FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 2, 1995

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ______________to_______________

Commission file number 1-12604

THE MARCUS CORPORATION
(Exact name of registrant as specified in its charter)

WISCONSIN	39-1139844
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

250 EAST WISCONSIN AVENUE - MILWAUKEE, WISCONSIN 53202
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code (414) 272-6020

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to filing requirements for the past 90 days.
Yes X No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

COMMON STOCK OUTSTANDING AT FEBRUARY 2, 1995 - 6,975,145
CLASS B COMMON STOCK OUTSTANDING AT FEBRUARY 2, 1995 - 6,069,352

THE MARCUS CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

THE MARCUS CORPORATION
Consolidated Balance Sheets

ASSETS	February 2, 1995 (unaudited)	May 26, 1994
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,506,000	$ 9,974,000
Accounts and notes receivable	7,149,000	6,359,000
Receivables from joint ventures	6,485,000	7,983,000
Other current assets	3,996,000	3,049,000
Total current assets	27,136,000	27,365,000
PROPERTY AND EQUIPMENT:		
Land and improvements	51,556,000	49,618,000
Buildings and improvements	266,113,000	231,905,000
Leasehold improvements	10,939,000	7,565,000
Furniture, fixtures and equipment	149,375,000	118,123,000
Construction in progress	9,909,000	37,302,000
Total property and equipment	487,892,000	444,513,000
Less accumulated depreciation and amortization	133,093,000	122,642,000
Net property and equipment	354,799,000	321,871,000
OTHER ASSETS:		
Investment in and advances to joint ventures	657,000	662,000
Other	9,514,000	11,708,000
Total other assets	10,171,000	12,370,000
TOTAL ASSETS	$ 392,106,000	$ 361,606,000

See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY	February 2, 1995 (unaudited)	May 26, 1994
CURRENT LIABILITIES:		
Notes payable	$ 4,683,000	$ 4,533,000
Accounts payable	12,581,000	13,248,000
Income taxes	4,771,000	2,796,000
Taxes other than income taxes	7,707,000	7,307,000
Accrued compensation	2,886,000	1,448,000
Other accrued liabilities	8,999,000	6,978,000
Current maturities on long-term debt	4,546,000	4,357,000
Total current liabilities	46,173,000	40,667,000
LONG-TERM DEBT	118,419,000	107,681,000
DEFERRED INCOME TAXES	16,840,000	15,999,000
DEFERRED COMPENSATION AND OTHER	3,690,000	3,341,000
SHAREHOLDERS' EQUITY		
Preferred Stock, $1 par; authorized 1,000,000 shares; none issued	--	--
Common Stock, $1 par; authorized 30,000,000 shares; issued 7,521,968 shares at February 2, 1995, 7,365,987 shares at May 26, 1994	7,522,000	7,366,000
Class B Common Stock, $1 par; authorized 20,000,000 shares; issued 6,069,352 shares at February 2, 1995, 6,225,333 shares at May 26, 1994	6,069,000	6,225,000
Capital in excess of par	44,746,000	44,745,000
Retained earnings	152,689,000	139,777,000
	211,026,000	198,113,000
Less cost of treasury stock		
Common stock - 546,823 shares at February 2, 1995 and 559,608 shares at May 26, 1994	4,042,000	4,195,000
Total shareholders' equity	206,984,000	193,918,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 392,106,000	$ 361,606,000

See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Earnings
(unaudited)

	February 2, 1995		February 3, 1994	
	12 Weeks	36 Weeks	12 Weeks	36 Weeks
Revenues:				
Rooms and telephone	$ 22,033,000	$ 83,206,000	$ 18,689,000	$ 68,608,000
Food and beverage	20,214,000	66,224,000	17,918,000	56,175,000

