



Built on  
**TRUST.**



The **Marcus** Corporation  
2013 Annual Report



# DEAR SHAREHOLDERS,

Some companies are built on an innovative product or service. Others revolve around an individual entrepreneur. Our nearly 80-year history includes these and many other attributes, but at the end of the day, we believe it comes down to trust. Our customers trust us to provide both quality and value. We trust our associates to give each guest an exceptional experience. Our shareholders trust us to provide a good return on their investment and to adhere to high ethical standards.

This foundation of trust has enabled us to grow and succeed, while remaining committed to our core philosophies of maintaining a strong financial position and managing for the long term.

## FISCAL 2013 HIGHLIGHTS

From a financial standpoint, a year ago, we were heroes. This year, well, not so much. The truth is, we recognize that our businesses are cyclical, but do trend upward over time. In fiscal 2013, a number of factors impacted our results and comparisons to the prior year. These include a weaker film slate for Marcus Theatres® and the fact that fiscal 2013 was a 52-week year compared to last year's 53 weeks. Several unusual items also reduced our results for the year.

Total revenues were \$412.8 million for fiscal 2013, down slightly from \$413.9 million last year, and operating income was \$38.2 million in fiscal 2013, compared to \$46.5 million in fiscal 2012. Net earnings attributable to The Marcus Corporation were \$17.5 million, or \$0.63 per diluted common share, for fiscal 2013, compared to net earnings of \$22.7 million, or \$0.78 per diluted common share, in the prior year. Unusual items, including costs related to the settlement of lawsuits concerning our Las Vegas property (which are now fortunately behind us) and impairment charges primarily in the theatre division, totaled \$4.8 million, or an estimated \$0.10 per diluted common share. Without the impact of the additional week of operations last year and unusual items in both years, our earnings per share for fiscal 2013 were essentially even with last year, despite the weaker film slate.

Excluding the extra week last year, attendance at Marcus Theatres was down 5.6 percent in fiscal 2013; however, average concession sales per person were up 5.7 percent. Our new food and beverage offerings, including our *Take Five* cocktail lounges and *Zaffiro's*™ pizza, helped to drive the sales-per-person increase.

For Marcus® Hotels & Resorts, revenue per available room (RevPAR) for comparable company-owned hotels increased 3.4 percent for the year, as a result of our second consecutive year of record occupancy and a 2.1 percent increase in the average daily rate. The average daily rate increased for the tenth consecutive quarter and the third straight year. However, it is still not back to pre-recession levels, so there is room for further improvement.

We maintained our strong financial position, ending fiscal 2013 with a debt-to-total capitalization ratio of 44 percent and \$118 million available under our existing credit lines. We have a new \$225 million credit facility in place and recently closed on \$50 million of senior notes at very favorable terms.

In fiscal 2013, we returned capital to our shareholders through our regular quarterly cash dividends of \$0.34 per common share, a special \$1.00 per share cash dividend in December 2012 and the repurchase of 2.2 million shares of our common stock. When you put this all together, our total return to shareholders was a very respectable 11 percent in fiscal 2013, on the heels of a 30 percent return in fiscal 2012.

At the same time, we invested approximately \$23 million in new and existing properties. Marcus Theatres' 14th premium large-format *UltraScreen*® auditorium opened at the Duluth Cinema in Duluth, Minnesota, during the fiscal year, and our 15th *UltraScreen* will open this fall in Gurnee, Illinois. Shortly after the end of the fiscal year, we opened two new *Take Five* cocktail lounges at theatres in Wisconsin and Nebraska. In addition, a recently completed renovation that created the Majestic Cinema of Omaha in Nebraska, includes our sixth *Take Five* lounge, a *Zaffiro's Express* and premium seating in all auditoriums.

The focus for Marcus Hotels & Resorts is adding new hotels and management contracts. During the year, we added The Cornhusker, A Marriott Hotel, in Lincoln, Nebraska, where we are the majority owner and operator, and the Westin Atlanta Perimeter North in suburban Atlanta, Georgia, where we are a minority owner and manager. We also expanded our successful *Miller Time*® Pub & Grill restaurant concept with the recent opening of our second location at The Cornhusker.

