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 August 17, 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, SUITE 1700 - 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 SEPTEMBER 21, 1995 - 7,010,549
CLASS B COMMON STOCK OUTSTANDING AT SEPTEMBER 21, 1995 - 6,068,252

THE MARCUS CORPORATION

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PART II - OTHER INFORMATION

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

THE MARCUS CORPORATION
Consolidated Balance Sheets

ASSETS	August 17, 1995 (unaudited)	May 25, 1995
CURRENT ASSETS:		
Cash and cash equivalents	$ 27,470,000	$ 8,798,000
Accounts and notes receivable	10,884,000	6,166,000
Receivables from joint ventures	1,554,000	1,861,000
Other current assets	4,301,000	4,817,000
Total current assets	44,209,000	21,642,000
PROPERTY AND EQUIPMENT:		
Land and improvements	53,415,000	54,740,000
Buildings and improvements	298,864,000	290,219,000
Leasehold improvements	6,188,000	7,562,000
Furniture, fixtures and equipment	134,505,000	128,035,000
Construction in progress	6,879,000	27,434,000
Total property and equipment	499,851,000	507,990,000
Less accumulated depreciation and amortization	136,609,000	133,706,000
Net property and equipment	363,242,000	374,284,000
OTHER ASSETS:		
Investment in and advances to joint ventures	676,000	629,000
Other	7,044,000	10,527,000
Total other assets	7,720,000	11,156,000
TOTAL ASSETS	$415,171,000	$407,082,000

See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Balance Sheets

LIABILITIES AND SHAREHOLDERS' EQUITY	August 17, 1995 (unaudited)	May 25, 1995
CURRENT LIABILITIES:		
Notes payable	$ 3,931,000	$ 4,452,000
Accounts payable	8,407,000	17,886,000

Income taxes	16,150,000	2,069,000
Taxes other than income taxes	9,899,000	9,091,000
Accrued compensation	2,388,000	1,458,000
Other accrued liabilities	9,647,000	8,052,000
Current maturities on long-term debt	6,913,000	9,245,000
Total current liabilities	57,335,000	52,253,000
LONG-TERM DEBT	98,157,000	116,364,000
DEFERRED INCOME TAXES	20,603,000	19,957,000
DEFERRED COMPENSATION AND OTHER	4,238,000	4,044,000
SHAREHOLDERS' EQUITY		
Preferred Stock, $1 par; authorized 1,000,000 shares; none issued		
Common Stock, $1 par; authorized 30,000,000 shares; issued 7,522,368 shares at August 17, 1995, 7,522,368 shares at May 25, 1995	7,522,000	7,522,000
Class B Common Stock, $1 par; authorized 20,000,000 shares; issued 6,068,952 shares at August 17, 1995, 6,068,952 shares at May 25, 1995	6,069,000	6,069,000
Capital in excess of par	45,147,000	45,154,000
Retained earnings	179,975,000	159,675,000
	238,713,000	218,420,000
Less cost of treasury stock Common stock - 513,979 shares at August 17 and 525,847 shares at May 25	3,875,000	3,956,000
Total shareholders' equity	234,838,000	214,464,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$415,171,000	$407,082,000

See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Earnings
(unaudited)

	12 Weeks Ended	
	August 17, 1995	August 18, 1994
Revenues:		
Rooms and telephone	$37,012,000	$31,706,000
Theatre operations	18,857,000	17,438,000
Food and beverage	11,866,000	23,337,000
Other income	5,833,000	3,869,000
	73,568,000	76,350,000
Costs and Expenses:		
Rooms and telephone	12,014,000	10,603,000
Theatre operations	11,247,000	10,221,000
Food and beverage	8,306,000	17,471,000
Advertising and marketing	3,324,000	3,951,000
Administrative	7,359,000	6,403,000
Depreciation and amortization	5,875,000	5,198,000
Rent	1,019,000	1,361,000
Property taxes	2,203,000	2,263,000
Other costs and expenses	2,794,000	1,707,000

	54,141,000	59,178,000
Operating income	19,427,000	17,172,000
Other income (loss):		
Investment income	787,000	508,000
Interest expense	(2,534,000)	(2,210,000)
Gain (loss) on disposition of property and equipment (Note C)	24,607,000	(8,000)
	22,860,000	(1,710,000)
Earnings from operations before income taxes	42,287,000	15,462,000
Income taxes	16,977,000	6,372,000
Net earnings	$25,310,000	$ 9,090,000
Net earnings per weighted average share of Common Stock and Class B Common Stock	$1.92*	$0.69
Weighted average shares outstanding	13,162,000	13,150,000
Dividends per share		
Common Stock	$0.40	$0.34
Class B Common Stock	$0.36	$0.31

* Includes a one time net of tax gain equal to $1.12 on the disposition of certain restaurant locations. (See note C.)

