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 3, 1994

OR

[ ] 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 such 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 3, 1994 - 6,746,127

CLASS B COMMON STOCK OUTSTANDING AT FEBRUARY 3, 1994 - 6,271,264

THE MARCUS CORPORATION

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PART I - Financial Information

Item 1. Financial Statements

THE MARCUS CORPORATION
Consolidated Balance Sheets

ASSETS	February 3, 1994	May 27, 1993
CURRENT ASSETS:	(unaudited)	
Cash and cash equivalents	$ 15,387,000	$ 15,839,000
Accounts and notes receivable	7,905,000	5,497,000
Receivables from joint ventures	6,732,000	10,372,000
Other current assets	2,314,000	1,674,000
Total current assets	32,338,000	33,382,000
PROPERTY AND EQUIPMENT:		
Land and improvements	48,314,000	41,919,000
Buildings and improvements	232,938,000	209,891,000
Leasehold improvements	10,516,000	8,150,000
Furniture, fixtures and equipment	119,352,000	103,935,000
Construction in progress	10,729,000	13,174,000
Total property and equipment	421,849,000	377,069,000
Less accumulated depreciation and amortization	123,729,000	109,228,000
Net property and equipment	298,120,000	267,841,000
OTHER ASSETS:		
Investment in and advances to joint ventures	1,318,000	1,223,000
Other	4,153,000	7,009,000
Total other assets	5,471,000	8,232,000
TOTAL ASSETS	$335,929,000	$309,455,000

See accompanying notes to consolidated financial statements

THE MARCUS CORPORATION
Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY	February 3, 1994	May 27, 1993
CURRENT LIABILITIES:	(unaudited)	
Notes payable	$ 4,343,000	$ 5,017,000
Accounts payable	5,942,000	6,850,000
Income taxes	4,668,000	261,000
Taxes other than income taxes	7,225,000	7,319,000
Accrued compensation	2,687,000	1,554,000
Other accrued liabilities	3,508,000	5,706,000
Current maturities on long-term debt	5,019,000	10,503,000
Total current liabilities	33,392,000	37,210,000
LONG-TERM DEBT	97,013,000	78,995,000
DEFERRED INCOME TAXES	14,945,000	16,138,000
DEFERRED COMPENSATION AND OTHER	3,588,000	3,132,000
SHAREHOLDERS' EQUITY		
Preferred Stock, $1 par; authorized 1,000,000 shares; none issued		
Common Stock, $1 par; authorized 20,000,000 shares; issued 7,320,056 shares at February 3, 1994, 7,269,457 shares at May 27, 1993	7,320,000	7,269,000
Class B Common Stock, $1 par; authorized 9,000,000 shares; issued 6,271,264 shares at February 3, 1994, 6,321,863 shares at May 27, 1993	6,271,000	6,322,000
Capital in excess of par	44,523,000	44,557,000
Retained earnings	133,242,000	120,429,000
	191,356,000	178,577,000
Less cost of treasury stock Common stock - 574,779 shares at February 3 and 604,117 shares at May 27	4,365,000	4,597,000
Total shareholders' equity	186,991,000	173,980,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$335,929,000	$309,455,000

See accompanying notes to consolidated financial statements

THE MARCUS CORPORATION
Consolidated Statements of Earnings
(unaudited)