Theatre operations	14,004,000	40,670,000	12,026,000	37,582,000
Other income	3,567,000	11,945,000	3,120,000	9,593,000
	59,818,000	202,045,000	51,753,000	171,958,000
Costs and Expenses:				
Rooms and telephone	9,768,000	30,804,000	8,458,000	25,950,000
Food and beverage	15,728,000	50,461,000	14,877,000	44,240,000
Theatre operations	8,373,000	24,497,000	7,030,000	22,208,000
Administration and selling	8,081,000	28,049,000	8,026,000	25,531,000
Depreciation and amortization	5,712,000	16,353,000	4,566,000	13,697,000
Rent	1,122,000	4,101,000	978,000	3,131,000
Property taxes	1,965,000	6,433,000	2,007,000	6,034,000
Other costs and expenses	2,333,000	5,832,000	182,000	1,487,000
Interest	2,325,000	6,379,000	1,593,000	4,991,000
	55,407,000	172,909,000	47,717,000	147,269,000
Earnings before income taxes and change in accounting principle	4,411,000	29,136,000	4,036,000	24,689,000
Income taxes	1,861,000	11,993,000	1,813,000	10,177,000
Earnings before change in accounting principle	2,550,000	17,143,000	2,223,000	14,512,000
Cumulative effect of change in accounting principle	--	--	--	1,782,000
Net earnings	$ 2,550,000	$ 17,143,000	$ 2,223,000	$ 16,294,000
Net earnings per weighted average share of Common Stock and Class B Common Stock:				
Earnings before accounting principle change	$0.19	$1.31	$0.17	$1.11
Cumulative effect of change in accounting principle	--	--	--	$0.13
Net earnings	$0.19	$1.31	$0.17	$1.24
Weighted average shares outstanding	13,134,000	13,132,000	13,116,000	13,110,000
Dividends per share:				
Common Stock	--	$0.34	--	$0.28
Class B Common Stock	--	$0.31	--	$0.25

See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Cash Flows

For the Thirty-Six Weeks Ended (unaudited)	February 2, 1995	February 3, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 17,143,000	$ 16,294,000
Adjustments to reconcile net earnings to cash provided by operating activities:		
Earnings on investments in joint ventures	(258,000)	(81,000)
Gain on disposals of property and equipment	(135,000)	(1,281,000)
Depreciation and amortization	16,353,000	13,697,000
Effect of change in accounting principle	--	(1,782,000)
Deferred tax provision	841,000	589,000
Deferred compensation and other	349,000	456,000

Changes in assets and liabilities:		
Accounts and notes receivable	708,000	1,232,000
Other current assets	(947,000)	(640,000)
Accounts and notes payable	(517,000)	(1,582,000)
Income taxes	1,975,000	4,407,000
Taxes other than income taxes	400,000	(94,000)
Accrued compensation	1,438,000	1,133,000
Other accrued liabilities	2,021,000	(2,198,000)
Cash provided by operating activities	39,371,000	30,150,000
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(49,968,000)	(46,026,000)
Proceeds from disposals of property and equip.	830,000	3,331,000
Investments in joint ventures	(196,000)	(1,240,000)
Decrease in other assets	2,194,000	2,856,000
Cash received from joint ventures	459,000	1,226,000
Cash used in investment activities	(46,681,000)	(39,853,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt transactions:		
Proceeds from issuance of long-term debt	14,546,000	39,650,000
Principal payments on long-term debt	(3,619,000)	(27,116,000)
Equity transactions:		
Treasury stock transactions (except for stock options)	2,000	(148,000)
Exercise of stock options	152,000	346,000
Cash dividend paid	(4,239,000)	(3,481,000)
Cash provided by financing activities	6,842,000	9,251,000
CASH AND CASH EQUIVALENTS:		
Net decrease during period	(468,000)	(452,000)
Beginning balance	9,974,000	15,839,000
Ending balance	$ 9,506,000	$ 15,387,000

See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
CONDENSED NOTES TO FINANCIAL STATEMENTS FOR THE
TWELVE AND THIRTY-SIX WEEKS ENDED
FEBRUARY 2, 1995
(Unaudited)

A. Refer to the Company's audited financial statements (including footnotes) for the year ended May 26, 1994, contained in the Company's Form 10-K Annual Report for such year, for a description of the Company's accounting policies.

