



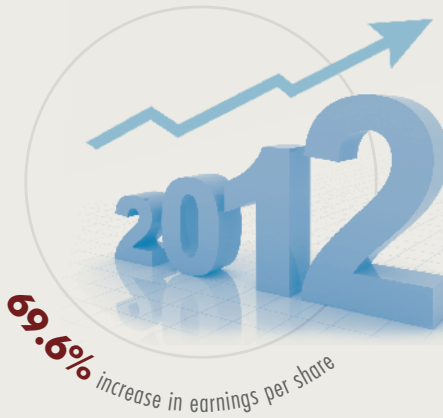
The Marcus Corporation

18.4% increase in hotel banquet and catering meals served

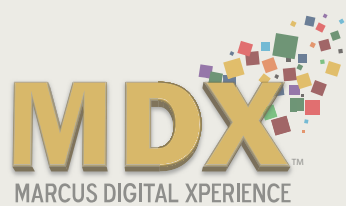


9.8% revenue increase

9.7% increase in average concession sales per person



9.5% increase in revenue per available room



95% of first-run screens converted to digital projection, including **24%** with 3D capability

2012 ANNUAL REPORT

Strength in Numbers

DEAR SHAREHOLDERS,



Gregory S. Marcus President and CEO

The theme of this report, “Strength in Numbers,” perfectly describes our fiscal 2012 performance. Revenues increased 9.8 percent to \$413.9 million for the year and operating income was up 38.9 percent. Net earnings rose 67.7 percent to \$22.7 million, or \$0.78 per diluted common share.

STRONG PERFORMANCE

Our improvement was across the board. MarcusTheatres® had a record year, with a 9.9 percent increase in revenues and a 26.2 percent increase in operating income. Annual concession revenues increased 15.9 percent, due in part to the successful expansion of our new food and beverage concepts at select theatres.

For Marcus® Hotels & Resorts, fiscal 2012 was a year of significant improvement. Revenue per available room (RevPAR) increased 9.5 percent for the year, driven by record occupancy and a 5.2 percent increase in the average daily rate. Operating income was up 88.2 percent for the year. All eight company-owned properties contributed to the increases in both revenues and operating income. The fact that the average daily rate increased during the year was a very positive development.

Overall, the results for both divisions benefited from a 53rd week of operations in fiscal 2012, which included the busy Memorial Day weekend.

Our *Strength in Numbers* includes other key financial metrics. We ended fiscal 2012 with a debt-to-total capitalization ratio of 37 percent and we had approximately \$104 million available under our existing credit lines at year end.

The fiscal 2012 numbers that are of special interest to shareholders were also strong. The increase in our stock price, combined with our \$0.34 per common share cash dividend, generated a total shareholder return of 30.2 percent for fiscal 2012. In addition, we repurchased 1,077,000 shares of our common stock during the year and in July 2012, our Board approved a two million share increase in our repurchase authorization. With our strong cash flow and balance sheet, we believe that when timing and market conditions are appropriate, we will be able to repurchase shares to enhance shareholder value while at the same time continuing to invest in our businesses to facilitate our growth.

STRONG GROWTH

When it comes to our growth strategies, here again we have *Strength in Numbers*. Our significant real estate ownership and strong financial position enable us to continually reinvest in our properties to maximize the returns on our existing assets, develop new



Opened 14th UltraScreen® at the Duluth Cinema in Duluth, Minn.



Renovated Parkwood Cinema in Waite Park, Minn.



Remodeled Hotel PhillipsSM in Kansas City, Mo.

New lobby at the Hilton Madison in Madison, Wis.

concepts and amenities that drive increased revenues and pursue acquisition opportunities that are a good fit for our businesses.

For MarcusTheatres, these investments in fiscal 2012 included the rollout of digital cinema across the circuit, the continued expansion of successful food and beverage concepts and ongoing renovations to keep our theatres fresh and exciting. Acquisitions included a 12-screen theatre in suburban Milwaukee and, in an opportunistic move, we converted a former OMNIMAX[®] Theatre adjacent to our Duluth Cinema in Duluth, Minnesota, into our 14th premium large-screen UltraScreen[®] auditorium.

In the hotel division, our intensive development efforts are beginning to bear fruit. We have a number of potential growth opportunities in the pipeline and hope to announce more details in the near future. We have a seasoned development team and an investment vehicle in MCS Capital, which enables us to act as an investment fund sponsor, joint venture partner or sole investor. The market appears to be loosening up and we expect to see additional growth opportunities for Marcus Hotels & Resorts in the year ahead.