	February 3, 1994		February 4, 1993	
	12 Weeks	36 Weeks	12 Weeks	36 Weeks
Revenues:				
Food and beverage	$17,918,000	$ 56,175,000	$14,881,000	$ 47,005,000
Rooms and telephone	18,689,000	68,608,000	16,859,000	62,722,000
Theatre operations	12,026,000	37,582,000	12,731,000	31,497,000
Other income	3,120,000	9,593,000	1,841,000	6,450,000
	51,753,000	171,958,000	46,312,000	147,674,000
Costs and Expenses:				
Food and beverage	14,877,000	44,240,000	12,107,000	36,505,000
Rooms and telephone	8,458,000	25,950,000	7,312,000	23,039,000
Theatre operations	7,030,000	22,208,000	7,409,000	18,932,000
Administration and selling	8,026,000	25,531,000	7,361,000	22,579,000
Depreciation and amortization	4,566,000	13,697,000	4,123,000	12,241,000
Rent	978,000	3,131,000	640,000	2,291,000
Property taxes	2,007,000	6,034,000	1,870,000	5,644,000
Other costs and expenses	182,000	1,487,000	818,000	2,246,000
Interest	1,593,000	4,991,000	1,777,000	5,618,000
	47,717,000	147,269,000	43,417,000	129,095,000
Earnings before income taxes and change in accounting principle	4,036,000	24,689,000	2,895,000	18,579,000
Income Taxes	1,813,000	10,177,000	1,275,000	7,626,000
Earnings before change in accounting principle	2,223,000	14,512,000	1,620,000	10,953,000
Cumulative effect of change in accounting principle	-	1,782,000	-	-
Net Earnings	$ 2,223,000	$ 16,294,000	$ 1,620,000	$ 10,953,000
Net Earnings per weighted average share of Common Stock and Class B Common Stock				
Earnings before accounting principle change	$0.17	$1.11	$0.14	$0.97
Cumulative effect of change in accounting principle	-	0.13	-	-
Net earnings	$0.17	$1.24	$0.14	$0.97
Weighted average shares outstanding	13,116,000	13,110,000	11,321,000	11,311,000
Dividends per Share				
Common Stock		$0.28		$0.26
Class B Common Stock		$0.25		$0.23

See accompanying notes to consolidated financial statements

THE MARCUS CORPORATION
Consolidated Statements of Cash Flows
For the Thirty-Six Weeks Ended
(unaudited)

	February 3, 1994	February 4, 1993
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 16,294,000	$ 10,953,000

Adjustments to reconcile net earnings to cash provided by operating activities:		
Earnings on investments in joint ventures	(81,000)	(499,000)
Gain on disposals of property and equip.	(1,281,000)	(77,000)
Depreciation and amortization	13,697,000	12,241,000
Effect of change in accounting principle	(1,782,000)	-
Deferred tax provision	589,000	116,000
Deferred compensation and other	456,000	791,000
Changes in assets and liabilities:		
Accounts and notes receivable	1,232,000	(958,000)
Other current assets	(640,000)	(304,000)
Accounts and notes payable	(1,582,000)	1,172,000
Income taxes	4,407,000	2,769,000
Taxes other than income taxes	(94,000)	503,000
Accrued compensation	1,133,000	(748,000)
Other accrued liabilities	(2,198,000)	198,000
Cash provided by operating activities	30,150,000	26,157,000
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(46,026,000)	(29,681,000)
Proceeds from disposals of property and equip	3,331,000	947,000
(Investments in) distributions from joint ventures	(1,240,000)	(2,443,000)
Decrease in other assets	2,856,000	1,682,000
Cash received from joint ventures	1,226,000	2,262,000
Cash used in investing activities	(39,853,000)	(27,233,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt transactions:		
Proceeds from issuance of long-term debt	39,650,000	5,228,000
Principal payments on long-term debt	(27,116,000)	(2,685,000)
Equity transactions:		
Treasury stock transactions (except for stock options)	(148,000)	(53,000)
Exercise of stock options	346,000	389,000
Cash dividend paid	(3,481,000)	(2,728,000)
Cash provided (used) in financing activities	9,251,000	151,000
CASH AND CASH EQUIVALENTS;		
Net increase (decrease) during period	(452,000)	(925,000)
Beginning balance	15,839,000	8,099,000
Ending balance	$ 15,387,000	$ 7,174,000

See accompanying notes to consolidated financial statements

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

A. Refer to the Company's audited financial statements (including footnotes) for the year ended May 27, 1993, contained in Appendix A to the Company's proxy statement for its 1992 annual meeting of shareholders, for a description of the Company's accounting policies.

B. The consolidated financial statements for the twelve and thirty-six weeks ended February 3, 1994 and February 4, 1993, 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 3, 1994, and for all periods presented have been made.

C. Per share earnings for the prior year have been adjusted to reflect the 50% stock dividend paid November 6, 1992.

D. 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 August 19, 1993. The adoption resulted in additional income of $1,782,000.

