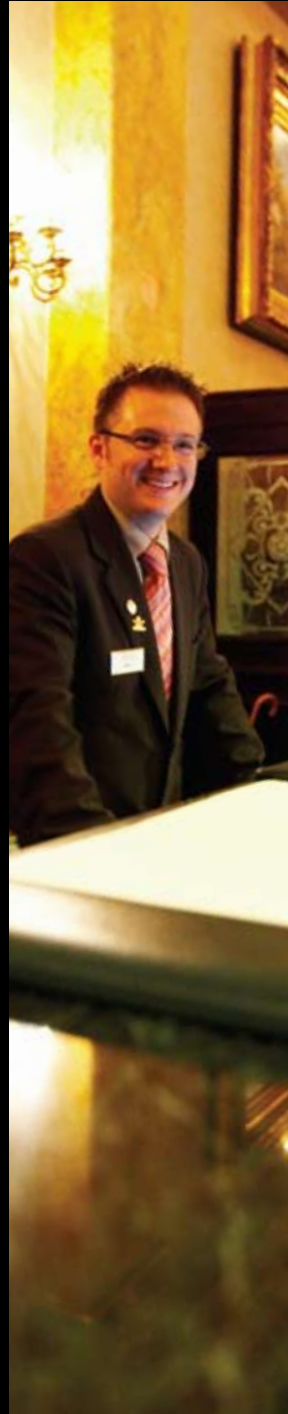


# INVESTING for GROWTH



**INVESTING for GROWTH**  
**HAS ALWAYS BEEN ONE**  
**OF OUR CORE STRATEGIES**  
**AND THE SPRINGBOARD**  
**FOR OUR SUCCESS.**

**Fiscal 2008 Highlights >**

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In fiscal 2008, we achieved **DOUBLE-DIGIT** increases in revenues and operating income. New properties in both divisions contributed to the improvement.



*Take Five Lounge, Marcus Majestic Cinema, Brookfield, Wisconsin*



Marcus Theatres® acquired 83 screens at seven locations in Nebraska. Our screen count has **INCREASED** 35% over the past two years.

Marcus Hotels and Resorts opened a new managed property and **ADDED** three unique management contracts.



*Marcus Hotels and Resorts' signature WELL Spa<sup>SM</sup>*



*Café at the Pfister, The Pfister® Hotel, Milwaukee, Wisconsin*

Both divisions invested in maintaining and enhancing existing properties, developing **INNOVATIVE** concepts and introducing new technology.



# DEAR SHAREHOLDERS

Steve (left) and Greg Marcus

If you've read my letters before, you know we like to select a descriptive word or phrase as a general theme for the annual report. This year, we chose "investing for growth," because investing and reinvesting in our businesses has always been one of our core strategies and the springboard for our success.

We are constantly evaluating opportunities to invest in our businesses, by adding new hotels and theatres, maintaining and enhancing our existing properties, developing innovative concepts and introducing new technology into our operations. All of these activities require significant investments—investments that are expected to generate a good return for our shareholders over the long term.

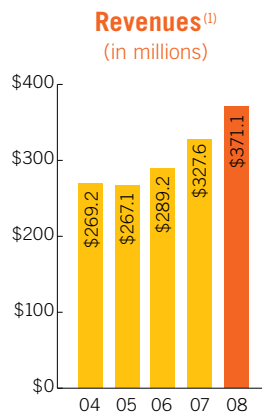
## Investing in Marcus Theatres®

Investments in our Marcus Theatres division in fiscal 2008 enabled the business to execute on its strategies to increase its screen count, make synergistic acquisitions and add new sources of revenues.

In fiscal 2008, we acquired 83 screens in Nebraska for \$40.5 million, further expanding our presence in the Midwest. Combined with the 122 screens acquired the year before, our theatre division has increased its screen count by 35 percent over the past two fiscal years.

We also continued to add our signature *UltraScreens*® to selected locations.

Other accomplishments include adding a new revenue source by providing film buying services for other theatre owners. We prepared to



expand our food and beverage offerings in select theatres based upon concepts developed at our successful Marcus Majestic Cinema in Brookfield, Wisconsin. We introduced alternate programming, such as "The Metropolitan Opera Live in HD" series, and announced plans for several new theatres and theatre enhancements that transform selected locations from movie theatres into neighborhood entertainment destinations.

## Our strategies to invest in our future are DELIVERING RESULTS.

Digital cinema and digital 3D technology continue to be the next step in moviegoing. The industry is making progress on determining the best implementation strategy for digital cinema, and we are continuing to test various technology options for our theatres. Digital 3D has proven to be a big hit with our audiences because it's an experience that cannot be duplicated anywhere else. The production companies also recognize this opportunity, and more new films are now being produced in digital 3D.

