



THE MARCUS CORPORATION IS BUILDING MOMENTUM,
WITH NEW PROPERTIES, INNOVATIVE CONCEPTS AND
STRONG FINANCIAL PERFORMANCE.



The Marcus Majestic Cinema in Brookfield, Wisconsin.



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Mason Street Grill at the Pfister Hotel in Milwaukee, Wisconsin.

Dear Shareholders,

Momentum! This one word sums up the energy, achievements and positioning that made fiscal 2007 a great year for The Marcus Corporation.

We executed on our strategies to grow our two businesses — Marcus Theatres® and Marcus Hotels and Resorts. We delivered strong financial performance and continued to invest in new projects that will propel us even further in the years ahead.

A MAJESTIC YEAR FOR MARCUS THEATRES

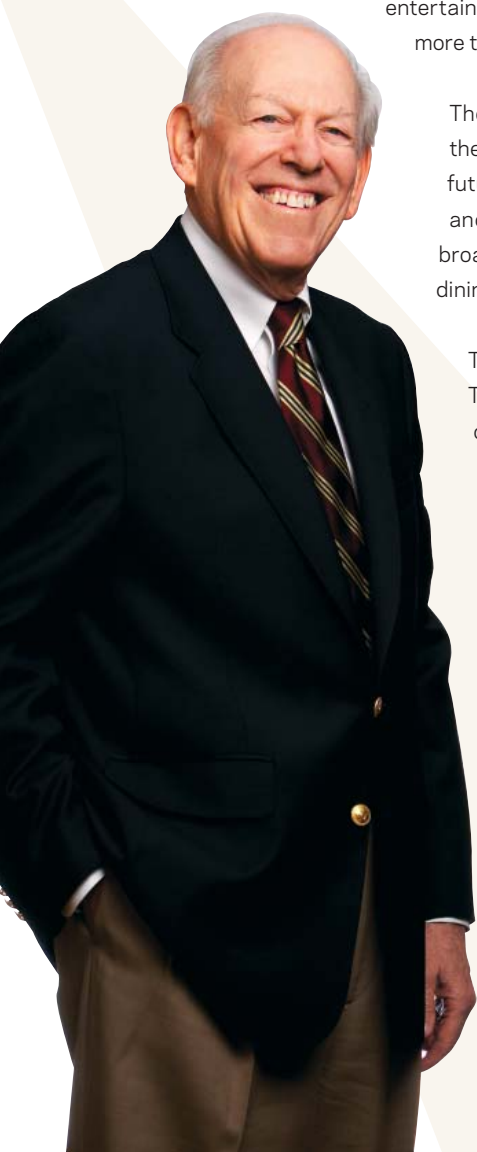
For Marcus Theatres, the fiscal 2007 momentum was boosted with a major acquisition in the fourth quarter. In April 2007, the division acquired 11 theatre locations with 122 screens from Cinema Entertainment Corporation (CEC) for approximately \$75.7 million. The CEC locations expand our Midwest presence, were easily integrated and are expected to be accretive to earnings.

Another highlight of the year was the opening of The Marcus Majestic Cinema in Brookfield, Wis. This totally new theatre concept leverages the investment in the theatre “box” to create a neighborhood

entertainment destination that is much more than a traditional movie theatre.

The Majestic is our incubator for the movie theatre paradigm of the future. Our strategy is to increase ancillary revenues by offering a broader variety of entertainment and dining options.

The most unique aspect of The Majestic is its multi-use, cabaret-style entertainment venue offering tableside food and beverage service. In addition to the latest hit movies, customers can enjoy comedy shows and live entertainment broadcasts, such as concerts and sporting events. The Majestic is also well-suited for business meetings, adding a whole new dimension to the theatre concept.