We are continuing to move forward with the process for developing The Corners of Brookfield, a \$150+ million development in suburban Milwaukee. The mixed-use open-air development would feature 400,000 square feet of retail and 150 luxury residential apartments and would be anchored by the first Von Maur department store in Wisconsin. This is an exciting project, but one that is very complex, with a number of details that must be finalized before we can break ground. We are still targeting a fall 2015 opening, if all of the pieces come together as we would like them to.

## LONG TERM FOCUS

Fiscal 2014 is off to a good start in both divisions, with a strong summer film line-up and a busy tourist season, especially at our Milwaukee hotels.

**OUR SHAREHOLDERS TRUST US  
TO PROVIDE A GOOD RETURN ON  
THEIR INVESTMENT AND TO ADHERE  
TO HIGH ETHICAL STANDARDS.**



► Gregory S. Marcus | President and CEO

Top Right: We manage the Westin Atlanta  
Perimeter North in Atlanta, Georgia.

Bottom Right: Zaffiro's Express limited menu  
outlets are being added at selected theatres.

Our plans for Marcus Theatres for the coming year include further expanding our *UltraScreens*®, *Take Five* lounges, *Zaffiro's* pizza and premium seating concepts into additional theatres. Marcus® Hotels will continue to pursue opportunities to add new management contracts that further enhance its position as a leading hotel management company.

### TRUSTWORTHY LEADERSHIP

It's a given that all that we have achieved and will achieve in the future is because of our people. During fiscal 2013, we welcomed Kirk A. Rose as president of Marcus Hotels & Resorts. Kirk has a strong lodging background and broad base of experience in the hospitality industry. In August 2013, Rolando B. Rodriguez joined us as president and chief executive officer of Marcus Theatres® and executive vice president of The Marcus Corporation. Rolando is the former CEO of Rave Cinemas and had a 30-year career with AMC Theatres, making him well qualified to build on our theatre division's long history of success.

We believe it's healthy for any organization to bring in new ideas and fresh perspectives and we look forward to the contributions both Kirk and Rolando will make to our company. Our two new leaders have a talented and experienced team of managers and associates already in place and we are excited about the future outlook for both businesses. Kirk and Rolando join a team of seasoned managers that has surprisingly seen relatively little turnover since the transition to our current CEO more than four years ago. That stability speaks volumes about the attractive environment at our company and we believe most certainly gives us a competitive edge.

As president of Marcus Theatres, Rolando succeeds Bruce J. Olson, who will retire in September 2013 after a 39-year career with our company. In addition to serving as president of Marcus Theatres, Bruce was also senior vice president of The Marcus Corporation and led our former restaurant division. He will continue to serve on our Board of Directors, a position he has held since 1996.

Bruce learned the motion picture business from our late founder, Ben Marcus, and not only embraced, but enhanced Ben's legacy of being at the forefront of innovation in the industry. His talents, leadership and countless contributions to our company are deeply appreciated. We wish Bruce all the best in his retirement.

### BUILT ON TRUST

We were very pleased to be recognized by *Forbes* magazine as one of "America's 100 Most Trustworthy Companies" in 2013 – an honor that truly belongs to our Board, management team and associates. They are the individuals who maintain our strong ethics, effective corporate governance and conservative culture each and every day.

To our shareholders, customers and associates, thank you for placing your trust in us.



Stephen H. Marcus  
Chairman



Gregory S. Marcus  
President and Chief Executive Officer

August 22, 2013



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**WE WERE VERY PLEASED TO BE  
RECOGNIZED BY *FORBES* MAGAZINE—  
AN HONOR THAT TRULY BELONGS TO  
OUR BOARD, MANAGEMENT TEAM  
AND ASSOCIATES.**



► **Stephen H. Marcus | Chairman**

# MARCUS THEATRES®

Moviegoers have been trusting Marcus Theatres® to provide magical movie memories ever since Ben Marcus founded the chain in 1935. Today, the division is an industry leader, offering the dynamic big-screen experience and added amenities that appeal to guests of all ages.

These distinctive features include MDX® (the Marcus Digital Xperience®) on first-run screens, 3D on more than 160 screens, dramatic 70-foot-wide premium large format *UltraScreens®* and the latest audio technology. Since the movie-going experience isn't complete without a snack, dinner or cocktail, we have that covered too. While popcorn, soft drinks and candy are traditional big sellers at the concession stand, we've gone beyond that with innovative food and beverage concepts such as *Zaffiro's<sup>SM</sup> Pizzeria and Bar*, *Take Five* cocktail lounges and *Big Screen Bistro<sup>SM</sup>* in-theatre dining that make our theatres a complete one-stop entertainment destination.

