

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 26, 2020

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)

<u>Wisconsin</u> (State or other jurisdiction of incorporation or organization)	<u>39-1139844</u> (I.R.S. Employer Identification No.)
<u>100 East Wisconsin Avenue, Suite 1900 Milwaukee, Wisconsin</u> (Address of principal executive offices)	<u>53202-4125</u> (Zip Code)

Registrant's telephone number, including area code: (414) 905-1000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value	MCS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act (Check One).

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>
	Emerging growth company <input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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 MAY 1, 2020 – 23,131,830
CLASS B COMMON STOCK OUTSTANDING AT MAY 1, 2020 – 7,925,254

EXPLANATORY NOTE

As previously disclosed in the Current Report on Form 8-K filed by The Marcus Corporation (the “Company”) with the Securities and Exchange Commission (the “SEC”) on May 5, 2020, the filing of the Company’s Quarterly Report on Form 10-Q for the period ended March 26, 2020 (the “Form 10-Q”), was delayed due to circumstances related to novel coronavirus outbreak (the “COVID-19 pandemic”). Due to the COVID-19 pandemic and measures taken to limit the spread of the COVID-19 pandemic, the Company’s operations and business have experienced significant disruptions. The Company has been following the recommendations of local government and health authorities to minimize exposure risk for its employees, including the temporary closure of its corporate headquarters, and having employees work remotely, which slowed the Company’s routine quarterly financial statement close process. At the same time, the COVID-19 pandemic has resulted in unprecedented operational challenges for the exhibition industry and the hospitality industry generally and the Company in particular. These operational challenges have increased the required disclosures for the Form 10-Q, which in turn increased the difficulty of the Company’s implementation of inline eXtensible Business Reporting Language requirements. The Company was therefore unable to file the Form 10-Q on its customary schedule. The Company relied on the SEC’s Order Under Section 36 of the Securities Exchange Act of 1934 Modifying Exemptions from the Reporting and Proxy Delivery Requirements for Public Companies, SEC Release No. 34-88465, dated March 25, 2020, to delay the filing of this Form 10-Q.

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Item 1. Consolidated Financial Statements

THE MARCUS CORPORATION
Consolidated Balance Sheets

(in thousands, except share and per share data)	March 26, 2020	December 26, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 126,472	\$ 20,862
Restricted cash	4,795	4,756
Accounts receivable, net of reserves of \$998 and \$762, respectively	14,765	29,465
Refundable income taxes	10,438	5,916
Other current assets	16,857	18,265
Total current assets	173,327	79,264
Property and equipment:		
Land and improvements	152,692	152,434
Buildings and improvements	761,991	761,511
Leasehold improvements	164,873	164,083
Furniture, fixtures and equipment	379,759	377,404
Finance lease right-of-use assets	74,382	74,357
Construction in progress	8,061	4,043
Total property and equipment	1,541,758	1,533,832
Less accumulated depreciation and amortization	629,490	610,578
Net property and equipment	912,268	923,254
Operating lease right-of-use assets	244,468	243,855
Other assets:		
Investments in joint ventures	3,538	3,595
Goodwill	75,258	75,282
Other	32,527	33,936
Total other assets	111,323	112,813
TOTAL ASSETS	\$ 1,441,386	\$ 1,359,186

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Balance Sheets

(in thousands, except share and per share data)	March 26, 2020	December 26, 2019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 27,178	\$ 49,370
Taxes other than income taxes	15,844	20,613
Accrued compensation	17,098	18,055
Other accrued liabilities	50,507	61,134
Current portion of finance lease obligations	2,438	2,571
Current portion of operating lease obligations	15,386	13,335
Current maturities of long-term debt	9,977	9,910
Total current liabilities	138,428	174,988
Finance lease obligations	20,302	20,802
Operating lease obligations	238,010	232,111
Long-term debt	345,206	206,432
Deferred income taxes	45,771	48,262
Deferred compensation and other	55,281	55,133
Equity:		
Shareholders' equity attributable to The Marcus Corporation		
Preferred Stock, \$1 par; authorized 1,000,000 shares; none issued	—	—
Common Stock, \$1 par; authorized 50,000,000 shares; issued 23,264,259 shares at March 26, 2020 and 23,253,744 shares at December 26, 2019	23,264	23,254
Class B Common Stock, \$1 par; authorized 33,000,000 shares; issued and outstanding 7,925,254 shares at March 26, 2020 and 7,935,769 shares at December 26, 2019	7,926	7,936
Capital in excess of par	146,694	145,549
Retained earnings	437,387	461,884
Accumulated other comprehensive loss	(13,195)	(12,648)
	602,076	625,975
Less cost of Common Stock in treasury (133,363 shares at March 26, 2020 and 242,853 shares at December 26, 2019)	(3,563)	(4,540)
Total shareholders' equity attributable to The Marcus Corporation	598,513	621,435
Noncontrolling interest	(125)	23
Total equity	598,388	621,458
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,441,386	\$ 1,359,186

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Earnings (Loss)

(in thousands, except per share data)	13 Weeks Ended	
	March 26, 2020	March 28, 2019
Revenues:		
Theatre admissions	\$ 55,395	\$ 58,969
Rooms	16,989	18,938
Theatre concessions	45,930	47,155
Food and beverage	13,614	15,783
Other revenues	18,776	20,829
	150,704	161,674
Cost reimbursements	8,756	8,365
Total revenues	159,460	170,039
Costs and expenses:		
Theatre operations	54,016	56,378
Rooms	9,655	9,035
Theatre concessions	22,211	17,269
Food and beverage	14,465	13,609
Advertising and marketing	5,390	4,910
Administrative	17,732	17,859
Depreciation and amortization	19,033	15,985
Rent	6,954	5,403
Property taxes	6,029	5,393
Other operating expenses	8,707	10,883
Impairment charges	8,712	—
Reimbursed costs	8,756	8,365
Total costs and expenses	181,660	165,089
Operating income (loss)	(22,200)	4,950
Other income (expense):		
Investment income (loss)	(695)	473
Interest expense	(2,516)	(3,059)
Other expense	(590)	(480)
Gain (loss) on disposition of property, equipment and other assets	(12)	7
Equity losses from unconsolidated joint ventures, net	(57)	(84)
	(3,870)	(3,143)
Earnings (loss) before income taxes	(26,070)	1,807
Income taxes	(6,570)	13
Net earnings (loss)	(19,500)	1,794
Net loss attributable to noncontrolling interests	(148)	(66)
Net earnings (loss) attributable to The Marcus Corporation	\$ (19,352)	\$ 1,860
Net earnings (loss) per share - basic:		
Common Stock	\$ (0.64)	\$ 0.06
Class B Common Stock	\$ (0.58)	\$ 0.06
Net earnings (loss) per share - diluted:		
Common Stock	\$ (0.64)	\$ 0.06
Class B Common Stock	\$ (0.58)	\$ 0.06

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Comprehensive Income (Loss)

(in thousands)	13 Weeks Ended	
	March 26, 2020	March 28, 2019
Net earnings (loss)	\$ (19,500)	\$ 1,794
Other comprehensive income (loss), net of tax:		
Amortization of the net actuarial loss and prior service credit related to the pension, net of tax effect of \$65 and \$30, respectively	183	79
Fair market value adjustment of interest rate swaps, net of tax benefit of \$288 and \$142, respectively	(814)	(386)
Reclassification adjustment on interest rate swaps included in interest expense, net of tax effect of \$31 and \$4, respectively	84	10
Other comprehensive loss	<u>(547)</u>	<u>(297)</u>
Comprehensive income (loss)	(20,047)	1,497
Comprehensive loss attributable to noncontrolling interests	<u>(148)</u>	<u>(66)</u>
Comprehensive income (loss) attributable to The Marcus Corporation	<u>\$ (19,899)</u>	<u>\$ 1,563</u>

See accompanying condensed notes to consolidated financial statements.