See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Cash Flows

For the Twelve Weeks Ended (unaudited)	August 17, 1995	August 18, 1994
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$25,310,000	$9,090,000
Adjustments to reconcile net earnings to cash provided by operating activities:		
Earnings on investments in joint ventures	(80,000)	(118,000)
(Gain) loss on disposition of property and equipment	(24,607,000)	8,000
Depreciation and amortization	5,875,000	5,198,000
Deferred tax provision	646,000	157,000
Deferred compensation and other	194,000	182,000
Changes in assets and liabilities:		
Accounts and notes receivable	(4,411,000)	1,269,000
Other current assets	516,000	471,000
Accounts and notes payable	(10,000,000)	(755,000)
Income taxes	14,081,000	5,182,000
Taxes other than income taxes	808,000	699,000
Accrued compensation	930,000	162,000
Other accrued liabilities	1,595,000	(951,000)
Cash provided by operating activities	10,857,000	20,594,000
CASH FLOW FROM INVESTING ACTIVITIES:		
Additions to property and equipment	(19,306,000)	(19,580,000)
Proceeds from disposals of property and equip	49,080,000	392,000
Investments in joint ventures	(222,000)	(143,000)
Decrease in other assets	3,483,000	537,000
Cash received from joint ventures	255,000	296,000
Cash provided by (used in) investing activities	33,290,000	(18,498,000)

CASH FLOWS FROM FINANCING ACTIVITIES:		
Debt transactions:		
Proceeds from issuance of long-term debt	-	2,545,000
Principal payments on long-term debt	(20,539,000)	(2,902,000)
Equity transactions:		
Treasury stock transactions (except for stock options)	(109,000)	(1,000)
Exercise of stock options	183,000	17,000
Dividends paid	(5,010,000)	(4,239,000)
Cash used in financing activities	(25,475,000)	(4,580,000)
CASH AND CASH EQUIVALENTS;		
Net increase (decrease) during period	18,672,000	(2,484,000)
Beginning balance	8,798,000	9,974,000
Ending balance	$27,470,000	$7,490,000

See accompanying notes to consolidated financial statements.

THE MARCUS CORPORATION
CONDENSED NOTES TO FINANCIAL STATEMENTS FOR THE
TWELVE WEEKS ENDED
AUGUST 17, 1995
(Unaudited)

A. Refer to the Company's audited financial statements (including footnotes) for the year ended May 25, 1995, 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 weeks ended August 17, 1995 and August 18, 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 August 17, 1995, and for all periods presented have been made.

C. Pursuant to an asset purchase agreement dated April 12, 1995, the Company completed the sale of its 18 existing Applebee's Neighborhood Grill & Bar restaurants (Applebee's), two Applebee's under construction, five Applebee's under development and its development rights for Applebee's to Apple South, Inc. (the Purchaser). On June 5, 1995, the Company entered into a management agreement with the Purchaser, whereby the Purchaser commenced to immediately manage, operate and assume all of the Company's existing operating and development responsibilities related to the Company's Applebee's restaurant operations. The Purchaser received all profits of the restaurants between June 5, 1995 and June 30, 1995, as reimbursement for its management service. On June 30, 1995, proceeds from the sale of approximately $48.3 million were received in cash.

THE MARCUS CORPORATION

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

RESULTS OF OPERATIONS

General

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 1996 will consist of 17 weeks for the Company and its theatre division, while the Company's remaining divisions will report a 16-week fourth quarter. The Company and all of its divisions reported a 52-week year in fiscal 1995.