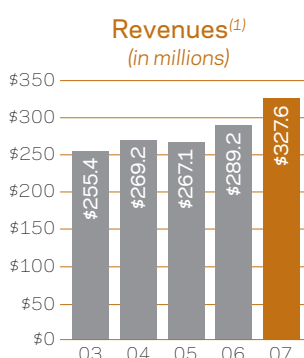
DRAMATIC GROWTH FOR MARCUS HOTELS

Fiscal 2007 was also a year of significant growth for Marcus Hotels and Resorts. The division added nearly 1,600 rooms during the year, increasing its portfolio to 20 hotels, resorts and other properties.

For this division, the fiscal 2007 momentum included the opening of a new company-owned property, the exquisitely restored Skirvin Hilton in Oklahoma City. We were also a co-developer and now manage the Platinum Hotel & Spa, a condominium hotel in Las Vegas. We rebranded the Wyndham Milwaukee Center to the luxury InterContinental Milwaukee, and as we had planned, sold a major

portion of the Westin Columbus to an outside investor, retaining the management of the property.

Six new management contracts were added during the year, along with an additional project that is under development. Several of the new management contracts are with large, nationally recognized hotel equity investors,



including Goldman Sachs, Waterton Commercial LLC and W. P. Carey & Co. LLC, further enhancing our reputation as a leading hotel management company.

A key to our success in obtaining new management contracts is our proven ability to work with a variety of hotel brands, concepts and ownership structures. We also bring to the table a solid technology, legal and accounting infrastructure, along with branded amenities, such as our WELL Spa and Chophouse restaurant concepts.

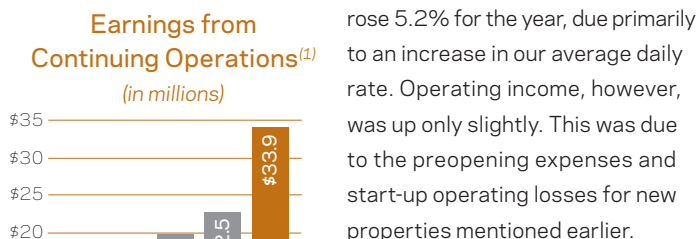
STRONG FINANCIAL PERFORMANCE

The momentum in both divisions drove our improved financial performance. Total revenues rose 13.3% to \$327.6 million. Operating income was \$41.1 million for fiscal 2007. The increased revenues would have translated into higher operating income, if not for approximately \$7.8 million of preopening expenses and start-up operating losses for our new properties and hotel renovations. Although these projects reduced operating income for the year, we believe they will be positive contributors to increased shareholder value over the long term.

Earnings from continuing operations grew for the sixth straight year, increasing 51.0% to \$33.9 million or \$1.10 per diluted common share.

Net earnings increased 17.8% to \$33.3 million or \$1.08 per diluted common share. Overall, our results benefited from an additional week of operations, a lower effective income tax rate and gains on the sale of several properties.

Marcus Hotels and Resorts continued to gain traction. Revenue per available room (RevPAR) for comparable company-owned properties



rose 5.2% for the year, due primarily to an increase in our average daily rate. Operating income, however, was up only slightly. This was due to the preopening expenses and start-up operating losses for new properties mentioned earlier.

With a 7% increase in revenues and a 6% increase in operating income, the results for Marcus Theatres confirmed once again that good

movies sell tickets. The improvement was driven by an outstanding slate of movies in the first and fourth quarters, the additional week of operations and the CEC theatre acquisition.

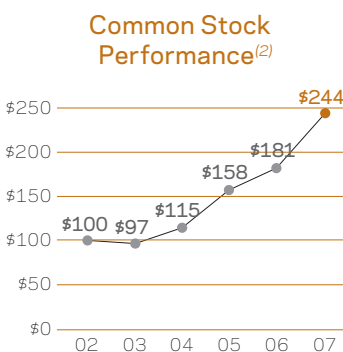
For this division, the question I am asked most frequently is, "What's happening with digital cinema?" We are currently preparing for the roll-out of digital cinema and digital 3D technology to our theatres, marking the next evolution in a business that has a well established track record for adapting to change.