THE MARCUS CORPORATION
Consolidated Statements of Cash Flows

(in thousands)	13 Weeks Ended	
	March 26, 2020	March 28, 2019
OPERATING ACTIVITIES:		
Net earnings (loss)	\$ (19,500)	\$ 1,794
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Losses on investments in joint ventures	57	84
Distributions from joint ventures	—	200
(Gain) loss on disposition of property, equipment and other assets	12	(7)
Impairment charges	8,712	—
Depreciation and amortization	19,033	15,985
Amortization of debt issuance costs	49	71
Share-based compensation	988	777
Deferred income taxes	(2,275)	(1)
Deferred compensation and other	(348)	(16)
Contribution of the Company's stock to savings and profit-sharing plan	1,315	1,181
Changes in operating assets and liabilities:		
Accounts receivable	14,700	5,355
Other assets	1,408	(970)
Operating leases	2,342	(281)
Accounts payable	(22,047)	(3,354)
Income taxes	(4,522)	101
Taxes other than income taxes	(4,769)	(1,703)
Accrued compensation	(957)	(2,816)
Other accrued liabilities	(10,816)	(8,380)
Total adjustments	2,882	6,226
Net cash provided by (used in) operating activities	(16,618)	8,020
INVESTING ACTIVITIES:		
Capital expenditures	(9,978)	(13,724)
Purchase of theatres, net of cash acquired and working capital assumed	—	(29,626)
Proceeds from disposals of property, equipment and other assets	3	9
Other investing activities	(206)	(2,745)
Net cash used in investing activities	(10,181)	(46,086)
FINANCING ACTIVITIES:		
Debt transactions:		
Proceeds from borrowings on revolving credit facility	188,000	73,000
Repayment of borrowings on revolving credit facility	(49,000)	(38,000)
Principal payments on long-term debt	(177)	(217)
Debt issuance costs	(414)	—
Principal payments on finance lease obligations	(635)	(587)
Equity transactions:		
Treasury stock transactions, except for stock options	(226)	(381)
Exercise of stock options	45	454
Dividends paid	(5,145)	(4,816)
Distributions to noncontrolling interest	—	(60)
Net cash provided by financing activities	132,448	29,393
Net increase (decrease) in cash, cash equivalents and restricted cash	105,649	(8,673)
Cash, cash equivalents and restricted cash at beginning of period	25,618	21,927
Cash, cash equivalents and restricted cash at end of period	\$ 131,267	\$ 13,254
Supplemental Information:		
Interest paid, net of amounts capitalized	\$ 2,970	\$ 3,754
Income taxes (paid) refunded	(226)	88
Change in accounts payable for additions to property, equipment and other assets	(145)	1,165

See accompanying condensed notes to consolidated financial statements.

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 13 WEEKS ENDED MARCH 26, 2020**1. General**

Basis of Presentation - The unaudited consolidated financial statements for the 13 weeks ended March 26, 2020 and March 28, 2019 have been prepared by the Company. In the opinion of management, all adjustments, consisting of normal recurring adjustments necessary to present fairly the unaudited interim financial information at March 26, 2020, and for all periods presented, have been made. The results of operations during the interim periods are not necessarily indicative of the results of operations for the entire year or other interim periods. However, the unaudited consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 26, 2019.

Accounting Policies - Refer to the Company's audited consolidated financial statements (including footnotes) for the fiscal year ended December 26, 2019, contained in the Company's Annual Report on Form 10-K for such year, for a description of the Company's accounting policies.

Depreciation and Amortization - Depreciation and amortization of property and equipment are provided using the straight-line method over the shorter of the estimated useful lives of the assets or any related lease terms. Depreciation expense totaled \$19,034,000 and \$15,955,000 for the 13 weeks ended March 26, 2020 and March 28, 2019, respectively.

Long-Lived Assets - The Company periodically considers whether indicators of impairment of long-lived assets held for use are present. This includes quantitative and qualitative factors, including evaluating the historical actual operating performance of the long-lived assets and assessing the potential impact of recent events and transactions impacting the long-lived assets. If such indicators are present, the Company determines if the long-lived assets are recoverable by assessing whether the sum of the estimated undiscounted future cash flows attributable to such assets is less than their carrying amounts. If the long-lived assets are not recoverable, the Company recognizes any impairment losses based on the excess of the carrying amount of the assets over their fair value. During the 13 weeks ended March 26, 2020, the Company determined that indicators of impairment were present. As such the Company evaluated the value of its property and equipment and the value of its operating lease right-of-use assets and recorded an impairment charge as discussed in Note 3.

Goodwill - The Company reviews goodwill for impairment annually or more frequently if certain indicators arise. The Company performs its annual impairment test on the last day of its fiscal year. Goodwill is tested for impairment at a reporting unit level, determined to be at an operating segment level. When reviewing goodwill for impairment, the Company considers the amount of excess fair value over the carrying value of the reporting unit, the period of time since its last quantitative test, and other factors to determine whether or not to first perform a qualitative test. When performing a qualitative test, the Company assesses numerous factors to determine whether it is more likely than not that the fair value of its reporting unit is less than its carrying value. Examples of qualitative factors that the Company assesses include its share price, its financial performance, market and competitive factors in its industry, and other events specific to the reporting unit. If the Company concludes that it is more likely than not that the fair value of its reporting unit is less than its carrying value, the Company performs a quantitative impairment test by comparing the carrying value of the reporting unit to the estimated fair value.

During the 13 weeks ended March 26, 2020, the Company determined that indicators of impairment were present and performed a quantitative test. In order to determine fair value, the Company used assumptions based on information available to it as of March 26, 2020, including both market data and forecasted future cash flows. The Company then used this information to determine fair value. The Company determined that the fair value of the Company's goodwill was greater than its carrying value. As such, no impairment was identified.

Trade Name Intangible Asset – The Company recorded a trade name intangible asset in conjunction with the Movie Tavern acquisition (See Note 4) that was determined to have an indefinite life. The Company reviews its trade name intangible asset for impairment at least annually or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. During the 13 weeks ended March 26, 2020, indicators of impairment were present and the Company recorded an impairment charge of \$2,200,000 (see Note 3 for further detail).

Earnings (Loss) Per Share - Net earnings (loss) per share (EPS) of Common Stock and Class B Common Stock is computed using the two class method. Basic net earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding. Diluted net earnings (loss) per share is computed by dividing net earnings (loss) by the weighted-average number of common shares outstanding, adjusted for the effect of dilutive stock options using the treasury method. Convertible Class B Common Stock is reflected on an if-converted basis. The computation of the diluted net earnings (loss) per share of Common Stock assumes the conversion of Class B Common Stock, while the diluted net earnings (loss) per share of Class B Common Stock does not assume the conversion of those shares.

Holders of Common Stock are entitled to cash dividends per share equal to 110% of all dividends declared and paid on each share of Class B Common Stock. As such, the undistributed earnings (losses) for each period are allocated based on the proportionate share of entitled cash dividends. The computation of diluted net earnings (loss) per share of Common Stock assumes the conversion of Class B Common Stock and, as such, the undistributed earnings (losses) are equal to net earnings (loss) for that computation.

The following table illustrates the computation of Common Stock and Class B Common Stock basic and diluted net earnings (loss) per share for net earnings (loss) and provides a reconciliation of the number of weighted-average basic and diluted shares outstanding:

	13 Weeks Ended	
	March 26, 2020	March 28, 2019
	<i>(in thousands, except per share data)</i>	
Numerator:		
Net earnings (loss) attributable to The Marcus Corporation	\$ (19,352)	\$ 1,860
Denominator:		
Denominator for basic EPS	30,975	29,883
Effect of dilutive employee stock options	—	616
Denominator for diluted EPS	30,975	30,499
Net earnings (loss) per share - basic:		
Common Stock	\$ (0.64)	\$ 0.06
Class B Common Stock	\$ (0.58)	\$ 0.06
Net earnings (loss) per share - diluted:		
Common Stock	\$ (0.64)	\$ 0.06
Class B Common Stock	\$ (0.58)	\$ 0.06

For the periods when the Company reports a net loss, the computation of diluted loss per share equals the computation of basic loss per share since common stock equivalents are dilutive due to the net loss.