We are continuing to pursue an opportunity to develop The Corners of Brookfield, a 500,000-square-foot mixed-use retail development in suburban Milwaukee on the site of a former movie theatre. The proposed project includes the first Von Maur department store in Wisconsin, along with other well-known retailers and restaurants, and a residential component. We are currently fine-tuning the many complex elements of the project, obtaining tenant lease commitments and seeking a joint venture partner. We hope to begin work on the project in earnest next spring, with a targeted opening in fall 2014.

STRONG POTENTIAL

As we reflect on the numbers for fiscal 2012, we look at them as not just a snapshot in time, but the result of a lot of hard work over a long period. Even though our hotels are tied to the economy and our movie theatres are tied to the quality and quantity of the films produced in Hollywood, we've withstood recent challenges in both businesses, thanks to our strong balance sheet. At the same time, we continued to reinvest in our businesses – in renovations, new amenities, new technologies and in development and marketing. We invested during the down times with the anticipation of realizing good returns on these investments when times were better. That's exactly what happened in fiscal 2012.

Looking ahead, the conversion to digital cinema prepares our theatres for the next generation in entertainment. We believe there's a coming renaissance for the motion picture industry because any time new technology gets a foothold, people will discover creative new ways to use it.

On the hotel side, we are pleased with the steady recovery of the industry, but would like to see continued improvement in the economy and in consumer confidence in order to maintain this momentum. Our average daily rate is still not back to where it was prior to the recession, so there is room for further progress.

STRENGTH IN NUMBERS

In January, we increased the size of our Board with the addition of Brian Stark, founding principal, chief executive officer and chief investment officer of Stark Investments in Milwaukee. Brian's expertise in the investment industry and financial markets will be an asset to our Board and management team. We are fortunate to have an entire Board that is very experienced and engaged in helping us develop business strategies and monitor performance.

We enter the new fiscal year with exciting growth opportunities in both divisions. We have the people to help us pursue them – a strong Board and management team, and an outstanding group of associates, who are, as our founder Ben Marcus always said, our company's greatest asset.

We look forward to putting our intellectual and financial capital to work to turn opportunities into achievements and *Strength in Numbers* into increased long-term shareholder value.

Stephen H. Marcus | Chairman

Gregory S. Marcus | President and CEO

August 22, 2012

Stephen H. Marcus Chairman



MARCUS THEATRES®

For Marcus Theatres, the theme “Strength in Numbers” describes a year of record revenues and operating income, along with continued growth through technology enhancements, selective acquisitions and creative food and beverage concepts.



A Take Five Lounge was added to the Duluth Cinema in Duluth, Minn.

GOING DIGITAL

The big news for the division in fiscal 2012 was the roll-out of digital cinema systems across the circuit, branded MDX™ – the Marcus Digital Xperience™. The installation was completed in just two months, making Marcus Theatres one of the first large exhibitors in the U.S. to offer digital cinema on 95 percent of its first-run screens. Our customers are now experiencing movies as never before. MDX provides a pristine visual presentation, with greater resolution, definition and color depth, along with state-of-the-art digital audio engineered to provide moviegoers with perfect sound. We are now capable of showing 3D films in 24 percent of our auditoriums. The new digital systems also incorporate the latest technology for showing movies that are encoded with captioning and descriptive audio for hearing- and visually-impaired guests.

ADDING NEW SCREENS

A unique opportunity for us was the conversion of a former OMNIMAX® Theatre adjacent to our 10-screen Duluth Cinema in

Duluth, Minnesota, into our 14th UltraScreen®. The nearly 70-foot-wide premium large-screen auditorium also features 29 patented, award-winning D-BOX MFX technology seats – the first in our circuit. This amazing technology immerses audiences in the viewing experience by making realistic movements and vibrations in perfect sync with the on-screen action. We also added a *Take Five Lounge* and remodeled the cinema's lobby, entrance and box office.

In other expansion news, we enhanced our presence in our largest market, Milwaukee, with the acquisition of the 12-screen Showtime Cinema in Franklin, Wisconsin, in December 2011.

EXPANDING FOOD & BEVERAGE CONCEPTS

Continually reinvesting in our properties is a hallmark of Marcus Theatres. During fiscal 2012, we completed an extensive renovation of the Parkwood Cinema in Waite Park, Minnesota. The project transformed the theatre into an entertainment destination featuring remodeled auditoriums, a new concession stand and box office and our second *Zaffiro's™ Pizzeria & Bar*. Building on this momentum, we opened our third *Zaffiro's* in August 2012 at the Ridge Cinema in New Berlin, Wisconsin. We also expanded our successful in-theatre dining experience to more customers by converting two additional auditoriums at our Majestic Cinema in Brookfield, Wisconsin, into our popular *Big Screen Bistro™* concept in May 2011.