ENHANCING SHAREHOLDER VALUE

Our shareholders are always a top priority, and in fiscal 2007 they continued to share in our success. In January 2007, the Board increased the quarterly dividend rate for the common stock by 13%. This was on top of a 36% increase the year before. Our total return to shareholders, on a dividend reinvested basis, has grown at a compounded annual rate of 20% over the last five years, underscoring our ability to translate momentum into performance.

BUILDING MOMENTUM

The most challenging aspect of building momentum is that we have to keep it going. The catalyst for us is our investments in new concepts and properties, along with continually maintaining and enhancing our existing assets. We invested nearly \$200 million in



our businesses in fiscal 2007, including the CEC theatre acquisition and investments in hotel joint ventures. We anticipate capital expenditures of about \$60 - \$80 million in fiscal 2008.

We believe we are well positioned to continue our momentum. In fiscal 2008, Marcus Theatres

will begin to see the full impact of the CEC acquisition and the benefits of our expanded food and beverage strategies. More films are now being produced, which is encouraging because more movies provide more opportunities for blockbuster hits.

On the hotel side, we expect to benefit from our new hotel properties and management contracts added in fiscal 2007, along with more new properties in fiscal 2008. The strong business travel environment, combined with relatively low supply growth, continues to be a successful combination for the industry and for our hotels and resorts business.

The accomplishments I've touched on here — along with many, many others — didn't just happen. They were the result of well thought-out strategies and the support of all of our people, from our Board of Directors, management team and associates, to our customers and shareholders. For all of us, building momentum means moving forward, reaching higher and achieving more in the years ahead.

Sincerely,

Stephen H. Marcus
Chairman and Chief Executive Officer

August 27, 2007

(1) Excludes discontinued operations (limited-service lodging, the Miramonte Resort and Marcus Vacation Club).

(2) Stock price appreciation for a \$100 investment on a dividend reinvested basis.



Marcus Hotels and Resorts

Marcus Hotels and Resorts is gaining momentum, with new company-owned properties, additional management contracts and creative brand ideas.

FRESH AND NEW

For Marcus Hotels and Resorts, fiscal 2007 was a year of new properties and exciting projects. The Platinum Hotel & Spa, a luxury condominium hotel located just off the Las Vegas Strip, opened in October and has been receiving rave reviews. The Platinum defines luxury with a rooftop terrace, tranquil spa, indoor/outdoor pool, spacious guest room suites, an upscale restaurant and a sophisticated cafe lounge. The division manages the property and will gain additional ongoing revenues from its ownership of the Platinum's public space.

Also new to the Marcus Hotels and Resorts portfolio is its fifth historic hotel property, the Skirvin Hilton in Oklahoma City. Closed for more than 20 years, the Skirvin underwent an extensive renovation to restore it to its early grandeur as the social center of Oklahoma City.

Another major project was the complete multi-million dollar renovation and transformation of the Wyndham Milwaukee Center to the luxury InterContinental Milwaukee.

"We completely repositioned the personality of the hotel to a chic contemporary concept that is unique to downtown Milwaukee," said Bill Otto, president of Marcus Hotels and Resorts.

**MARCUS HOTELS AND RESORTS IS
BUILDING A NATIONAL REPUTATION AS
A LEADING HOTEL MANAGEMENT COMPANY.**

EXPANDING AND SUPPORTING

A key strategy fueling the division's momentum is its focus on growing primarily through management contracts, along with potential equity contributions in some projects. The division added six management contracts to its portfolio in fiscal 2007, including Resort Suites, a four-star destination resort in Scottsdale, Brynwood Country Club in Milwaukee, the Sheraton Clayton Plaza Hotel in an upscale suburb of St. Louis, and the Sheraton Madison Hotel in Madison, Wis. The division also is providing preopening and technical services for an under-construction Hilton hotel in Bloomington, a Minneapolis suburb, and will manage the hotel when it opens.