Shareholders' Equity - Activity impacting total shareholders' equity attributable to The Marcus Corporation and noncontrolling interests for the 13 weeks ended March 26, 2020 and March 28, 2019 was as follows (in thousands, except per share data):

	Common Stock	Class B Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity Attributable to The Marcus Corporation	Non-controlling Interests	Total Equity
BALANCES AT DECEMBER 26, 2019	\$ 23,254	\$ 7,936	\$ 145,549	\$ 461,884	\$ (12,648)	\$ (4,540)	\$ 621,435	\$ 23	\$ 621,458
Cash Dividends:									
\$.15 Class B Common Stock	—	—	—	(1,224)	—	—	(1,224)	—	(1,224)
\$.17 Common Stock	—	—	—	(3,921)	—	—	(3,921)	—	(3,921)
Exercise of stock options	—	—	5	—	—	40	45	—	45
Purchase of treasury stock	—	—	—	—	—	(274)	(274)	—	(274)
Savings and profit-sharing contribution	—	—	299	—	—	1,016	1,315	—	1,315
Reissuance of treasury stock	—	—	2	—	—	46	48	—	48
Issuance of non-vested stock	—	—	(149)	—	—	149	—	—	—
Shared-based compensation	—	—	988	—	—	—	988	—	988
Conversions of Class B Common Stock	10	(10)	—	—	—	—	—	—	—
Comprehensive loss	—	—	—	(19,352)	(547)	—	(19,899)	(148)	(20,047)
BALANCES AT MARCH 26, 2020	\$ 23,264	\$ 7,926	\$ 146,694	\$ 437,387	\$ (13,195)	\$ (3,563)	\$ 598,513	\$ (125)	\$ 598,388

	Common Stock	Class B Common Stock	Capital in Excess of Par	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Shareholders' Equity Attributable to The Marcus Corporation	Non-controlling Interests	Total Equity
BALANCES AT DECEMBER 27, 2018	\$ 22,843	\$ 8,347	\$ 63,830	\$ 439,178	\$ (6,758)	\$ (37,431)	\$ 490,009	\$ 110	\$ 490,119
Cash Dividends:									
\$.15 Class B Common Stock	—	—	—	(1,183)	—	—	(1,183)	—	(1,183)
\$.16 Common Stock	—	—	—	(3,633)	—	—	(3,633)	—	(3,633)
Exercise of stock options	—	—	(78)	—	—	532	454	—	454
Purchase of treasury stock	—	—	—	—	—	(428)	(428)	—	(428)
Savings and profit-sharing contribution	—	—	810	—	—	371	1,181	—	1,181
Reissuance of treasury stock	—	—	31	—	—	16	47	—	47
Issuance of non-vested stock	—	—	(127)	—	—	127	—	—	—
Shared-based compensation	—	—	777	—	—	—	777	—	777
Reissuance of treasury stock-acquisition	—	—	77,960	—	—	31,237	109,197	—	109,197
Other	—	—	(109)	—	—	—	(109)	—	(109)
Conversions of Class B Common Stock	411	(411)	—	—	—	—	—	—	—
Distributions to noncontrolling interest	—	—	—	—	—	—	—	(60)	(60)
Comprehensive income (loss)	—	—	—	1,860	(297)	—	1,563	(66)	1,497
BALANCES AT MARCH 28, 2019	\$ 23,254	\$ 7,936	\$ 143,094	\$ 436,222	\$ (7,055)	\$ (5,576)	\$ 597,875	\$ (16)	\$ 597,859

Accumulated Other Comprehensive Loss – Accumulated other comprehensive loss presented in the accompanying consolidated balance sheets consists of the following, all presented net of tax:

	March 26, 2020	December 26, 2019
	<i>(in thousands)</i>	
Unrecognized loss on interest rate swap agreements	\$ (1,612)	\$ (882)
Net unrecognized actuarial loss for pension obligation	(11,583)	(11,766)
	<u>\$ (13,195)</u>	<u>\$ (12,648)</u>

Fair Value Measurements - Certain financial assets and liabilities are recorded at fair value in the consolidated financial statements. Some are measured on a recurring basis while others are measured on a non-recurring basis. Financial assets and liabilities measured on a recurring basis are those that are adjusted to fair value each time a financial statement is prepared. Financial assets and liabilities measured on a non-recurring basis are those that are adjusted to fair value when a significant event occurs. A fair value measurement assumes that a transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

The Company's assets and liabilities measured at fair value are classified in one of the following categories:

Level 1 - Assets or liabilities for which fair value is based on quoted prices in active markets for identical instruments as of the reporting date. At March 26, 2020 and December 26, 2019, respectively, the Company's \$5,168,000 and \$5,825,000 of debt and equity securities classified as trading were valued using Level 1 pricing inputs and were included in other current assets.

Level 2 - Assets or liabilities for which fair value is based on pricing inputs that were either directly or indirectly observable as of the reporting date. At March 26, 2020 and December 26, 2019, respectively, the Company's \$2,181,000 and \$1,194,000 liability related to the Company's interest rate swap contracts was valued using Level 2 pricing inputs.

Level 3 - Assets or liabilities for which fair value is based on valuation models with significant unobservable pricing inputs and which result in the use of management estimates. At March 26, 2020 and December 26, 2019, none of the Company's recorded assets or liabilities that are measured on a recurring basis at fair market value were valued using Level 3 pricing inputs. Assets and liabilities that are measured on a non-recurring basis are discussed in Note 3 and Note 4.

Defined Benefit Plan - The components of the net periodic pension cost of the Company's unfunded nonqualified, defined-benefit plan are as follows:

	13 Weeks Ended	
	March 26, 2020	March 28, 2019
	<i>(in thousands)</i>	
Service cost	\$ 274	\$ 209
Interest cost	342	371
Net amortization of prior service cost and actuarial loss	248	109
Net periodic pension cost	<u>\$ 864</u>	<u>\$ 689</u>

Service cost is included in Administrative expense while all other components are recorded within Other expense outside of operating income in the consolidated statements of earnings.

Revenue Recognition – The disaggregation of revenues by business segment for the 13 weeks ended March 26, 2020 is as follows (in thousands):

	Reportable Segment			Total
	Theatres	Hotels/Resorts	Corporate	
Theatre admissions	\$ 55,395	\$ —	\$ —	\$ 55,395
Rooms	—	16,989	—	16,989
Theatre concessions	45,930	—	—	45,930
Food and beverage	—	13,614	—	13,614
Other revenues ⁽¹⁾	7,703	10,984	89	18,776
Cost reimbursements	183	8,573	—	8,756
Total revenues	\$ 109,211	\$ 50,160	\$ 89	\$ 159,460

(1) Included in other revenues is an immaterial amount related to rental income that is not considered revenue from contracts with customers.

The disaggregation of revenues by business segment for the 13 weeks ended March 28, 2019 is as follows (in thousands):

	Reportable Segment			Total
	Theatres	Hotels/Resorts	Corporate	
Theatre admissions	\$ 58,969	\$ —	\$ —	\$ 58,969
Rooms	—	18,938	—	18,938
Theatre concessions	47,155	—	—	47,155
Food and beverage	—	15,783	—	15,783
Other revenues ⁽¹⁾	8,569	12,167	93	20,829
Cost reimbursements	192	8,173	—	8,365
Total revenues	\$ 114,885	\$ 55,061	\$ 93	\$ 170,039

(1) Included in other revenues is an immaterial amount related to rental income that is not considered revenue from contracts with customers.

The Company had deferred revenue from contracts with customers of \$37,108,000 and \$43,200,000 as of March 26, 2020 and December 26, 2019, respectively. The Company had no contract assets as of March 26, 2020 and December 26, 2019. During the 13 weeks ended March 26, 2020, the Company recognized revenue of \$11,240,000 that was included in deferred revenues as of December 26, 2019. The majority of the Company's deferred revenue relates to non-redeemed gift cards, advanced ticket sales and the Company's loyalty program. The decrease in deferred revenue from December 26, 2019 to March 26, 2020 was due to theatre gift card redemptions and advanced movie ticket redemptions during the 13 weeks ended March 26, 2020.

As of March 26, 2020, the amount of transaction price allocated to the remaining performance obligations under the Company's advanced ticket sales was \$4,709,000 and is reflected in the Company's consolidated balance sheet as part of deferred revenues, which is included in other accrued liabilities. The Company recognizes revenue as the tickets are redeemed, which is expected to occur within the next two years.

As of March 26, 2020, the amount of transaction price allocated to the remaining performance obligations related to the amount of Hotels and Resorts non-redeemed gift cards was \$2,667,000 and is reflected in the Company's consolidated balance sheet as part of deferred revenues. The Company recognizes revenue as the gift cards are redeemed, which is expected to occur within the next two years.

The majority of the Company's revenue is recognized in less than one year from the original contract.

New Accounting Pronouncements – On December 27, 2019, the Company adopted Accounting Standards Update (ASU) No. 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General*, designed to add, remove and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The adoption of the new standard did not have a material effect on the Company's consolidated financial statements or footnote disclosures.