As indicated by our 15.9 percent increase in annual concession revenues and 7.2 percent increase in box office admissions, our investments in enhancing our existing theatres and acquiring additional screens are our formula for continued growth and success.

BY THE NUMBERS

- Record revenues and operating income in fiscal 2012
- 6th largest theatre circuit in the United States
- Currently own or operate 695 screens at 56 locations in 7 Midwestern states
- 95% of first-run screens converted to digital projection, including 24% with 3D capability
- 14 premium large-screen format auditoriums branded UltraScreen® and UltraScreen® XL3D

A third Zaffiro's™ Pizzeria & Bar opened at the Ridge Cinema in New Berlin, Wis.



MARCUS® HOTELS & RESORTS



The new Monarch Lounge in the lobby of the Hilton Milwaukee.



A concierge lounge will be added to the Grand Geneva® Resort & Spa.

Record occupancy was just one of the numbers that made fiscal 2012 an excellent year for Marcus Hotels & Resorts. In addition to continued improvement in revenue per available room (RevPAR) and increases in the average daily rate, we are laying the groundwork for future growth through strategic acquisitions, expansion of our food and beverage brands, and enhancing and upgrading our current assets.

CREATING VALUE

Continually maintaining and enhancing our existing properties creates value for our company and our guests, and has helped us to outperform our lodging-industry peer group for the past two years.

During fiscal 2012, we completed multi-million-dollar renovations at two properties. A property-wide renovation at the historic Hotel PhillipsSM in downtown Kansas City, Missouri, focused on maintaining the hotel's elegant art-deco design elements while adding the popular amenities today's travelers expect.

At the Hilton Madison Monona Terrace in Madison, Wisconsin, we renovated all 240 guest rooms and public spaces to create an upscale, urban and residential feel for guests.

We have also invested in several major renovations at the Hilton Milwaukee to restore the hotel to its original 1928 art deco and machine-age design. Our most recent project at this hotel is the creation of the Monarch Lounge, a new lobby lounge that incorporates much of the original design, look and feel of the hotel's historic lobby bar.

ACQUISITION GROWTH

We are actively seeking opportunities to increase our number of rooms under management. During fiscal 2012, we formed a new

hotel investment business, MCS Capital, to acquire additional hotel properties as an investment fund sponsor, joint venture partner or sole investor. We also continue to pursue opportunities to manage properties for other owners. Some of these management contracts may include small equity investments.

With our strong financial position, experienced development team and investment vehicle in MCS Capital, we believe we are well positioned to expand our hotel business.

NEW PROGRAMS AND AMENITIES

Our focus on providing an exceptional guest experience also includes an enhanced guest rewards program. Building on the success of our dining rewards program, we plan to expand the program beginning in October 2012 by enabling guests to receive rewards points for room nights at The Pfister[®] Hotel. The program will ultimately include all of our independent hotels.

Guests will also appreciate the new concierge and club lounges that will be added to The Pfister Hotel in Milwaukee and the Grand Geneva[®] Resort & Spa in Lake Geneva, Wisconsin. Our concierge lounge concept features a stunning design and extensive amenities that are a throwback to the luxury hotels of the past.

Both the rewards program and the special concierge lounges are part of our strategy to further strengthen our numbers by creating a greater value proposition for our guests.

BY THE NUMBERS

- Increased revenues and operating income in fiscal 2012
- Currently own or operate 18 distinctive properties, 8 company majority-owned and 10 managed for other owners
- Manage more than 4,700 rooms in 9 states
- Invested over \$50 million in our existing hotels over the past 4 fiscal years

2012 FINANCIAL HIGHLIGHTS

The Marcus Corporation is a leader in the lodging and entertainment industries, with significant company-owned real estate assets. MarcusTheatres® currently owns or manages 695 screens at 56 locations in Wisconsin, Illinois, Iowa, Minnesota, Nebraska, North Dakota and Ohio. Marcus® Hotels & Resorts currently owns or manages a distinctive portfolio of 18 hotels, resorts and other properties in 9 states.