To support its current and future growth, the division has expanded its development, operations and marketing teams, adding talented senior managers who are experts in their fields. "With more than 5,000 rooms currently under management, we expect to reach our previously stated goal of 6,000 rooms within the next 12 to 18 months," said Otto.

TRANQUIL AND DELECTABLE

The division continues to invest in maintaining and enhancing its existing properties and adding new features and amenities that appeal to discriminating guests. In fiscal 2007, the division opened its third WELL Spa and introduced a new restaurant concept, "Mason Street Grill," at the Pfister Hotel in Milwaukee. Building on an already successful format, the division's fifth Chophouse restaurant will open in fiscal 2008.

DIVERSE AND DISTINCTIVE

"Marcus Hotels and Resorts has in-depth expertise in both new construction and major renovations. We are experienced in urban and suburban hotel and resort developments, golf courses, water parks, spas, condominium hotels and historic properties. We also have the operations infrastructure hotel owners look for. Together, we believe these unique competitive advantages will continue to drive our momentum in fiscal 2008 and beyond," said Otto.



ABOVE

The WELL Spa at the Pfister Hotel in Milwaukee is an exciting new twist on the typical urban spa, offering guests their own private spa suite to prepare for and receive treatments, such as a couples massage.

BELOW

The newly renovated Skirvin Hilton is of tremendous cultural and historical significance to Oklahoma City. Through a unique public/private partnership, it has now returned to its former glory and is a welcome site for both residents and guests.

LEFT

The luxurious Platinum Hotel & Spa features 255 condominium suites and a stunning rooftop terrace overlooking the Las Vegas Strip.



Marcus Theatres

Marcus Theatres® is building momentum through unique entertainment concepts, enhanced amenities and strategic acquisitions.

EXCITING AND EXPANDING

For Marcus Theatres, building momentum was evidenced by a 27% increase in screen count in fiscal 2007, excluding managed theatres. In April, the division acquired 11 Cinema Entertainment Corporation (CEC) locations with a total of 122 screens in five adjacent Midwestern markets. New theatre markets include St. Cloud, Minn.; Duluth, Minn./Superior, Wis.; Fargo N.D./Moorhead, Minn.; Cedar Falls/Waterloo, Iowa; and Iowa City, Iowa.

"The addition of the CEC locations extends our operations into North Dakota and Iowa and further expands our presence in Minnesota and Wisconsin. The acquisition makes us the seventh largest exhibition chain in the U.S.," said Bruce J. Olson, president of Marcus Theatres.

Also contributing to the division's momentum in fiscal 2007 was the opening of three new theatres. Both a 13-screen theatre in Sturtevant (Racine), Wis., which includes an *UltraScreen*®, and a 12-screen theatre in Green Bay, Wis. opened in November.

MAGICAL AND UNIQUE

The most anticipated project for Marcus Theatres in fiscal 2007 was the opening of The Marcus Majestic Cinema, the division's new flagship theatre in Brookfield, Wis. The Majestic is a one-of-a-kind entertainment destination unique in the United States. The Majestic features 16 auditoriums with *UltraView*® stadium seating (including two 72-foot-wide signature *UltraScreens* with VIP seating), a pizza parlor, coffee and ice cream shop, cocktail lounge, babysitting service

and valet parking. The magnificent lobby sets the tone for elegance with its high, domed ceiling, art-deco themed murals, dramatic curved grand staircases and live music performances from the baby-grand piano in the center of the lobby.

"But that's just the beginning. The new Marcus Majestic Cinema features the *AT&T Palladium*, a distinctive, luxury entertainment and event venue. Here, guests can experience an outstanding in-theatre dining experience, while enjoying the latest Hollywood blockbuster, comedy act, concert or live performance," said Olson.