On December 27, 2019, the Company adopted ASU No. 2017-04, *Intangibles - Goodwill and Other (Topic 350) - Simplifying the Test for Goodwill Impairment*, which eliminates Step 2 of the goodwill impairment test that had required a hypothetical purchase price allocation. Rather, entities will apply the same impairment assessment to all reporting units and recognize an impairment loss for the amount by which a reporting unit's carrying amount exceeds its fair value, without exceeding the total amount of goodwill allocated to that reporting unit. Entities will continue to have the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The adoption of the new standard did not have a material effect on the Company's consolidated financial statements.

On December 27, 2019, the Company adopted ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The purpose of ASU No. 2018-13 is to improve the disclosures related to fair value measurements in the financial statements. The improvements include the removal, modification and addition of certain disclosure requirements primarily related to Level 3 fair value measurements. The adoption of the new standard did not have a material effect on the Company's consolidated financial statements or footnote disclosures.

In December 2019, the Financial Accounting Standards Board (FASB) issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Incomes Taxes*. The amendments in ASU No. 2019-12 are designed to simplify the accounting for incomes taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify generally accepted accounting principles for other areas of Topic 740 by clarifying and amending existing guidance. ASU No. 2019-12 is effective for the Company in fiscal 2021 and early application is permitted. The Company is currently evaluating the effect the new standard will have on its consolidated financial statements.

In March 2020, the FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. The amendments in this update provide optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships and other transactions that reference London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform. ASU No. 2020-14 is effective as of March 12, 2020 through December 31, 2022. The Company is currently evaluating the effect the new standard will have on its consolidated financial statements.

2. Impact of COVID-19 Pandemic

The recent outbreak of the COVID-19 pandemic has had an unprecedented impact on the world and both of the Company's business segments. The situation continues to be volatile and the social and economic effects are widespread. As an operator of movie theatres, hotels and resorts, restaurants and bars, each of which consists of spaces where customers and guests gather in close proximity, the Company's businesses are significantly impacted by protective actions that federal, state and local governments have taken to control the spread of the pandemic. These actions include, among other things, declaring national and state emergencies, encouraging social distancing, restricting freedom of movement, mandating non-essential business closures and issuing shelter-in-place, quarantine and stay-at-home orders.

As a result of these measures, the Company temporarily closed all of its theatres on March 17, 2020, and it currently is not generating any revenues from its theatre operations (other than some limited online sales and curbside sales of popcorn, pizza and other assorted food and beverage items). The Company also temporarily closed all of its hotel division restaurants and bars at approximately the same time and closed five of its eight company-owned hotels and resorts on March 24, 2020 due to a significant reduction in occupancy at those hotels. The Company announced the closing of its remaining three company-owned hotels on April 8, 2020. The Company currently is not generating any revenues from its hotels and resorts operations.

Since the COVID-19 crisis began, the Company has been working proactively to preserve cash and ensure sufficient liquidity to withstand the impacts of the COVID-19 pandemic and ultimately emerge in a continued position of strength. In addition to obtaining additional financing and modifying previously existing debt covenants (see Note 5), additional measures the Company has already taken and intend to take in the future to enhance liquidity include:

- Discontinuing all non-essential operating and capital expenditures;
- Temporarily laying off the majority of its hourly theatre and hotel associates, in addition to temporarily reducing property management and corporate office staff levels;
- Temporarily reducing the salary of the Company's chairman and president and chief executive officer by 50%, as well as reducing the salary of all other executives and remaining divisional/corporate staff;
- Temporarily eliminating all board of directors cash compensation;
- Temporarily suspending quarterly dividend payments;
- Actively working with landlords and major suppliers to modify the timing and terms of certain contractual payments;
- Evaluating the provisions of the CARES Act and utilizing the benefits, relief and resources under those provisions as appropriate (See Note 7); and
- Evaluating the provisions of any subsequent federal or state legislation enacted as a response to the COVID-19 pandemic.

The Amendment (see Note 5) allows the Company to consider additional borrowings from governmental authorities under provisions of the CARES Act or any other subsequent governmental actions that it could avail itself of if it deemed it necessary and appropriate. Although the Company intends to seek any available potential benefits under the CARES Act, it cannot predict the manner in which such benefits will be allocated or administered, and it cannot assure shareholders that it will be able to access such benefits in a timely manner or at all.

The timing for when the Company's theatres and hotels will reopen is uncertain as of the date of this report. The majority of the Company's theatres are currently required to be closed under various state and local governmental restrictions, and the Company will continue to monitor and follow those restrictions until lifted. The Company is encouraged by recent federal guidance for a phased reopening of the U.S. economy that included the reopening of movie theatres in phase one, albeit under strict social distancing guidelines. Prior to closing our theatres, the Company had announced a social distancing seating plan that effectively reduced each theatre auditorium's capacity by 50%. Current expectation is that, when theatres do reopen, they will open to similar capacity limitations. When the Company closed its hotels, it was not because of any governmental requirements to close. The restaurants and bars within the Company's hotels were required to close, but the hotels themselves were considered "essential businesses" under most definitions. The hotels closed due to a significant drop in demand that made it financially prudent for them to close rather than stay open. As a result, the timing of reopening the Company's hotels and resorts will likely be driven by an increase in demand, as individual and business travelers begin to travel more freely once again.

The COVID-19 pandemic and the resulting impact on the Company's operating performance has affected, and may continue to affect, the estimates and assumptions made by management. Such estimates and assumptions include, among other things, the Company's goodwill and long-lived asset valuations and the measurement of compensation costs for annual and long-term incentive plans. Events and changes in circumstances arising after March 26, 2020, including those resulting from the impacts of COVID-19, will be reflected in management's estimates for future periods.

The Company believes that the actions that have been taken will allow it to have sufficient liquidity to meet its obligations as they come due and to comply with its debt covenants for at least 12 months from the issuance date of these consolidated financial statements. However, future compliance with the Company's financial debt covenants (see Note 5) could be impacted if the Company is unable to resume its operations as currently expected.

3. Impairment Charges

During the 13 weeks ended March 26, 2020, the Company determined that indicators of impairment were evident at all asset groups. For certain theatre asset groups, the sum of the estimated undiscounted future cash flows attributable to these assets was less than their carrying amount. The Company evaluated the fair value of these assets, consisting primarily of leasehold improvements, furniture, fixtures and equipment, and operating lease right-of-use assets less lease obligations, and determined that the fair value, measured using Level 3 pricing inputs (using estimated discounted cash flows over the life of the primary asset, including estimated sale proceeds) was less than their carrying values and recorded a \$6,512,000 impairment loss. The fair value of the impaired assets was \$13,686,000 as of March 26, 2020.

During the 13 weeks ended March 26, 2020, the Company determined that indicators of impairment were evident related to its trade name intangible asset. The Company estimated the fair value of its trade name intangible asset as of March 26, 2020 using an income approach, specifically the relief from royalty method, which uses certain assumptions that are Level 3 pricing inputs, including future revenues attributable to the trade name, a royalty rate (1.0% as of March 26, 2020) and a discount rate (17.0% as of March 26, 2020). The Company determined that the fair value of the asset was less than the carrying value and recorded a \$2,200,000 impairment loss. The fair value of the trade name intangible asset was \$7,300,000 as of March 26, 2020.

4. Acquisition

On February 1, 2019, the Company acquired 22 dine-in theatres with 208 screens located in nine Southern and Eastern states from VSS-Southern Theatres LLC (Movie Tavern) for a total purchase price of \$139,310,000, consisting of \$30,000,000 in cash, subject to certain adjustments, and 2,450,000 shares of the Company's Common Stock with a value of \$109,197,000, based on the Company's closing share price as of January 31, 2019. During the 13 weeks ended March 28, 2019, the Company incurred acquisition costs as a result of the Movie Tavern acquisition of approximately \$1,153,000 which were expensed as incurred and included in administrative expense in the consolidated statement of earnings. The purchase price allocation was finalized in fiscal 2019 using Level 3 pricing inputs and is reflected in the consolidated balance sheets for the periods presented.

5. Long-Term Debt

Long-term debt is summarized as follows:

	<u>March 26, 2020</u>	<u>December 26, 2019</u>
	<i>(in thousands, except payment data)</i>	
Mortgage notes	\$ 24,482	\$ 24,571
Senior notes	109,000	109,000
Unsecured term note due February 2025, with monthly principal and interest payments of \$39,110, bearing interest at 5.75%	2,006	2,093
Revolving credit agreement	220,000	81,000
Debt issuance costs	(305)	(322)
	355,183	216,342
Less current maturities, net of issuance costs	9,977	9,910
	<u>\$ 345,206</u>	<u>\$ 206,432</u>

During the 13 weeks ended March 26, 2020, the Company replaced its then-existing Credit Agreement (the Credit Agreement) with a new five-year \$225,000,000 credit facility that expires in January 2025. On April 29, 2020, the Company entered into the First Amendment to Credit Agreement (the Amendment) among the Company and several banks, amending its existing Credit Agreement dated January 9, 2020. The Amendment provides a new \$90,800,000 364-day Senior Term Loan A (the Term Loan A). The Company used the proceeds from the Term Loan A to pay down borrowings under the Credit Agreement, to pay costs and expenses related to the Amendment and for general corporate purposes.