THE MARCUS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Marcus Corporation (the "Company") reports its results of operations on a 52/53 week fiscal year which ends each year on the last Thursday in May. The year is divided into three 12 week quarters and a final quarter consisting of 16 or 17 weeks. The final quarter of fiscal 1994 will consist of 16 weeks for all business segments; the same was true for fiscal 1993.

Revenues for the third quarter of fiscal 1994, ended February 3, 1994, totaled $51,753,000, an increase of $5,441,000 or 11.7% as compared to the same period last year. Net earnings for the period were $2,223,000, 37.2% greater than last year's $1,620,000. Earnings per share for the quarter were $0.17 which represented a 21.4% increase over the $0.14 reported for last year's third quarter. Per share earnings increased even though the Company issued 1,755,000 shares in a secondary stock offering in March 1993.

During the first three quarters of fiscal 1994, the Company reported revenues of $171,958,000, an increase of 16.4% from the same period in fiscal 1993. The Company's earnings per share (excluding adjustments for changes in accounting principles) for the first three quarters of fiscal 1994 were $1.11 versus $0.97 last year, an increase of 14.4%.

The Company's total earnings per share for the first half of fiscal 1994 were actually $1.24 due to a $0.13 per share adjustment resulting from a change in accounting principle. Effective with the closing of fiscal 1994's first quarter, the Company adopted the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes: (FASB 109)."

Although the third quarter is historically the Company's lowest earning quarter due to the impact of cold weather on travel and leisure activities, the Company achieved a record third quarter even though the Midwest suffered its most severe winter in 15 years. The theatre segment's strong performance was a primary reason for the Company's excellent quarter. The segment enjoyed an increase in revenues of 14.6% from the prior year's third quarter and the segment's earnings from operations during the third quarter exceeded the prior period's earnings by 57.6%. The segment expanded outside of Wisconsin in December of 1993 with the opening of a 10-screen theatre in Gurnee, Illinois. The segment now operates 189 screens versus 186 at the close of the third quarter of fiscal 1993.

Although the restaurant segment was affected by the severe cold experienced throughout the Midwest, the segment's revenues for the third quarter exceeded last year's third quarter revenues by 21.8% Although the increased revenues did not translate into increased earnings due to startup expenses for its new Gino's East Restaurant which opened in Milwaukee in January and on-going first-year expenses for the segment's new Applebee's Grill & Bar restaurants, the segment continues to modify its make-up to continue its recent trend of improving profitability.

The hotel/motel segment produced both increased revenues and earnings during the third quarter highlighted by an outstanding performance by the segment's Budgetel Inns. Budgetel's success is attributable to an increase in room occupancy of almost 4% as compared to the corresponding period for fiscal 1993. Overall, the segment's revenues and earnings for the third quarter increased by 10.4% and 7.6%, respectively, as compared to last year's third quarter. The segment's Pfister Hotel in Milwaukee also experienced a profitable quarter due primarily to increased occupancy. The Pfister had been undergoing extensive renovations during the third quarter of fiscal 1993 which have now been completed. During the quarter, the segment also began operating the Mead Inn in Wisconsin Rapids, Wisconsin, and looks forward to the opening of the Grand Geneva Resort and Spa in Lake Geneva, Wisconsin, in the Summer of 1994.

During the third quarter, the Company closed a $20,000,000 long-term loan. Concurrent with this closing, the Company prepaid $7,162,000 in mortgage loans. This action was undertaken to reduce long-term interest costs.

The Company's capital expenditures through the third quarter of fiscal 1994 have totalled $46,000,000. Expenditures during the fourth quarter should total $25,000,000 to $30,000,000. This level of capital expenditures will require additional long-term debt of approximately $15,000,000 which is currently being negotiated.

Working capital at the close of the quarter was .97 to 1.00 compared to .66 to 1.00 at the close of last year's third quarter. The ratio at the close of fiscal 1993 was .90 to 1.00. These ratios are deemed adequate given the cash nature of the Company's business as well as the Standby Line of Credit available.

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 18, 1994   BY: /S/ Stephen H. Marcus
Stephen H. Marcus
Chairman of the Board,
President and Chief Executive Officer

DATE: March 18, 1994   BY: /S/ Kenneth A. MacKenzie
Kenneth A. MacKenzie
Chief Financial Officer,
Treasurer and Controller