INVENTIVE AND PROGRESSIVE

The division is using The Majestic to test new concepts that can differentiate the moviegoing experience and increase ancillary revenues. Live comedy performances, special events and expanded food and beverage concepts will be added to select theatres across the circuit, beginning in fiscal 2008. The division will also broaden its programming through its recently announced affiliation with National CineMedia, Inc. This digital network enables viewers to enjoy sporting events, concerts, racing and other live entertainment through the dynamic sight and sound of the big screen.

EVOLVING AND OPTIMISTIC

For Marcus Theatres, continuing its momentum includes plans to add three more *UltraScreens* to existing theatre locations. The division will also consider building additional new locations and pursuing potential acquisitions if the opportunities arise.



Expanding ancillary revenues through advertising, sponsorship and naming rights is another initiative expected to gain momentum in fiscal 2008.

"The movie theatre industry is evolving to create the entertainment destination of the future, and Marcus Theatres is at the forefront of this trend," said Olson.

ABOVE
Guests relax and unwind while enjoying great food, drinks and conversation in the Take Five Lounge at The Marcus Majestic Cinema.

RIGHT

The AT&T Palladium offers cabaret-style seating and tableside service from the tantalizing menu created by the division's executive chef. Guests can relax in an upscale environment while enjoying the latest Hollywood blockbuster, comedy act, concert, special event or live performance.

**MARCUS THEATRES IS AT THE FOREFRONT OF CREATING
THE ENTERTAINMENT CONCEPTS OF THE FUTURE.**

Financial Highlights

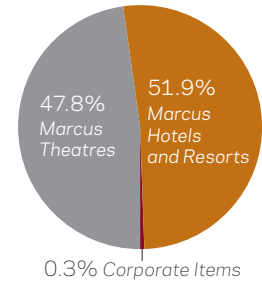
The Marcus Corporation is a leader in the lodging and entertainment industries. Marcus Theatres® currently owns or manages 594 screens at 49 locations in Wisconsin, Illinois, Minnesota, Ohio, North Dakota and Iowa. Marcus Hotels and Resorts currently owns or manages a distinctive portfolio of 20 hotels, resorts and other properties, with one additional hotel under development.

	Fiscal Year May 31, 2007	Fiscal Year May 25, 2006	Percent Change
Operations (in millions)			
Revenues	\$ 327.6	\$289.2	13.3%
Operating Income	41.1	39.5	4.0
Earnings from Continuing Operations	33.9	22.5	51.0
Net Earnings	33.3	28.3	17.8

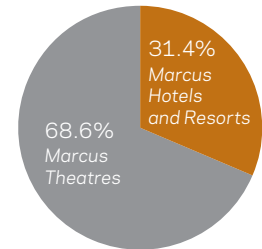
Per Common Share (diluted)			
Earnings from Continuing Operations	\$ 1.10	\$ 0.73	50.7%
Net Earnings	1.08	0.91	18.7
Cash Dividends (excluding special \$7.00 dividend)	0.32	0.26	23.1

Financial Position (dollars in millions)			
Shareholders' Equity	\$ 319.5	\$301.3	6.0%
Total Assets	\$ 698.4	\$587.2	18.9%
Debt/Capitalization Ratio	.45	.37	

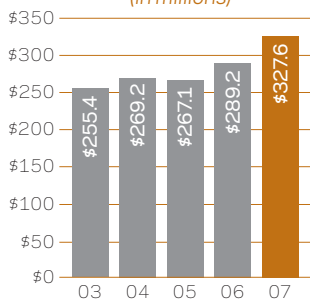
Fiscal 2007 Revenues⁽¹⁾



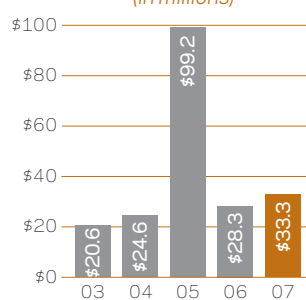
Fiscal 2007 Operating Income⁽¹⁾⁽²⁾



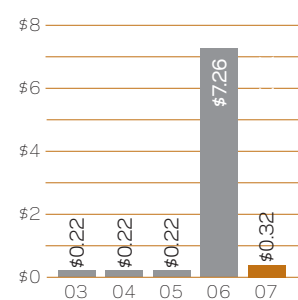
Revenues⁽¹⁾
(in millions)