Borrowings under the Credit Agreement bear interest at a variable rate equal to: (i) LIBOR, subject to a 1% floor, plus a specified margin; or (ii) the base rate (which is the highest of (a) the prime rate, (b) the greater of the federal funds rate and the overnight bank funding rate plus 0.50% or (c) the sum of 1% plus one-month LIBOR plus a specified margin based upon the Company's consolidated debt to capitalization ratio as of the most recent determination date). Pursuant to the Amendment, as of April 29, 2020: (A) in respect of revolving loans, (1) the Company is charged a facility fee equal to 0.40% of the total revolving credit facility commitment and (2) the specified margin is 2.1% for LIBOR borrowings and 1.1% for ABR borrowings, which specified margin will remain in effect until the end of the first fiscal quarter ending after the end of any period in which any portion of the term loan facility remains outstanding or the testing of any financial covenant in the Credit Agreement is suspended (the "Specified Period"); and (B) in respect of term loans, the specified margin is 2.5% for LIBOR borrowings and 1.5% for ABR borrowings, in each case, at all times.

The Amendment also amends the Credit Agreement to modify various restrictions and covenants applicable to the Company. Among other modifications, the Amendment amends the Credit Agreement to include restrictions on the ability of the Company to incur additional indebtedness, pay dividends and other distributions, and make voluntary prepayments on or defeasance of the Company's 4.02% Senior Notes due August 2025 and 4.32% Senior Notes due February 2027. Further, the Amendment amends the Credit Agreement to: (i) suspend testing of the minimum consolidated fixed charge coverage ratio of 3.0 to 1.0 until the earlier to occur of (a) September 2021 and (b) the last day of the Company's fiscal quarter in which the Company provides notice to the administrative agent that the Company is reinstating the testing of such ratio; (ii) add a covenant requiring the Company's consolidated EBITDA to be greater than (a) negative \$57 million as of June 25, 2020 for the fiscal quarter then ending, (b) negative \$90 million as of September 24, 2020 for the two consecutive fiscal quarters then ending, (c) negative \$65 million as of December 31, 2020 for the three consecutive fiscal quarters then ending, (d) negative \$40 million as of April 1, 2021 for the four consecutive fiscal quarters then ending, and (e) \$42 million as of July 1, 2021 for the four consecutive fiscal quarters then ending; (iii) add a covenant requiring the Company's consolidated liquidity to be greater than (a) \$102 million as of June 25, 2020, (b) \$67 million as of September 24, 2020, (c) \$78.5 million as of December 31, 2020, (d) \$83 million as of April 1, 2021, and (e) \$103.5 million as of July 1, 2021, which minimum liquidity amounts will be reduced by \$50 million for each such testing date if the term loans are paid in full as of such date; and (iv) add a covenant prohibiting the Company from incurring or making capital expenditures (a) during the period from April 1, 2020 through December 31, 2020, in excess of \$22.5 million plus certain adjustments, or (b) during the Company's 2021 fiscal year, in excess of \$50 million plus certain adjustments.

Pursuant to the Amendment, the Company is required to apply net cash proceeds received from certain events, including certain asset dispositions, casualty losses, condemnations, equity issuances, capital contributions, and the incurrence of certain debt, to prepay outstanding term loans. In addition, if, at any time during the Specified Period the Company's aggregate unrestricted cash on hand exceeds \$125 million, the Amendment requires the Company to prepay revolving loans under the Credit Agreement by the amount of such excess, without a corresponding reduction in the revolving commitments under the Credit Agreement.

In connection with the Amendment: (i) the Company pledged, subject to certain exceptions, security interests and liens in and on (a) substantially all of their respective personal property assets and (b) certain of their respective real property assets, in each case, to secure the Credit Agreement and related obligations; and (ii) certain subsidiaries of the Company have guaranteed the Company's obligations under the Credit Agreement. The foregoing security interests, liens and guaranties will remain in effect until the Collateral Release Date (as defined in the Amendment).

The Credit Agreement contains customary events of default. If an event of default under the Credit Agreement occurs and is continuing, then, among other things, the lenders may declare any outstanding obligations under the Credit Agreement to be immediately due and payable and exercise rights and remedies against the pledged collateral.

Except as amended by the Amendment, the remaining terms of the Credit Agreement remain in full force and effect.

First Amendment to Note Purchase Agreements

The \$109,000,000 of senior notes include a \$9,000,000 Note Purchase Agreement, dated April 17, 2018, that was paid off on April 17, 2020. The remaining \$100,000,000 of senior notes consist of two Purchase Agreements maturing in 2021 through 2027, require annual principal payments in varying installments and bear interest payable semi-annually at fixed rates ranging from 4.02% to 4.32%.

On April 29, 2020, the Company and certain purchasers entered into amendments (the "Note Amendments") to the Note Purchase Agreement, dated June 27, 2013, and the Note Purchase Agreement, dated December 21, 2016 (collectively, the "Note Purchase Agreements"). The Note Amendments amend certain covenants and other terms of the Note Purchase Agreements and are identical to the amended covenants that are referenced in the Amendment section above.

Additionally, from April 29, 2020 until the last day of the first fiscal quarter ending after the Collateral Release Date (as defined in the Note Amendments), the Company is required to pay a fee to each Note holder in an amount equal to 0.725% of the aggregate principal amount of Notes held by such holder. Such fee is payable quarterly (0.18125% of the aggregate principal amount of the Notes per quarter) commencing with the fiscal quarter ending June 25, 2020.

In connection with the Note Amendments: (i) the Company has pledged, subject to certain exceptions, security interests and liens in and on (a) substantially all of their respective personal property assets and (b) certain of their respective real property assets, in each case, to secure the Notes and related obligations; and (ii) certain subsidiaries of the Company have guaranteed the Company's obligations under the Note Purchase Agreements and the Notes. The foregoing security interests, liens and guaranties will remain in effect until the Collateral Release Date.

The Note Purchase Agreements contain customary events of default. If an event of default under the Note Purchase Agreements occurs and is continuing, then, among other things, all Notes then outstanding become immediately due and payable and the Note holders may exercise their rights and remedies against the pledged collateral.

Derivatives

The Company utilizes derivatives principally to manage market risks and reduce its exposure resulting from fluctuations in interest rates. The Company formally documents all relationships between hedging instruments and hedged items, as well as its risk-management objectives and strategies for undertaking various hedge transactions.

The Company entered into two interest rate swap agreements on March 1, 2018 covering \$50,000,000 of floating rate debt. The first agreement has a notional amount of \$25,000,000, expires March 1, 2021, and requires the Company to pay interest at a defined rate of 2.559% while receiving interest at a defined variable rate of one-month LIBOR (1.625% at March 26, 2020). The second agreement has a notional amount of \$25,000,000, expires March 1, 2023, and requires the Company to pay interest at a defined rate of 2.687% while receiving interest at a defined variable rate of one-month LIBOR (1.625% at March 26, 2020). The Company recognizes derivatives as either assets or liabilities on the consolidated balance sheets at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and on the type of hedging relationship. Derivatives that do not qualify for hedge accounting must be adjusted to fair value through earnings. For derivatives that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. The Company's interest rate swap agreements are considered effective and qualify as cash flow hedges. The Company assesses, both at the inception of each hedge and on an on-going basis, whether the derivatives that are used in its hedging transactions are highly effective in offsetting changes in cash flows of the hedged items. As of March 26, 2020, the interest rate swaps were considered highly effective. The fair value of the interest rate swaps on March 26, 2020 was a liability of \$2,181,000, of which, \$514,000 is included in other accrued liabilities and \$1,667,000 is included in deferred compensation and other in the consolidated balance sheet. The fair value of the interest rate swap on December 26, 2019, was a liability of \$1,194,000 and was included in deferred compensation and other in the consolidated balance sheet. The Company does not expect the interest rate swaps to have a material effect on earnings within the next 12 months.