## Investing in Marcus Hotels and Resorts

Marcus Hotels and Resorts moved forward with its strategies to grow by adding new properties and management contracts, updating its existing hotels and adding new amenities that appeal to our guests.

In January, we opened our newest managed property, the Hilton Minneapolis/Bloomington. We were also selected to manage three other exceptional properties—the Venturella Resort & Spa in Orlando, Florida, a new luxury boutique hotel in Carmel, Indiana, and the 7th Wave Resort, a major water-park project to be built in the Providence, Rhode Island, area. We provided, or will provide, preopening and technical services for all four of these properties, utilizing our development expertise to generate additional revenues.

We believe Marcus Hotels and Resorts has much to offer potential hotel owners and investors. We have the operational infrastructure they need and are able to bring one or more of our signature branded restaurant and spa concepts to a property. We also have the ability to contribute equity to the properties we manage and have strengthened our reputation by building solid relationships with some of the leading hotel equity firms in the country.

We continue to invest in our existing properties as well. In fiscal 2008, we completed a major renovation at The Pfister® Hotel in Milwaukee, further enhancing its image as the city's premier hotel. Fiscal 2009 capital expenditures will include major renovations at the Hilton Milwaukee City Center and the Grand Geneva® Resort & Spa.

## Investing in Performance

Our strategies to invest in our future are delivering results. Total revenues rose 13.3 percent to \$371.1 million in fiscal 2008. Operating income was \$47.7 million, up 15.9 percent. Net earnings were \$20.5 million or \$0.68 per diluted common share. Net earnings were lower than the prior year due to the fact that fiscal 2007 was a 53-week year, versus 52 weeks this year, and because fiscal 2007 results included approximately \$0.53 per diluted common share in unusual gains and tax credits.

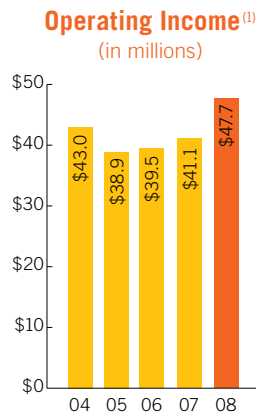
Both divisions reported increased revenues and operating income for fiscal 2008. For Marcus Theatres, the increases primarily reflect the impact of the additional screens. The improvement for Marcus Hotels and Resorts was due to new properties opened during the previous year and increased revenues from management contracts. Revenue per available room (RevPAR) for the division increased 7.2 percent for the year.

To this point in my letter, I've focused primarily on our properties and performance. However, there's another element to our business that is equally important—our people.

### Investing in Leadership

Just as we invest in the bricks-and-mortar side of our business, we also invest in developing our future leaders. A major step in the evolution of the company was the election in January of my son, Gregory S. Marcus, as president of the company. Greg is the third generation of the Marcus family to assume a leadership role in The Marcus Corporation.

Greg's background is in accounting and law. In his 16 years with the company, he has developed a well-rounded base of experience in many aspects of our business, including real estate development, acquisitions and division management. Greg, who joined our Board in 2005, has had a significant role in helping us get to where we are today. He is a strong leader—and I'm confident he will maintain our very special culture, while at the same time continuing to build on our 73 years of growth and success. Above all, Greg shares my commitment to our shareholders, associates, customers and communities.



### Investing for Growth

Looking ahead to fiscal 2009, we believe our strong balance sheet will enable us to weather headwinds related to the economy and consumer spending. The movie theatre business typically holds up well in a downturn, as a night at the movies is relatively inexpensive compared to many other forms of entertainment. However, a reduction in business travel could impact our hotel business, so we will be paying very close attention to the hotel demand environment in the coming months. As always, we will continue to monitor expenses in all areas of our operations.

Regardless of the ups and downs of the economy, we take the long-term view. In the short term, we have the financial strength to adapt to challenges from the economy while remaining focused on our growth strategies. Long term, we will continue our philosophy of "investing for growth," for the benefit of our shareholders, associates, customers and communities.

Stephen H. Marcus  
Chairman and Chief Executive Officer  
August 20, 2008

## Dear Shareholders,

It is with great pride and enthusiasm that I write to you for the first time as president of The Marcus Corporation. As many of you know, I grew up in the business. My family ate more dinners at Big Boy than I can count and birthday parties were always at the movies. As a kid, you are able to see hotels and movie theatres as the fun businesses they truly are.