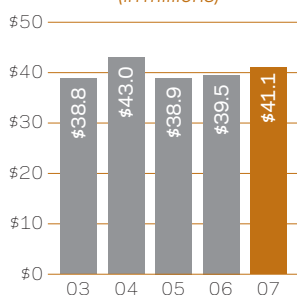
Net Earnings
(in millions)



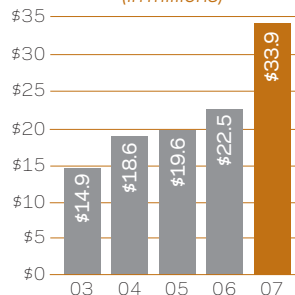
Dividends Per Share⁽³⁾



Operating Income⁽¹⁾
(in millions)



Earnings from Continuing Operations⁽¹⁾
(in millions)



(1) Excludes discontinued operations (limited-service lodging, the Miramonte Resort and Marcus Vacation Club).

(2) Excludes corporate items.

(3) Includes \$7.00 per share special dividend paid during fiscal 2006.

Corporate Information

ANNUAL MEETING

Shareholders are invited to attend The Marcus Corporation's 2007 Annual Meeting at 10:00 a.m. CDT on Tuesday, October 16, 2007 at The Marcus Majestic Cinema, 770 N. Springdale Road, Brookfield, Wisconsin.

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.

Members of the National Association of Investors Corporation (NAIC) may also participate in The Marcus Corporation's Dividend Reinvestment Plan through the NAIC Low Cost Investment Plan.

NYSE LISTING AND SYMBOL

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.

FORM 10-K REPORT

A copy of the company's fiscal 2007 Form 10-K annual report (without exhibits) as filed with the Securities and Exchange Commission is included in this report.

TRANSFER AGENT

LaSalle Bank, N.A.
Attn: Shareholder Services
480 Washington Blvd., Jersey City, NJ 07310
(866) 844-2759
Web site: www.lasalleshareholderservices.com

LEGAL COUNSEL

Foley & Lardner LLP, Milwaukee, Wisconsin

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP, Milwaukee, Wisconsin

CORPORATE HEADQUARTERS

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

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.



FRONT ROW Steve. Marcus and Diane Marcus Gershowitz.

BACK ROW FROM LEFT Bud Selig, Jim Ericson, Bruce Olson, Tim Hoeksema, Phil Milstein, Bronson Haase, Jack McKeithan and Greg Marcus.

BOARD OF DIRECTORS

Stephen H. Marcus (d)*
Chairman and Chief Executive Officer,
The Marcus Corporation

Daniel F. McKeithan, Jr. (a)* (b)
President, Tamarack Petroleum Company, Inc.

Diane Marcus Gershowitz (d)
Real Estate Management and Investments

Timothy E. Hoeksema (b)* (c)
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
Senior Vice President, Corporate Development,
The Marcus Corporation



LEFT TO RIGHT Doug Neis, Greg Marcus, Bill Otto, Tom Kissinger, Steve Marcus, Bruce Olson and Jane Durment.

OFFICERS AND EXECUTIVE MANAGEMENT

Stephen H. Marcus
Chairman 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

Gregory S. Marcus
Senior Vice President, Corporate Development

Douglas A. Neis
Chief Financial Officer and Treasurer
William J. Otto
President, Marcus Hotels and Resorts

Jane Durment
Chief Information Officer

Committees of the Board

(a) Audit (b) Compensation (c) Corporate Governance and Nominating (d) Finance
*Denotes chairman

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 environment.

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

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Milwaukee, Wisconsin 53202-4125