B. The consolidated financial statements for the twelve and thirty-six weeks ended February 2, 1995 and February 3, 1994, have been prepared by the Company without audit. In the opinion of management, all adjustments consisting only of normal recurring accruals necessary to present fairly the unaudited interim financial information at

February 2, 1995, and for all periods presented have been made.

C. In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which became effective for fiscal years beginning after December 15, 1992. The Company adopted this standard on a prospective basis effective May 28, 1993. The adoption resulted in additional income of $1,782,000.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

RESULTS OF OPERATIONS

General

Revenues for the third quarter of fiscal 1995 ended February 2, 1995 totaled $59.8 million, an increase of $8.1 million, or 15.6%, over the third quarter of fiscal 1994. Net earnings were $2.6 million for the third quarter of fiscal 1995, an increase of 14.7%, compared to net earnings of $2.2 million for the same period in the prior year. Earnings per share were $0.19 for the third quarter of fiscal 1995, compared to $0.17 for the third quarter of fiscal 1994, an increase of 11.8%. For the first three quarters of fiscal 1995, revenues were $202.0 million, a 17.5% increase from revenues of $172.0 million for the same period in the prior fiscal year. Net earnings were $17.1 million, or $1.31 per share, for the first three quarters of fiscal 1995, up 18.1% and 18.0%, respectively, from earnings before change in accounting principle of $14.5 million, or $1.11 per share, for the first three quarters of fiscal 1994. Including the one-time $1.8 million tax benefit, or $0.13 per share, resulting from the Company's adoption of SFAS 109 "Accounting for Income Taxes," net earnings for the first three quarters of fiscal 1994 were $16.3 million, or $1.24 per share.

The Company reports its results of operations on a 52- or 53-week fiscal year which ends on the last Thursday in May. Each fiscal year is divided into three 12-week quarters and a final quarter consisting of 16 or 17 weeks. The final quarter of fiscal 1995 will consist of 16 weeks for all four of the Company's business segments; the same was true for fiscal 1994.

Motels

Total revenues for the third quarter of fiscal 1995 for the motel division were $20.4 million, an increase of $3.4 million, or 20.3%, compared to the same period in fiscal 1994. The motel division's operating profits for the fiscal 1995 third quarter totaled $1.4 million, an increase of $525,000, or 58.9%, over the division's same period fiscal 1994 operating profits. Total revenues for the first three quarters of fiscal 1995 were $71.0 million, an increase of $10.8 million, or 17.9%, compared to the first three quarters of fiscal 1994. Operating profits for the first three quarters of fiscal 1995 totaled $13.0 million, an increase of $3.4 million, or 35.7%, compared to the first three quarters of fiscal 1994. The third quarter is traditionally a slower period for the motel division than other quarters because of the holidays and winter weather.

Increased occupancy and average daily room rates at the Company's Budgetel Inns during the fiscal 1995 periods, compared to the prior year's same periods, were principal factors contributing to the division's increased revenues and operating profits. One new Budgetel Inn was opened during the third quarter, with four scheduled to open in the fourth quarter of fiscal 1995. Compared to the third quarter of fiscal 1994, there were two new Woodfield Suites and seven new Budgetel Inns in operation during the fiscal 1995 third quarter. These new facilities contributed additional revenues of $1.7 million to the division's fiscal 1995 third quarter revenues. The financial performance of the Company's

Woodfield Suites continued to be impacted by anticipated start-up related operating losses incurred by the Company's two new units during the fiscal 1995 periods.

Theatres

The theatre division's third quarter fiscal 1995 revenues were $14.1 million, an increase of $1.2 million, or 8.9%, over the same period in fiscal 1994. Operating profits for the third quarter in fiscal 1995 were $2.8 million, an increase of $450,000, or 19.2%, over the same prior year period. The division's revenues for the first three quarters of fiscal 1995 were $40.9 million, an increase of $2.3 million, or 6.0%, from the first three quarters of fiscal 1994. Operating profits for the first three quarters of fiscal 1995 were $7.7 million, an increase of $212,000, or 2.8%, compared to the first three quarters of fiscal 1994. The theatre division's results in the third quarter benefitted from the opening of a new eight-plex theatre in Delafield, Wisconsin early in the quarter and from the exhibition of a variety of popular movies, including "The Santa Claus(e)," "Dumb and Dumber" and "Disclosure," all of which resulted in above-average attendance for the period.