6. Leases

The Company determines if an arrangement is a lease at inception. The Company evaluates each lease for classification as either a finance lease or an operating lease according to accounting guidance ASU No. 2016-02, *Leases (Topic 842)*. The Company performs this evaluation at the inception of the lease and when a modification is made to a lease. The Company leases real estate and equipment with lease terms of one year to 45 years, some of which include options to extend and/or terminate the lease.

The majority of the Company's lease agreements include fixed rental payments. For those leases with variable payments based on increases in an index subsequent to lease commencement, such payments are recognized as variable lease expense as they occur. Variable lease payments that do not depend on an index or rate, including those that depend on the Company's performance or use of the underlying asset, are also expensed as incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Total lease cost consists of the following:

Lease Cost	Classification	13 Weeks Ended March 26, 2020
		<i>(in thousands)</i>
Finance lease costs:		
Amortization of finance lease assets	Depreciation and amortization	\$ 711
Interest on lease liabilities	Interest expense	269
		<u>\$ 980</u>
Operating lease costs:		
Operating lease costs	Rent expense	\$ 6,667
Variable lease cost	Rent expense	227
Short-term lease cost	Rent expense	60
		<u>\$ 6,954</u>

Additional Information related to leases is as follows:

Other Information	13 Weeks Ended March 26, 2020
	<i>(in thousands)</i>
Cash paid for amounts included in the measurement of lease liabilities:	
Financing cash flows from finance leases	\$ 635
Operating cash flows from finance leases	269
Operating cash flows from operating leases	4,644
Right of use assets obtained in exchange for new lease obligations:	
Finance lease liabilities	25
Operating lease liabilities	9,630
	March 26, 2020
	<i>(in thousands)</i>
Finance leases:	
Property and equipment – gross	\$ 74,382
Accumulated depreciation and amortization	(53,631)
Property and equipment - net	<u>\$ 20,751</u>

Remaining lease terms and discount rates are as follows:

Lease Term and Discount Rate	March 26, 2020
Weighted-average remaining lease terms:	
Finance leases	10 years
Operating leases	15 years
Weighted-average discount rates:	
Finance leases	4.67 %
Operating leases	4.54 %

As of March 26, 2020, the Company had a build-to-suit lease arrangement in which the Company is responsible for the construction of a new leased theatre and for paying construction costs during development. Construction costs will be reimbursed by the landlord up to an agreed upon amount. During construction, the Company is deemed to not have control of the assets or the leased premises and has recorded the development expenditures in other assets on the consolidated balance sheet. The project is currently on hold due to the COVID-19 pandemic, so a completion date is not known at this time.

Subsequent to March 26, 2020, the Company began actively working with landlords to discuss changes to the timing of lease payments and contract terms of leases due to the COVID-19 pandemic. The lease terms are being negotiated on a lease by lease basis with individual landlords. In conjunction with these lease discussions, the Company anticipates electing the policy election to account for lease concessions as if they were made under the enforceable rights included in the original agreement and are thus outside of the modification framework. Therefore, in making this election, the Company will not need to perform a lease-by-lease analysis to evaluate the enforceable rights and will instead simply treat the change as if the enforceable rights were included or excluded in the original agreement.

7. Income Taxes

The Company's effective income tax rate, adjusted for losses from noncontrolling interests, for the 13 weeks ended March 26, 2020 and March 28, 2019 was 25.3% and 0.7%, respectively. The Company's effective income tax rate during the 13 weeks ended March 28, 2019 was reduced by excess tax benefits on share-based compensation. The Company does not include the income tax expense or benefit related to the net earnings or loss attributable to noncontrolling interests in its income tax expense as the entity is considered a pass-through entity and, as such, the income tax expense or benefit is attributable to its owners.

The Company has evaluated the provisions of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the CARES Act) that was signed subsequent to March 26, 2020. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferral of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. Based upon a preliminary review of these provisions, the Company believes it will be eligible for an income tax refund in the \$15-25 million range in fiscal 2020 related to new rules for qualified improvement property expenditures and net operating loss carrybacks. The Company would also be able to apply any tax loss incurred in fiscal 2020 to prior year income for what may be a significant refund in fiscal 2021 when the Company's fiscal 2020 tax return is filed.

8. Business Segment Information

The Company's primary operations are reported in the following business segments: Theatres and Hotels/Resorts. Corporate items include amounts not allocable to the business segments. Corporate revenues consist principally of rent and the corporate operating loss includes general corporate expenses. Corporate information technology costs and accounting shared services costs are allocated to the business segments based upon several factors, including actual usage and segment revenues.

Following is a summary of business segment information for the 13 weeks ended March 26, 2020 and March 28, 2019 (in thousands):

13 Weeks Ended				
March 26, 2020	Theatres	Hotels/ Resorts	Corporate Items	Total
Revenues	\$ 109,211	\$ 50,160	\$ 89	\$ 159,460
Operating income (loss)	(7,083)	(10,853)	(4,264)	(22,200)
Depreciation and amortization	13,510	5,412	111	19,033

13 Weeks Ended				
March 28, 2019	Theatres	Hotels/ Resorts	Corporate Items	Total
Revenues	\$ 114,885	\$ 55,061	\$ 93	\$ 170,039
Operating income (loss)	12,594	(3,153)	(4,491)	4,950
Depreciation and amortization	11,127	4,767	91	15,985

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**Special Note Regarding Forward-Looking Statements**

Certain matters discussed in this Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) and elsewhere in this Form 10-Q are “forward-looking statements” intended to qualify for the safe harbors from liability established by the Private Securities Litigation Reform Act of 1995, including the statements made in the “Impact of the COVID-19 Pandemic” section of this MD&A. These forward-looking statements may generally be identified as such because the context of such statements include words such as we “believe,” “anticipate,” “expect” or words of similar import. Similarly, statements that describe our future plans, objectives or goals are also forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties which may cause results to differ materially from those expected, including, but not limited to, the following: (1) the adverse effects of the COVID-19 pandemic on our theatre and hotels and resorts businesses, results of operations, liquidity, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness; (2) the duration of the COVID-19 pandemic and related shelter at home and social distancing requirements and the level of customer demand following the relaxation of such requirements; (3) the availability, in terms of both quantity and audience appeal, of motion pictures for our theatre division (particularly following the COVID-19 pandemic, during which the production of new movie content has essentially ceased), as well as other industry dynamics such as the maintenance of a suitable window between the date such motion pictures are released in theatres and the date they are released to other distribution channels; (4) the effects of adverse economic conditions in our markets, including but not limited to, those caused by the COVID-19 pandemic; (5) the effects on our occupancy and room rates caused by the COVID-19 pandemic and the effects on our occupancy and room rates of the relative industry supply of available rooms at comparable lodging facilities in our markets once hotels and resorts are able to reopen; (6) the effects of competitive conditions in our markets; (7) our ability to achieve expected benefits and performance from our strategic initiatives and acquisitions; (8) the effects of increasing depreciation expenses, reduced operating profits during major property renovations, impairment losses, and reopening and start-up costs due to the capital intensive nature of our business; (9) the effects of weather conditions, particularly during the winter in the Midwest and in our other markets; (10) our ability to identify properties to acquire, develop and/or manage and the continuing availability of funds for such development; (11) the adverse impact on business and consumer spending on travel, leisure and entertainment resulting from terrorist attacks in the United States, other incidents of violence in public venues such as hotels and movie theatres or epidemics (such as the COVID-19 pandemic); (12) a disruption in our business and reputational and economic risks associated with civil securities claims brought by shareholders; (13) our ability to timely and successfully integrate the Movie Tavern operations into our own circuit; and (14) our ability to achieve the additional revenues and operating income that we anticipate from our additional week of operations in fiscal 2020 and certain extraordinary events that are scheduled to take place in or near Milwaukee during fiscal 2020, such as the Democratic National Convention and The Ryder Cup, which may be significantly impacted by the COVID-19 pandemic. Our forward-looking statements are based upon our assumptions, which are based upon currently available information, including assumptions about our ability to manage difficulties associated with or related to the COVID-19 pandemic; the assumption that our theatre closures, hotel closures and restaurant closures are not expected to be permanent or to re-occur; the continued availability of our workforce following the temporary layoffs we have implemented as a result of the COVID-19 pandemic; and the temporary and long-term effects of the COVID-19 pandemic on our business. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this Form 10-Q and we undertake no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances.

RESULTS OF OPERATIONS

General

We report our consolidated and individual segment results of operations on a 52-or 53-week fiscal year ending on the last Thursday in December. Fiscal 2020 is a 53-week year beginning on December 27, 2019 and ending on December 31, 2020. Fiscal 2019 was a 52-week year beginning December 28, 2018 and ended on December 26, 2019.