Fiscal Year
May 31, 2012

Fiscal Year
May 26, 2011

Percent
Change

OPERATIONS (IN MILLIONS)

Revenues	\$413.9	\$377.0	9.8%
Operating Income	46.5	33.5	38.9%
Net Earnings	22.7	13.6	67.7%

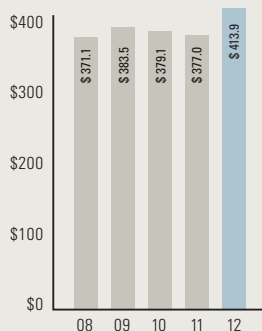
PER COMMON SHARE (DILUTED)

Net Earnings	0.78	0.46	69.6%
Cash Dividends	0.34	0.34	—

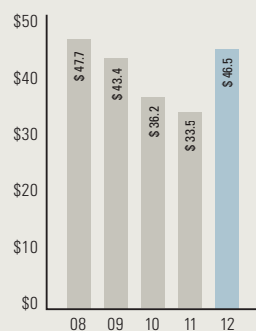
FINANCIAL POSITION (IN MILLIONS)

Shareholders' Equity	\$343.8	\$339.5	1.3%
Total Assets	\$733.0	\$694.4	5.6%
Debt/Capitalization Ratio	.37	.39	—

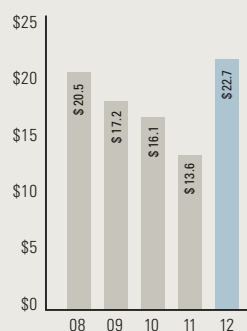
REVENUES (in millions)



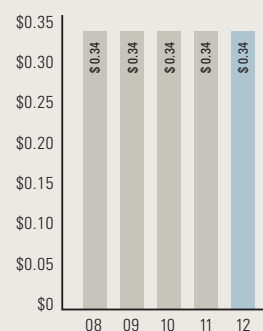
OPERATING INCOME (in millions)



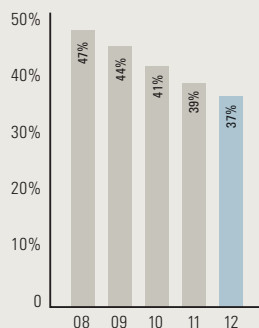
NET EARNINGS (in millions)



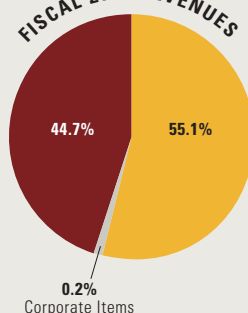
DIVIDENDS PER SHARE



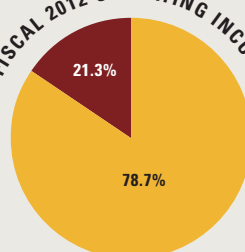
DEBT/CAPITALIZATION RATIO



FISCAL 2012 REVENUES



FISCAL 2012 OPERATING INCOME*



Marcus Hotels & Resorts

MarcusTheatres

* Excludes corporate items



Left to Right: *Tim Hoeksema, Bud Selig, Diane Marcus Gershowitz, Phil Milstein, Steve Marcus, Bronson Haase, Greg Marcus, Bruce Olson, Jack McKeithan, Brian Stark and Jim Ericson*

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

Brian J. Stark (a)
Founding Principal, Chief Executive Officer and Chief Investment Officer, Stark Investments

Committees of the Board:

- (a) Audit
- (b) Compensation
- (c) Corporate Governance and Nominating
- (d) Finance

** denotes committee chairman*

OFFICERS & 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 H. Reynolds, Jr.
Senior Managing Director, MCS Capital LLC

Jane Durment
Chief Information Officer (Retired)

Karen Y. Spindler
Director of Corporate Human Resources

CORPORATE INFORMATION

Annual Meeting

Shareholders are invited to attend The Marcus Corporation's 2012 Annual Meeting at 9:00 a.m. CDT on Wednesday, October 17, 2012 at the Majestic Cinema, 770 N. Springdale Road, Brookfield, Wisconsin.

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 indexes.



Transfer Agent

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

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.

Form 10-K Report

A copy of the company's fiscal 2012 Form 10-K annual report (without exhibits) as filed with the Securities and Exchange Commission is included in this report.

Independent Registered Public Accounting Firm

Deloitte & Touche LLP,
Milwaukee, Wisconsin

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.

Marcus®, Marcus Theatres®, M®, UltraScreen®, The Pfister® and Grand Geneva® are registered trademarks. Hotel Phillips™, MDX™, Marcus Digital Xperience™, Big Screen Bistro™ are trademarks of The Marcus Corporation. Zaffiro's™ is a trademark of Zaffiro's Pizza Company, LLC.

©2012 The Marcus Corporation. All rights reserved.

Left to Right: *Jane Durment, Tom Kissinger, Bruce Olson, Greg Marcus, Doug Neis, Karen Spindler and Bill Reynolds*





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.