Revenues for the first quarter of fiscal 1996, ended August 17, 1995, totaled $73.6 million dollars, a decrease of $2.8 million, or 3.6%, from revenues reported for the first quarter of fiscal 1995. The decline in first quarter comparative revenues, which was anticipated by the Company, was due to a reduction of $11.8 million in restaurant division revenue resulting primarily from the June 1995 sale of the Company's Applebee's restaurants and the disposition through lease of the Company's 11 Marc's Cafe & Coffee Mill restaurants in February 1995. Earnings from ongoing operations for the first quarter of fiscal 1996 were $10.5 million, or $0.80 per share, excluding the after-tax gain of $14.8 million, or $1.12 per share, resulting from the Company's sale of its Applebee's restaurants and related rights. These results represented an increase of 15.4% and 15.9%, respectively, compared to net earnings of $9.1 million, or $0.69 per share, for the same period in the prior year. Including the gain from the Applebee's sale, net earnings were $25.3 million, or $1.92 per share, for the first quarter of fiscal 1996.

Motels

Total revenues for the first quarter of fiscal 1996 for the motel division were $30.5 million, an increase of $4.4 million, or 17.0%, compared to the same period in fiscal 1995. The motel division's operating profits for the fiscal 1996 first quarter totaled $8.2 million, an increase of $1.6 million, or 24.6%, over the division's same period fiscal 1995 operating profits.

Compared to the first quarter of fiscal 1995, there were eight new Company-owned and five new franchised Budgetel Inns in operation during the fiscal 1996 first quarter. These new facilities contributed additional revenues of $2.6 million to the division's fiscal 1996 first quarter revenues. Increased occupancy and average daily room rates at the Company's continuing motels during the first quarter of fiscal 1996 compared to the prior year's first quarter contributed $1.4 million to the division's increased revenues, as the Company benefitted from a strong summer business and leisure travel season. At the end of the first quarter, the Company operated 113 Budgetel Inns, of which 85 were Company-owned and 28 were franchised. The Company is continuing to pursue an aggressive expansion program for its Budgetel Inns and currently plans to open up to an additional 20 new Company-owned or franchised Budgetel Inns during the remainder of fiscal 1996. The Company also owns and operates three Woodfield Suites all-suite motels.

Theatres

The theatre division's fiscal 1996 first quarter revenues were $18.9 million, an increase of $1.5 million, or 8.3%, over the same period in fiscal 1995. Operating profits for the first quarter in fiscal 1996 were $4.4 million, an increase of $197,000, or 4.7%, over the same prior year period.

Total box office receipts for the fiscal 1996 first quarter were $13.3 million, an increase of $725,000, or 5.8%, from the same period in the prior year. Box office receipts increased due to the operation during the first quarter of fiscal 1996 of two new eight-plex theatres and a four-screen addition to the Gurnee Mills theatre complex, together with a 5.8% increase in average ticket prices and a 12.4% increase in vending revenues per person for the first quarter in fiscal 1996 compared to the prior year's first quarter. Four screens were closed from last year's first quarter. The Company operated 202 total screens during the first quarter of fiscal 1996 compared to 189 during last year's first quarter. The additional screens in operation during the quarter allowed over-all theatre attendance to remain flat compared to the fiscal 1995 first quarter. Theatre attendance is largely dependent upon the audience appeal of available films. During last year's first quarter, The Lion King, Forrest Gump and True Lies each generated more box office revenue than the Company's highest grossing film, Apollo 13, in the first quarter of fiscal 1996.

Hotels and Resorts

Total revenues from the hotels and resorts division during the first quarter of fiscal 1996 increased by $3.4 million, or 25.3%, to $16.7 million, over the previous year's comparable period. Operating profits increased by $1.3 million, or 73.7%, to $3.1 million, compared to the prior fiscal year's first quarter. Substantially improved occupancy and room rates at the Grand Geneva Resort & Spa were the primary reasons for the increases. Occupancy rates and average room rates at the Company's owned and managed hotels also remained strong during the first quarter. Pre-opening costs for the Company's newly franchised Milwaukee Hilton (formerly the Marc Plaza), which are being amortized over a one-year period beginning in the first quarter of fiscal 1996, reduced otherwise stronger operating profits. Non-renewal of the Company's operating agreement for the Sheraton-Mayfair Inn had a nominal effect on reported revenues and operating profits for the quarter.