We divide our fiscal year into three 13-week quarters and a final quarter consisting of 13 or 14 weeks. The first quarter of fiscal 2020 consisted of the 13-week period beginning December 27, 2019 and ended on March 26, 2020. The first quarter of fiscal 2019 consisted of the 13-week period beginning on December 28, 2018 and ended on March 28, 2019. Our primary operations are reported in the following two business segments: movie theatres and hotels and resorts.

Impact of the COVID-19 Pandemic

The recent outbreak of the COVID-19 pandemic has had an unprecedented impact on the world and both of our business segments. The situation continues to be volatile and the social and economic effects are widespread. As an operator of movie theatres, hotels and resorts, restaurants and bars, each of which consists of spaces where customers and guests gather in close proximity, our businesses are significantly impacted by protective actions that federal, state and local governments have taken to control the spread of the pandemic. These actions include, among other things, declaring national and state emergencies, encouraging social distancing, restricting freedom of movement, mandating non-essential business closures and issuing shelter-in-place, quarantine and stay-at-home orders.

As a result of these measures, we temporarily closed all of our theatres on March 17, 2020, and we currently are not generating any revenues from our theatre operations (other than some limited online sales and curbside sales of popcorn, pizza and other assorted food and beverage items). We also temporarily closed all of our hotel division restaurants and bars at approximately the same time and closed five of our eight company-owned hotels and resorts on March 24, 2020 due to a significant reduction in occupancy at those hotels. We announced the closing of our remaining three company-owned hotels on April 8, 2020. We currently are not generating any revenues from our hotels and resorts operations.

Maintaining a strong balance sheet has always been a core philosophy of The Marcus Corporation during our 85-year history. As a result, we believe we entered this global COVID-19 crisis with a strong financial position. At the end of fiscal 2019, our debt-to-capitalization ratio was a very modest 26%. As of March 26, 2020, we had a cash balance of \$126.5 million, which reflects the borrowing of \$220.0 million of our \$225.0 million revolving credit facility. Even if our theatres and hotels remained closed for the remainder of fiscal 2020, which we believe is a very unlikely scenario, we believe we would have sufficient cash to sustain our operations, even without the new financing described below.

Nonetheless, the COVID-19 pandemic has had and may continue to have adverse effects on our business, results of operations, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness, some of which may be significant. In light of the COVID-19 pandemic, we have been working to preserve cash and ensure sufficient liquidity to endure the impacts of the global crisis, even if prolonged. As a result, on April 29, 2020, we entered into the First Amendment to Credit Agreement (the "Amendment") among the company and several banks, amending our existing credit agreement dated January 9, 2020 (the "Credit Agreement"). The Amendment provides a new \$90.8 million 364-day Senior Term Loan A (the "Term Loan A") to further solidify our already strong balance sheet. We used the proceeds from the Term Loan A to pay down borrowings under the Credit Agreement, to pay costs and expenses related to the Amendment and for general corporate purposes. With this additional financing, we have provided for an additional "insurance policy" to further enhance our liquidity, and we believe it positions us to continue to sustain our operations well into fiscal 2021, even in the unlikely scenario that some or all of our properties remain closed.

The Amendment, described in greater detail below in the Liquidity section of this MD&A, also amends certain covenants and other terms, including waiving our compliance with the consolidated fixed charge coverage ratio covenant until September 2021. In addition, during the period in which the Term Loan A is outstanding and testing of financial covenants under the Credit Agreement is suspended, the Amendment also provides for a facility fee on the total revolver commitment equal to 0.40% and that the specified margin for borrowings under the revolving credit facility is 2.1% for LIBOR borrowings and 1.1% for ABR borrowings. The Amendment also provides that the specified margin for borrowings under the Term Loan A is 2.5% for LIBOR borrowings and 1.5% for ABR borrowings, in each case, at all times. The Amendment also establishes new minimum EBITDA and consolidated liquidity covenants and includes additional limitations on share repurchases, capital expenditures and the incurrence of priority debt. The Amendment also requires us to temporarily suspend our quarterly dividend payments for the remainder of 2020 and limits the total amount of quarterly dividend payments during the first two quarters of fiscal 2021, unless the Term Loan A is repaid, and we are in compliance with prior financial covenants under the Credit Agreement, at which point we have the ability to declare quarterly dividend payments as deemed appropriate. Pursuant to the Amendment, all borrowings under the Credit Agreement will be secured by substantially all of our personal and real property assets, until such date as the Term Loan A is repaid and we are in compliance with prior financial covenants under the Credit Agreement, at which point the Credit Agreement will return to an unsecured facility.

In conjunction with the Amendment, we also entered into amendments to the purchase agreements for our outstanding 4.02% and 4.32% senior notes on April 29, 2020 that waive the consolidated fixed charge coverage ratio covenant until September 2021 and secures all borrowings under the senior notes by the majority of our assets, until such date as the Term Loan A is repaid and we are in compliance with prior financial covenants, at which point the senior notes will return to unsecured notes. The amendments to the senior notes also include an additional fee payable to each note holder equal to 0.725% per annum on outstanding borrowings until the notes return to unsecured status. Additionally, the amendments establish new minimum EBITDA and consolidated liquidity covenants and additional limitations on share repurchases, capital expenditures and the incurrence of priority debt substantially identical to those included in the Amendment.

Since the COVID-19 crisis began, we have been working proactively to preserve cash and ensure sufficient liquidity to withstand the impacts of the COVID-19 pandemic and ultimately emerge in a continued position of strength. In addition to temporarily suspending quarterly dividend payments as required by the Amendment, additional measures we have already taken and intend to take in the future to enhance liquidity include:

- Discontinuing all non-essential operating and capital expenditures;
- Temporarily laying off the majority of our hourly theatre and hotel associates, in addition to temporarily reducing property management and corporate office staff levels;
- Temporarily reducing the salary of our chairman and president and chief executive officer (“CEO”) by 50%, as well as reducing the salary of all other executives and remaining divisional/corporate staff;
- Temporarily eliminating all board of directors cash compensation;
- Actively working with landlords and major suppliers to modify the timing and terms of certain contractual payments;
- Evaluating the provisions of the Coronavirus Aid, Relief, and Economic Security Act of 2020 (the “CARES Act”) and utilizing the benefits, relief and resources under those provisions as appropriate; and
- Evaluating the provisions of any subsequent federal or state legislation enacted as a response to the COVID-19 pandemic.

The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer-side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations and technical corrections to tax depreciation methods for qualified improvement property. Under the CARES Act: (i) for taxable years beginning before 2021, net operating loss carryforwards and carrybacks may offset 100% of taxable income; (ii) net operating losses arising in 2018, 2019 and 2020 taxable years may be carried back to each of the preceding five years to generate a refund; and (iii) for taxable years beginning in 2019 and 2020, the base for interest deductibility is increased from 30% to 50% of EBITDA. Based upon a preliminary review of these provisions, we believe we will be eligible to receive an income tax refund in the \$15-25 million range in fiscal 2020 related to new rules for qualified improvement property expenditures and net operating loss carrybacks. We would also be able to apply any tax loss incurred in fiscal 2020 to prior year income for what may be a significant refund in fiscal 2021 when our fiscal 2020 tax return is filed. The Amendment allows us to consider additional borrowings from governmental authorities under provisions of the CARES Act or any other subsequent governmental actions that we could avail ourselves of if we deemed it necessary and appropriate. Although we intend to seek any available potential benefits under the CARES Act, we cannot predict the manner in which such benefits will be allocated or administered, and we cannot assure you that we will be able to access such benefits in a timely manner or at all.

It is also important to note our significant real estate ownership. In addition to our owned hotels, unlike most of our peers we own the underlying real estate for the majority of our theatres (representing over 60% of our screens), thereby reducing our monthly fixed lease payments. This real estate ownership is a significant advantage for us relative to our peers.