Total box office receipts for the fiscal 1995 third quarter were $9.9 million, an increase of $1.6 million, or 20.0%, from the same period in the prior year. Total box office receipts for the first three quarters of fiscal 1995 were $29.1 million, an increase of $2.6 million, or 9.8%, from the first three quarters of fiscal 1994. These increases were attributable principally to increased attendance generated from the new theatres in Gurnee, Illinois and Delafield, Wisconsin. There were 197 screens in operation at the end of the first three quarters of fiscal 1995 versus 189 in the prior year. Average ticket prices also increased 4.4% during the first three quarters of 1995 from the prior year.

Vending revenues for the third quarter of fiscal 1995 increased 18.4% over the previous year's third quarter period. Vending revenues for the first three quarters of fiscal 1995 increased 9.4% over the prior year. The increases were a result of the increase in theatre attendance generated from the new Delafield eight-plex.

On March 3, 1995, the Company opened two new screens at its Regency Mall cinema in Racine, Wisconsin, increasing the theatre's total to eight screens. During the fourth quarter construction will begin on a new 10-plex theatre in Orland Park, Illinois and a four screen addition to the Company's Valley Park Cinema in Appleton, Wisconsin. A new eight-screen theatre complex in Green Bay, Wisconsin is also scheduled to open in May 1995.

Hotels and Resort

Total revenues from the hotel and resort division during the third quarter of fiscal 1995 increased by $1.8 million, or 30.1%, to $7.6 million, over the previous year's comparable period. Operating profits decreased by $1.9 million, resulting in an operating loss of almost $2.5 million, for the fiscal 1995 third quarter, compared to the prior fiscal year's third quarter. The division's total revenues during the first three quarters of fiscal 1995 increased by $11.0 million, or 48.8%, to $33.6 million, from the first three quarters of fiscal 1994. Operating profits for the first three quarters of 1995 were $474,000, compared to $1.4 million in the first three quarters of 1994, a decrease of 65.5%.

Both the division's revenues and operating profits were affected adversely during the quarter by the temporary closure of the Company's Marc Plaza hotel for a complete restoration and renovation as part of the first phase of preparing the hotel for the scheduled 1997-1998 opening of a new convention center in downtown Milwaukee. However, despite the loss of revenues from the temporary closure of the Marc Plaza, the division recognized revenue increases during the 1995 periods attributable primarily to the Grand Geneva Resort & Spa and increased occupancy rates and average room rates at the Company's two continuing hotels. The remainder of the division's increased revenues was attributable principally to the receipt of management fees from the Crowne Plaza-Northstar and The Mead Inn, which were not under management for all of the same prior year periods. The principal reasons for the third quarter operating loss were continued start-up costs experienced at the Grand Geneva Resort & Spa and the temporary closure of the Marc Plaza. The renovation of the Marc Plaza is expected to be completed in May 1995, but should continue to reduce the division's revenues and operating profits for the remainder of the 1995 fiscal year.

Restaurants

Restaurant division revenues totaled $17.1 million for the fiscal 1995 third quarter, an increase of $1.7 million, or 10.9%, from the same period in fiscal 1994. The division incurred an operating loss for the fiscal 1995 third quarter of $422,500, an improvement of $578,000 from the operating loss of $1.0 million in the prior year's third quarter. For the first three quarters of fiscal 1995, the division's revenues totaled $54.6 million, an increase of $6.0 million, or 12.3%, over the first three quarters of fiscal 1994. Operating profits for the first three quarters of fiscal 1995 were $493,000, an increase of $1.1 million, compared to the operating loss of $560,000 for the first three quarters of fiscal 1994. The increases in fiscal 1995 period revenues and improved operating results compared to the 1994 periods were due entirely to increasing average check amounts and patronage at the Company's continuing Applebee's and KFC restaurants and revenues from the Company's newly opened Applebee's. The Company's remaining restaurant concepts experienced increasingly negative trends in revenues and operating profits during the fiscal 1995 periods compared to the prior year's periods principally as a result of competitive pressures. As a result, the Company closed its two Big Boy Express restaurants.