Restaurants

Restaurant division revenues totaled $7.3 million for the fiscal 1996 first quarter, a decrease of $11.8 million, or 61.8%, from the same period in fiscal 1995. The decreased revenue was due to the disposition or closure of 38 restaurants since last year's first quarter. The division's operating loss for the fiscal 1996 period was $368,000, compared to an operating profit of $827,000 in the first quarter of the prior year due primarily to the sale of the Company's profitable Applebee's restaurants. The Company's KFC restaurants experienced a 3.5% decrease in revenues and a 42.3% decrease in operating profits during the quarter compared to the prior year's first quarter as a result of increased operating expenses, including significantly higher chicken costs. The decrease in revenues between comparative quarters was the result of the closure of two underperforming KFC restaurants since last year's first quarter. Guest counts at same store KFCs were down 2.0% during the first quarter of fiscal 1996 compared to the first quarter of fiscal 1995; however, this decrease was offset by increased average guest check amounts.

FINANCIAL CONDITION

The Company's lodging, movie theatre and restaurant businesses each generate significant and consistent daily amounts of cash because each segment's revenue is derived predominantly from consumer cash purchases. The Company believes that these consistent and predictable cash sources, together with the availability to the Company of $45 million in unused credit lines at the end of the first quarter, should be adequate to support the ongoing operational liquidity needs of the Company's businesses.

Net cash provided by operating activities decreased by $9.7 million during the first quarter of fiscal 1996 to $10.9 million, compared to the prior year's first quarter. The decrease between the fiscal first quarters resulted principally from a $9.2 million decrease in accounts and notes payable caused by timing differences in payments to vendors and an increase of $5.7 million in accounts receivable due to a higher volume of business in the lodging segments of the Company.

As a result of receiving $48.3 million in net cash proceeds in June 1995 from the sale of its Applebee's restaurants and related rights, the Company's investing activities generated a positive cash flow of $33.2 million compared to a net use of $18.5 million in the fiscal 1995 first quarter. Capital expenditures to support the Company's continuing expansion program totalled $19.3 million in the first quarter of fiscal 1996 compared to $19.6 million in the prior year's first quarter. The most significant amount of capital spent by the Company during the quarter was on the Company's new Budgetel Inns.

Cash used in financing activities increased to $25.5 million in the first quarter of fiscal 1996, compared to $4.6 million in the first quarter of fiscal 1995. During the fiscal 1996 first quarter, the Company paid $20.5 million of principal payments on long-term debt (as a result of its receipt of cash from its Applebee's sale), compared to $2.9 million in the prior year's first quarter, and made dividend payments of $5.0 million compared to $4.2 million during the prior year's first quarter. The Company did not issue any new debt during the quarter compared to $2.5 million of new debt issued in the first quarter of fiscal 1995.

The Company's current fiscal 1996 capital expenditure budget is

$133 million, a 72.5% increase over the amount spent in fiscal 1995. This budget currently represents approximately $95 million for new Budgetel Inns and Woodfield Suites; $26 million for movie theatre expansion; $10 million for hotel and resort expansion and renovation; and $2 million for KFC franchises. These anticipated capital expenditures are expected to be funded from cash generated from operations, the funds received by the Company from the prior sale of its Applebee's restaurants and other facilities, and additional bank debt. The actual timing and extent of the implementation of the Company's current fiscal 1996 expansion plans will depend in large part on continuing favorable industry and general economic conditions, the competitive environment, evolving customer needs and trends and the availability of attractive opportunities. It is likely that the Company's current expansion goals will continue to evolve and change in response to these and other factors.

Item 6. Exhibits and Reports on Form 8-K

a. Exhibits

Exhibit 27. Financial Data Schedule

b. Reports on Form 8-K

A Form 8-K was filed by the Company on July 17, 1995 which reported the sale of its Applebee's Neighborhood Grill & Bar restaurants under Items 2 and 7 of such form.

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: September 29, 1995

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

DATE: September 29, 1995

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

THE MARCUS CORPORATION
FORM 10-Q
FOR
12 - WEEKS ENDED AUGUST 17, 1995

EXHIBIT INDEX

Exhibit	Description
27	Financial Data Schedule

<ARTICLE> 5
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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS OF THE MARCUS CORPORATION AS OF AND FOR THE QUARTER ENDED AUGUST 17, 1995 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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</FN>