## TRUSTING IN THE FUTURE

With our strong balance sheet, we believe we are well positioned to continue our growth and further expand our distinctive features and amenities. Our growth strategies include:

- Further enhancing the customer experience with the latest in mobile technology and by adding additional *UltraScreens*, premium seating concepts and immersive audio technology at selected theatres.
- Expanding successful food and beverage options to additional theatres. Our creative concepts contributed to a 5.7 percent increase in average concession sales per person in fiscal 2013.
- Engaging with customers through enhanced digital interaction, social media and an improved online experience.
- Pursuing opportunities to acquire additional screens. We have added more than 230 screens over the past six years.

With our strong customer focus and track record of innovation, it's easy to see why Marcus Theatres is a trusted brand in the motion picture industry.

## HIGHLIGHTS

- Fifth largest theatre circuit in the United States
- Currently own or operate 685 screens at 55 locations in seven Midwestern states
- Digital cinema in 99 percent of first-run screens

► Several more *Take Five* cocktail lounge locations are planned for fiscal 2014.



► An extensive renovation of the Point Cinema in Madison, Wisconsin, was completed in July 2013.

# MARCUS<sup>®</sup>

## HOTELS & RESORTS

Whether our guests are busy executives, convention attendees, individual travelers or vacationing families, when we talk about trust, it truly comes down to the relationship. Our guests trust us to provide a great value proposition and an experience that exceeds their expectations.

Providing excellent service is a core competency of Marcus<sup>®</sup> Hotels & Resorts, as illustrated by guest service scores that are among the highest for our brands. We made good progress on our growth strategies in fiscal 2013, increasing our total room count by 14 percent during the year. Ongoing investments in existing properties included adding exclusive new club lounges at two properties and re-introducing and expanding the *Miller Time<sup>®</sup> Pub & Grill* restaurant concept. In total, we have invested more than \$60 million in our existing hotels over the past five fiscal years, with additional projects planned for fiscal 2014.

### TRUSTING IN THE FUTURE

With an established infrastructure and a strong pipeline of opportunities, we believe we have the pieces in place for opportunistic growth. Our strategies include:

- Adding more management contracts through strategic alliances with industry leaders and MCS Capital, The Marcus Corporation's hotel investment affiliate.
- Maximizing competitive advantages, including 50 years of industry experience and a portfolio of leading branded and independent properties.
- Introducing successful restaurant concepts at additional locations.

With proven hotel management expertise, a distinguished portfolio of branded and independent properties and a strong balance sheet, Marcus Hotels & Resorts is a trusted owner and operator with a growing national reputation.

### HIGHLIGHTS

- Own and/or operate 20 properties; nine company-majority-owned and operated and 11 managed for other owners
- Manage approximately 5,400 rooms in 11 states
- Currently overseeing \$24 million in renovations at new managed properties

► Our *Miller Time<sup>®</sup> Pub & Grill* restaurants pair great food and great beer.



► Exclusive new club lounges were added to the *Grand Geneva<sup>®</sup> Resort & Spa* and *The Pfister<sup>®</sup> Hotel*.

2013

# FINANCIAL HIGHLIGHTS

The Marcus Corporation is a leader in the lodging and entertainment industries, with significant company-owned real estate assets.

Marcus Theatres® currently owns or manages 685 screens at 55 locations in Wisconsin, Illinois, Iowa, Minnesota, Nebraska, North Dakota and Ohio. Marcus® Hotels & Resorts currently owns and/or manages a distinctive portfolio of 20 hotels, resorts and other properties in 11 states.

