the company's fiscal 2010
Form 10-K annual report (without
exhibits) as filed with the Securities
and Exchange Commission is included
in this report.

Legal Counsel

Foley & Lardner LLP,
Milwaukee, Wisconsin

Investor Information

Investors are encouraged to visit www.marcuscorp.com for a wide range of
company information including stock quotes and charts, news releases, Securities
and Exchange Commission filings, Code of Conduct, Corporate Governance Policy
Guidelines, Board of Directors committee charters, dividend reinvestment information,
event calendar, webcasts of conference calls, investor presentations and links to the
company's divisions and properties. Interested individuals can also register to be
automatically notified by e-mail when new information is added to the site.

OUR PHILOSOPHY

WE TAKE GREAT PRIDE in our dedicated management teams and associates and will continue to develop their potential and skills at all levels within our organization.

WE BELIEVE in rewarding outstanding performance, and in promoting from within to develop a climate of high expectation and achievement, as well as a solid base of highly-qualified associates.

WE WILL REMAIN a quality-minded corporation, dedicated to upholding our corporate slogan, "People Pleasing People."

WE WILL MAINTAIN our position of leadership in the hospitality and entertainment industries through our commitment to quality, service and value.

WE WILL CONTINUE our personal and corporate involvement in activities benefiting the community, state and nation.

WE WILL SUPPORT the values of the communities we are privileged to serve by honoring their traditions and preserving their environments.

WE PLEDGE to remain alert to economic changes which affect our businesses, and to respond to ever-changing consumer demands.

WE WILL CONTINUE to successfully meet all challenges through planning, balanced diversification and orderly growth.

WE TAKE OUR RESPONSIBILITY to our shareholders very seriously and are committed to be a model for good corporate governance.



THE MARCUS CORPORATION

100 East Wisconsin Avenue, Suite 1900
Milwaukee, Wisconsin 53202-4125