As I grew older, joined the company and took on more and more responsibility, I realized what my father and grandfather already knew—along with this fun environment there is a tremendous legacy, and responsibility, that comes with the job of president.

Not many companies are still in business three generations after their founding and yet here we are, bigger and more successful than ever. Clearly, the secret to our longevity is our culture and our people.

## Clearly, the secret to our **LONGEVITY** is our culture and our people.

I am very fortunate to work with an outstanding team of executives. They understand the business and are some of the smartest people I know. We foster an entrepreneurial environment by empowering our teams to run their businesses, while being conservative about investing our shareholders' money. So, while I'm the one signing this letter, the continued evolution of The Marcus Corporation rests on the shoulders of an entire team of talented individuals who are very skilled at both running the business day to day and developing strategies for the future.

Growing our company is a given. But, we're in fast-paced industries that are continually adapting to changing dynamics. I know that our team has what it takes to not only respond to change, but sometimes lead it.

It's an honor to become president of the company my grandfather started and my father grew. I look forward to working with our shareholders, associates and customers to continue building the legacy of The Marcus Corporation in the years ahead.

Gregory S. Marcus  
President  
August 20, 2008

(1) Fiscal 2004-2007 exclude discontinued operations (limited-service lodging, the Miramonte Resort and Marcus Vacation Club).

# Investing in MARCUS THEATRES®

We bring new lifestyle concepts, innovative technology and unexpected amenities to all of our theatre locations.



*Digital 3D technology takes moviegoing to the next level.*

MARCUS THEATRES CONTINUES TO INVEST IN CREATING

## Investing in our Growth

Investments made in fiscal 2008 to grow our Marcus Theatres® division focused on adding screens, expanding successful entertainment concepts and attracting new audiences.

A major highlight of the year was the April 2008 acquisition of 83 screens at seven locations in Omaha and Lincoln, Nebraska, from the Douglas Theatre Company. The acquisition expands our Midwest presence to seven states. Douglas Theatres' strong market presence and reputation for high-quality facilities make these locations a synergistic fit for our circuit.

Our strategy to expand our revenue sources also came to fruition with the December purchase of a portion of a film buying company.

## Creating exciting new entertainment **DESTINATIONS** is a key element of our growth strategy.

As a result of this investment and our continued expansion, we are now providing film buying and booking services for a total of 855 theatre screens—678 owned or operated by Marcus Theatres and 177 operated by other owners.

We also continued to expand our popular *UltraScreens*®, opening our eleventh *UltraScreen* auditorium in Pickerington, Ohio. A new *UltraScreen* addition is also under construction at the Orland Park Cinema in a southwest Chicago suburb.

Creating exciting entertainment destinations is a key element of our growth strategy. We recently announced plans to manage an upscale, four-level theatre with a variety of posh lounges and creative dining options at Midtown Crossing at Turner Park, a development being built in Omaha, Nebraska. We also announced plans to build an entirely new theatre and entertainment complex in Madison, Wisconsin, to replace an existing nearby theatre.



*In addition to movies, our UltraScreens are ideal settings for business meetings and events. Last year, The Marcus Corporation held its annual shareholders' meeting in one of the UltraScreen auditoriums at the Marcus Majestic Cinema, in Brookfield, Wisconsin.*



*Successful brands including Chocolate Shoppe Ice Cream and Stone Creek Coffee are being added to a number of theatre locations.*

## Investing in New Entertainment Concepts

Building on the success of the one-year-old Marcus Majestic Cinema in Brookfield, Wisconsin, we are introducing innovative elements into our theatres that offer a unique out-of-home experience for our guests. These include a combination of in-theatre and sit-down dining options, as well as expanded food and beverage offerings. We also plan to extend the brands that have been successful at the Majestic—Zaffiro's thin-crust pizza, Stone Creek Coffee and Chocolate Shoppe Ice Cream—to select new and existing locations during the coming year.

## Investing in Technology

Although our distinctive amenities help to identify Marcus Theatres, movies are the primary reason people come to our theatres. The latest creative technology developments are taking moviegoing to new heights, improving the quality and making the experience even more interactive and engaging. One example is digital 3D. The huge success of *Hannah Montana/Miley Cyrus: Best of Both Worlds Concert* in digital 3D shows the revenue potential of this powerful technology. Twelve new digital 3D systems were added at locations throughout our circuit for the July 11, 2008 opening of *Journey to the Center of the Earth*, increasing our total to 14. More digital 3D screens are planned for fiscal 2009 to capitalize on the growing audience appeal of this exciting format.