(52 weeks)  
Fiscal Year  
May 30, 2013

(53 weeks)  
Fiscal Year  
May 31, 2012

Percent  
Change

## OPERATIONS (IN MILLIONS)

Revenues	\$412.8	\$413.9	(0.3)%
Operating Income	38.2	46.5	(17.9)%
Net Earnings	17.5	22.7	(23.0)%

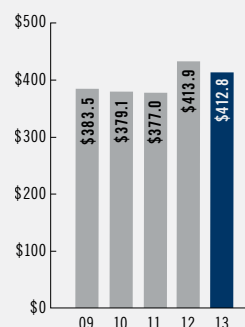
## PER COMMON SHARE (DILUTED)

Net Earnings	0.63	0.78	(19.2)%
Cash Dividends	1.34	0.34	294.1%

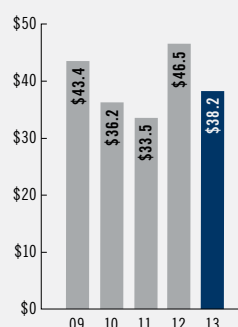
## FINANCIAL POSITION (IN MILLIONS)

Shareholders' Equity	\$306.7	\$343.8	(10.8)%
Total Assets	\$746.7	\$733.0	1.9%
Debt/Capitalization Ratio	0.44	0.37	—

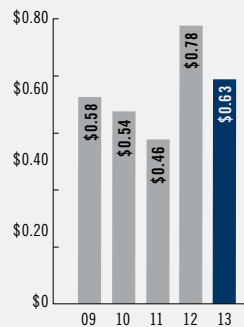
Revenues  
(in millions)



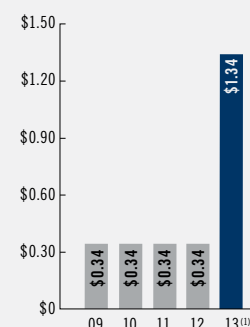
Operating Income  
(in millions)



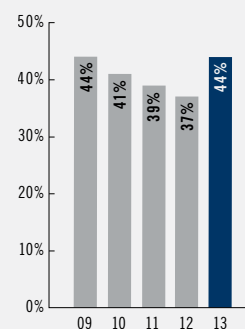
Net Earnings Per Share



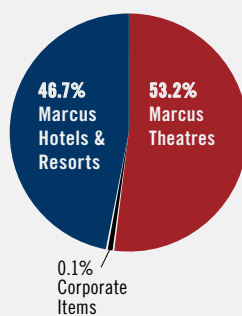
Dividends Per Share



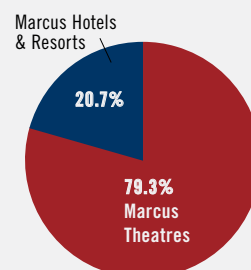
Debt/Capitalization Ratio



Fiscal 2013  
Revenues



Fiscal 2013  
Operating Income<sup>(2)</sup>



(1) Includes special dividend of \$1.00 per share paid in December 2012.

(2) Excludes corporate items.

## BOARD OF DIRECTORS

### **Stephen H. Marcus (d)\***

*Chairman, The Marcus Corporation*

### **Daniel F. McKeithan, Jr. (a) (c)**

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

### **Diane Marcus Gershowitz (d)**

*Real Estate Management and Investments*

### **Timothy E. Hoeksema (c)**

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

### **Allan H. (Bud) Selig (b)\* (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 (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 (b) (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) (c)**

*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 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  
(Retiring September 2013)*

### **Thomas F. Kissinger**

*Senior Executive Vice President, General Counsel  
and Secretary*

### **Rolando B. Rodriguez**

*Executive Vice President, The Marcus Corporation  
and President and CEO, Marcus Theatres Corporation*

### **Kirk A. Rose**

*President, Marcus Hotels & Resorts*

### **Douglas A. Neis**

*Chief Financial Officer and Treasurer*

### **William H. Reynolds, Jr.**

*Senior Managing Director, MCS Capital LLC*

### **Karen Y. Spindler**

*Director of Corporate Human Resources*

*Left to Right: Kirk Rose, Karen Spindler, Doug Neis,  
Greg Marcus, Bill Reynolds, Tom Kissinger and Bruce Olson.  
Not pictured: Rolando Rodriguez*

## CORPORATE INFORMATION

### **Annual Meeting**

Shareholders are invited to attend The Marcus Corporation's 2013 Annual Meeting at 9:00 a.m. CDT on Thursday, October 17, 2013 at the InterContinental Milwaukee, 139 E. Kilbourn Avenue, Milwaukee, 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](http://www.shareowneronline.com)

### **Corporate Headquarters**

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

**MCS**  
**LISTED**  
**NYSE**

### **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 2013 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

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## INVESTOR INFORMATION

Investors are encouraged to visit [www.marcuscorp.com](http://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

[www.marcuscorp.com](http://www.marcuscorp.com)