On February 27, 1995, the Company consummated the disposition of 11 Marc's Cafe and Coffee Mill restaurants by leasing the locations to a former divisional management group. The Company also closed its last Big Boy and its remaining Marc's Cafe restaurant. The disposition and closure of these restaurants is expected to result in a reduction of $21 million in annualized revenues, but is not expected to have an adverse impact on the division's operating results.

FINANCIAL CONDITION

Net cash provided from operations increased by $9.2 million during the first three quarters of fiscal 1995 to $39.4 million, compared to the amount of cash provided from operations during the prior year's first three quarters. The increase resulted principally from increased comparable period earnings prior to the 1994 non-cash accounting change and an increase in depreciation and amortization expense resulting from the Company's expansion program.

Cash used for investing activities in the first three quarters of fiscal 1995 increased to $46.7 million, an increase of $6.8 million compared to the cash used in the first three quarters of fiscal 1994, primarily as a result of capital expenditures during fiscal 1995 totaling $50.0 million ($15.8 million during the third quarter) to support the Company's continuing expansion program. The Company had capital expenditures of $46.0 million during the first three quarters of 1994. The most significant amount of capital spent by the Company during the first three quarters of fiscal 1995 was on the continued renovation of the Grand Geneva Resort & Spa, combined with expansion projects for Budgetel Inns and the theatre division and the renovations of the Marc Plaza. Scheduled capital expansion projects for the remainder of fiscal 1995 total approximately $30 million, including principally the renovation of the Marc Plaza and continued expansion of the Company's Budgetel Inns, Applebee's and theatres, together with ordinary capital maintenance projects. These projects are expected to be financed through cash generated by operations and utilization of the Company's currently available lines of credit.

Cash provided by financing activities totaled $6.8 million in the first three quarters of fiscal 1995, a decrease of $2.4 million from the amount provided in the first three quarters of fiscal 1994. During the first three quarters of fiscal 1995, the Company paid $4.2 million in dividends to shareholders and made debt principal payments of $3.6 million. During the first of three quarters, the Company issued $14.5 million of new long-term debt by borrowing $9.0 million under its existing credit lines and issuing $5.5 million of commercial paper.

Net cash and cash equivalents at February 2, 1995 were $9.5 million, compared to $15.4 million at February 3, 1994. At February 2, 1995, the Company's current ratio was .59, compared to .67 at the end of fiscal 1994. Given the cash nature of the Company's various businesses and the availability to the Company of $31.7 million in unused credit lines as of the end of the third quarter, the Company believes that the cash generated from its ongoing operations and available credit facilities are adequate to support the ongoing operational liquidity needs of the Company's business.

The Company currently has three interest rate swap agreements on a notional amount aggregating $30 million. The Company does not believe that these agreements are material to the Company's financial condition or results of operation or that it is subject to any material risk of loss resulting from interest rate fluctuations.

PART II - OTHER INFORMATION

Item 6. Exhibits

Exhibit 27 - Financial Data Schedule

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE MARCUS CORPORATION
(Registrant)

DATE: March 17, 1995

By: \s\ Stephen H. Marcus
Stephen H. Marcus,
Chairman of the Board, President
and Chief Executive Officer

DATE: March 17, 1995

By: \s\ Kenneth A. MacKenzie
Kenneth A. MacKenzie
Chief Financial Officer, Treasurer
and Controller

THE MARCUS CORPORATION
FORM 10-Q
FOR
36 - WEEKS ENDED FEBRUARY 2, 1995

EXHIBIT INDEX

Exhibit	Description
27	Financial Data Schedule

<ARTICLE> 5

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MARCUS CORPORATION'S FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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