We are also broadening our audience base and adding new revenues by presenting alternate forms of entertainment using our high-definition digital projectors. This advanced technology enables us to regularly present programming from around the world to our guests. Events such as live performances by the Metropolitan Opera and concerts by stars like Celine Dion and Garth Brooks were well received by our audiences. Twenty-three of our locations are currently equipped to present these alternatives to traditional movies.

In summary, fiscal 2008 was a year of innovation, expansion and new lifestyle concepts for Marcus Theatres. Our strategy is to grow by continuing to invest in creating memorable and exciting entertainment experiences across the Midwest.

# Investing in **MARCUS HOTELS AND RESORTS**

We bring a proven track record, decades of experience and a passion for excellence to every hotel we operate.



*Marcus Hotels and Resorts opened its fifth ChopHouse restaurant in the Hilton Minneapolis/Bloomington in Bloomington, Minnesota.*

**MARCUS HOTELS AND RESORTS IS INVESTING IN BU**



## Investing in our Growth

For Marcus Hotels and Resorts, fiscal 2008 was a year of benefiting from prior investments in new properties and signing additional management contracts that leverage our experience in developing and operating distinctive hotels across the country.

The latest addition to our growing portfolio is the 256-room Hilton Minneapolis/Bloomington in Bloomington, Minnesota, an upscale western suburb of the Twin Cities. Located near the world-famous Mall of America, the hotel offers an array of four-star amenities that appeal to business and leisure travelers alike. The Hilton Minneapolis/Bloomington is our 20th property, and our twelfth management contract, increasing our total owned or managed room count to approximately 5,200 rooms.

## Three additional management contracts **EXPAND** our footprint into dynamic new markets.

Three additional management contracts expand our footprint into dynamic new markets. We were selected to manage a landmark luxury boutique hotel currently under development in Carmel City Center, a master-planned, multi-use development located in Carmel, Indiana, a sophisticated Indianapolis suburb.

We are entering the popular Orlando, Florida, destination market with a contract to manage the four-star, Venturella Resort & Spa. This stunning, 155-room property is located near the entrance to Walt Disney World®, and will reopen later in fiscal 2009 following an extensive \$22 million renovation.



*All of the guest rooms in the original historic building at The Pfister® Hotel in Milwaukee, Wisconsin, were renovated in fiscal 2008.*



*Managed by Marcus Hotels and Resorts, Resort Suites in Scottsdale, Arizona, is an exceptional destination property.*



*Marcus Hotels and Resorts will manage the Venturella Resort & Spa in Orlando, Florida, when it reopens later in fiscal 2009 following a \$22 million renovation.*

We also signed our first management contract on the East Coast, adding a third water park to our portfolio. The 7th Wave Resort, a \$150 million water-park project, will be built just south of Providence, Rhode Island, and will be the only water-park resort of its size in the area. When it opens in late 2010 or early 2011, its 460,000 square feet of entertainment activities are expected to draw families and guests from throughout the region.

## Investing in our Brands

Inside each Marcus Hotels and Resorts property is an environment of gracious service and distinguishing elements that are unique to each location. From our innovative restaurant concepts and lounges to our relaxing spas and challenging golf courses, we invest in successful, internally-developed brands that provide the quality and amenities guests expect from a Marcus Hotels and Resorts property.

The popular ChopHouse restaurant concept we created at the Hilton Milwaukee City Center is now attracting both guests and local diners in five of our hotels, including the new Hilton Minneapolis/Bloomington. We also continue to enhance and refine our Mason Street Grill™ restaurants, along with our signature WELL Spas™, which are now in three locations.

## Investing in our Assets

We continually invest in our properties to keep them fresh and exciting. In fiscal 2008, we completed an extensive renovation at The Pfister Hotel in Milwaukee, Wisconsin. The renovation included all of the ballrooms, banquet and meeting space, the guest rooms in the original historic building and the parking ramp. Guest room and other major renovations are planned for the Grand Geneva® Resort & Spa, in Lake Geneva, Wisconsin, and the Hilton Milwaukee City Center in fiscal 2009.

## Investing in our Team

In addition to investing in our properties, we also invest in our people. In fiscal 2008, we created a national accounts team that focuses on building relationships with corporate travel and meeting planners. Our strong operations and management teams maintain high standards and achieve operational efficiencies for each property to create a very special experience for our guests.

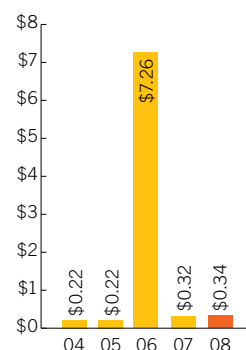
Together, the investments made during fiscal 2008 in our growing hotel portfolio, innovative concepts and outstanding team of associates position Marcus Hotels and Resorts as a leading national hotel operator.

# FINANCIAL HIGHLIGHTS

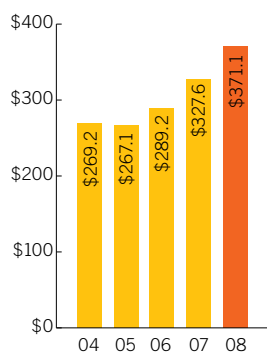
The Marcus Corporation is a leader in the lodging and entertainment industries. Marcus Theatres® currently owns or manages 678 screens at 56 locations in Wisconsin, Illinois, Iowa, Minnesota, Nebraska, North Dakota and Ohio. Marcus Hotels and Resorts currently owns or manages a distinctive portfolio of 20 hotels, resorts and other properties, with three additional hotels under development.

	Fiscal Year May 29, 2008	Fiscal Year May 31, 2007	Percent Change
<b>Operations</b> (in millions)			
Revenues	\$ 371.1	\$ 327.6	13.3%
Operating Income	47.7	41.1	15.9%
Earnings from Continuing Operations	20.5	33.9	(39.6)%
Net Earnings	20.5	33.3	(38.5)%
<b>Per Common Share</b> (diluted)			
Earnings from Continuing Operations	\$ 0.68	\$ 1.10	(38.2)%
Net Earnings	0.68	1.08	(37.0)%
Cash Dividends	0.34	0.32	6.3%
<b>Financial Position</b> (dollars in millions)			
Shareholders' Equity	\$ 317.5	\$ 319.5	(0.6)%
Total Assets	\$ 721.6	\$ 698.4	3.3%
Debt/Capitalization Ratio	.47	.45	

## Dividends Per Share<sup>(3)</sup>



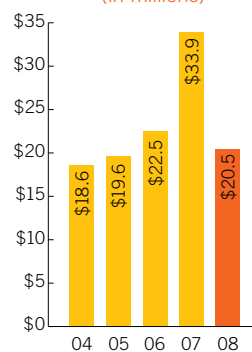
## Revenues<sup>(1)</sup> (in millions)



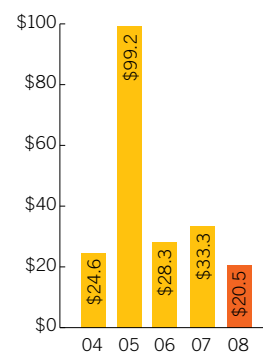
## Operating Income<sup>(1)</sup> (in millions)



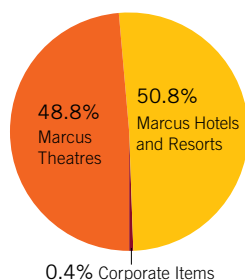
## Earnings from Continuing Operations<sup>(1)</sup> (in millions)



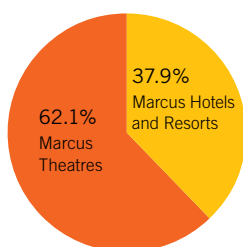
## Net Earnings (in millions)



## Fiscal 2008 Revenues



## Fiscal 2008 Operating Income<sup>(2)</sup>



(1) Fiscal 2004-2007 exclude 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 2008 Annual Meeting at 10:00 a.m. CDT on Tuesday, October 7, 2008 at the InterContinental Milwaukee hotel, 139 E. Kilbourn Avenue, Milwaukee, 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.

## 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 2008 Form 10-K annual report (without exhibits) as filed with the Securities and Exchange Commission is included in this report.

## Transfer Agent

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

## 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](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.

## Trademarks

Marcus Theatres®, UltraScreen®, Grand Geneva® Resort & Spa, Mason Street Grill™, The Pfister® and WELL Spa™ are registered trademarks of The Marcus Corporation. ©2008 The Marcus Corporation. All rights reserved.



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

## 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  
President, The Marcus Corporation

## Committees of the Board:

(a) Audit

(b) Compensation

(c) Corporate Governance and Nominating

(d) Finance

\*Denotes chairman



Front row: Karen Spindler, Steve Marcus, Jane Durment and Greg Marcus.  
Back row: Doug Neis, Tom Kissinger, Bruce Olson and Bill Otto.

## Officers and Executive Management

Stephen H. Marcus  
Chairman and Chief Executive Officer

Gregory S. Marcus  
President

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

# 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