The COVID-19 pandemic and the fact that all of our theatres and the majority of our hotels were closed as of March 26, 2020 required us to review many of the assets on our balance sheet. We increased our allowances for bad debts and wrote off a portion of our food inventories in both our theatre and hotels and resorts divisions. We reviewed our indefinite life trade name intangible asset and determined that, as a result of a change in circumstances, the carrying value exceeded fair value, and we reported a pre-tax impairment charge of \$2.2 million during the first quarter of fiscal 2020. We reviewed our long-lived assets, including property and equipment and operating lease right-of-use assets, for impairment due to the change in circumstances and determined that an additional aggregate pre-tax impairment charge of \$5.9 million was required during the first quarter of fiscal 2020 for several theatre properties. We reviewed goodwill at the theatre reporting unit level and determined that the fair value of our theatre reporting unit exceeded our carrying value as of March 26, 2020 and thus was not impaired as of that date. As a result of temporarily closing the majority of our properties, we also incurred approximately \$5.5 million of nonrecurring expenses related primarily to salary continuation payments to employees temporarily laid off.

The timing for when our theatres and hotels will reopen is uncertain as of the date of this report. The majority of our theatres are currently required to be closed under various state and local governmental restrictions, and we will continue to monitor and follow those restrictions until lifted. We were encouraged by recent federal guidance for a phased reopening of the U.S. economy that included the reopening of movie theatres in phase one, albeit under strict social distancing guidelines. Prior to closing our theatres, we had announced a social distancing seating plan that effectively reduced each theatre auditorium's capacity by 50%. Our current expectation is that, when we do reopen, we will open to similar capacity limitations. A reduction in capacity does not necessarily translate to an equal reduction in potential revenues. Reduced capacity may potentially impact attendance on \$5 Tuesdays and on opening weekends of major new film releases, but other showings may be relatively unaffected given normal attendance counts, and based upon our past experience, we believe that customers impacted on those \$5 Tuesdays and opening weekends may adapt to reduced seat availability by shifting their attendance to different days and times of day.

We believe that the exhibition industry has historically fared well during recessions, should one occur as a result of the COVID-19 pandemic, and we remain optimistic that the industry will rebound and benefit from pent-up social demand as home sheltering subsides and people seek togetherness with a return to normalcy. A return to “normalcy” may span multiple months driven by staggered theatre openings due to government limits, reduced operating hours, lingering social distancing requirements and a gradual ramp-up of consumer comfort with public gatherings. We are exploring a number of additional measures within our theatres to help support that consumer comfort. We also expect to initially reopen with older film product and other creative concepts to help excite consumers to return to theatres. We expect the film studios to work closely with the exhibition industry to provide the necessary product at favorable terms to facilitate a phased reopening. As described further below in the Theatres section of this MD&A, a significant number of films originally scheduled to be released in March through June 2020 have been delayed until later in fiscal 2020 or fiscal 2021, further increasing the quality and quantity of films available during those future time periods. As of the date of this report, most studios have kept their release schedule for films in place beginning in July 2020.

There has been some speculation that the COVID-19 pandemic may result in a change in how film studios may distribute their product in the future, including accelerating the release of films on alternate distribution channels such as premium video-on-demand and streaming services. In fact, in a couple of cases, films that were scheduled to be released to theatres have instead been released directly to these alternate channels. We believe that these select few instances are isolated and were a response to the immediate circumstances of nearly 100% of movie theatres being closed worldwide and do not reflect a change in permanent distribution plans of these studios. Other films with greater expected box office potential from these same studios were delayed rather than released early and comments from the film community in general have been very supportive of the importance of the theatrical experience. The exhibition industry is an \$11-\$12 billion industry in the U.S. and approximately \$40 billion worldwide, and the film studios derive a significant portion of their return on investment in film content from theatrical distribution. We believe distributing films in a movie theatre will continue to be an important component of their business model.

When we closed our hotels, it was not because of any governmental requirements to close. Our restaurants and bars within our hotels were required to close, but the hotels themselves were considered “essential businesses” under most definitions. We closed our hotels due to a significant drop in demand that made it financially prudent for us to close rather than stay open. As a result, the timing of reopening our hotels and resorts will likely be driven by an increase in demand, as individual and business travelers begin to travel more freely once again. The economic environment in place as this reopening happens will have a significant impact on the pace of our return to “normal” hotel operations. After past events such as 9/11 and the 2008 financial crisis, hotel demand softened for a period of time, particularly among business transient and group business travelers as travel budgets tightened in uncertain economic times. Whether the return to more normal demand is relatively rapid, as it was after 9/11, or occurs over the course of one or more years, as it was after the 2008 financial crisis, is unknown at this time. We also do not know what social distancing or other measures might be required when we reopen that may limit our initial revenue potential.

We cannot assure that the impact of the COVID-19 pandemic will not continue to have an adverse effect on both our theatre and hotels and resorts businesses, results of operations, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness, some of which may be significant.

Overall Results

The following table sets forth revenues, operating income (loss), other income (expense), net earnings (loss) and net earnings (loss) per common share for the first quarter of fiscal 2020 and fiscal 2019 (in millions, except for per share and variance percentage data):

	First Quarter			
	F2020	F2019	Variance	
			Amt.	Pct.
Revenues	\$ 159.5	\$ 170.0	\$ (10.5)	(6.2)%
Operating income (loss)	(22.2)	5.0	(27.2)	(548.5)%
Other income (expense)	(3.9)	(3.1)	(0.8)	(23.1)%
Net loss attributable to noncontrolling interests	(0.1)	(0.1)	—	N/A
Net earnings (loss) attributable to The Marcus Corp.	(19.4)	1.9	(21.3)	(1,140.4)%
Net earnings (loss) per common share - diluted	\$ (0.64)	\$ 0.06	\$ (0.70)	(1,166.7)%

Revenues decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due to decreased revenues from both our theatre division and hotels and resorts division. Operating income (loss) (earnings/loss before other income/expense and income taxes) decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due to a decrease in theatre division operating income and increased operating losses from our hotels and resorts division, partially offset by a decrease in our operating loss from corporate items. Both of our divisions were negatively impacted by closures of the majority of our properties as a result of the COVID-19 pandemic during the first quarter of fiscal 2020. Net earnings (loss) attributable to The Marcus Corporation decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due to decreased operating income and investment income, partially offset by decreased interest expense and income taxes.

Our operating loss during the first quarter of fiscal 2020 was negatively impacted by nonrecurring expenses totaling approximately \$5.5 million, or approximately \$0.13 per diluted common share, related to expenses incurred (primarily payroll continuation payments to employees temporarily laid off) due to the closing of all of our movie theatres and the majority of our hotels and resorts during the last two weeks of the quarter. In addition, impairment charges related to intangible assets and several theatre locations negatively impacted our fiscal 2020 first quarter operating income by approximately \$8.7 million, or approximately \$0.21 per diluted common share.

On February 1, 2019, we acquired the assets of Movie Tavern®, a New Orleans-based industry leading circuit known for its in-theatre dining concept (the “Movie Tavern Acquisition”). Now branded Movie Tavern by Marcus, the acquired circuit consisted of 208 screens at 22 locations in nine states – Arkansas, Colorado, Georgia, Kentucky, Louisiana, New York, Pennsylvania, Texas and Virginia. The purchase price consisted of \$30 million in cash, subject to certain adjustments, and 2,450,000 shares of our common stock for a total purchase price of approximately \$139 million, based upon our closing share price on January 31, 2019. Acquisition and preopening expenses related to the Movie Tavern Acquisition negatively impacted our operating income during the first quarter of fiscal 2019 by approximately \$1.8 million, or \$0.04 per diluted common share.

We closed the InterContinental Milwaukee hotel in early January 2019 and began a substantial renovation project that converted this hotel into an experiential arts hotel named Saint Kate® – The Arts Hotel (the “Saint Kate”). Revenues from our hotels and resorts division during the first quarter of fiscal 2019 were unfavorably impacted by this closing. Division revenues during the first quarter of fiscal 2019 were also negatively impacted by a major renovation occurring at our Hilton Madison hotel. Our operating loss from our hotels and resorts division during the first quarter of fiscal 2019 was negatively impacted by preopening expenses related to the Saint Kate hotel conversion of approximately \$1.2 million, or \$0.03 per diluted common share.

Operating losses from our corporate items, which include amounts not allocable to the business segments, decreased slightly during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due in part to reduced accruals for bonus and donation expenses as a result of operating losses this quarter, partially offset by increased non-cash long-term incentive compensation expenses.

We recognized an investment loss of \$695,000 during the first quarter of fiscal 2020 compared to investment income of \$473,000 during the first quarter of fiscal 2019. The investment loss during the fiscal 2020 first quarter was due to decreases in the value of marketable securities resulting from significant market declines arising from the COVID-19 pandemic and its impact on the U.S. economy.

Our interest expense totaled \$2.5 million for the first quarter of fiscal 2020 compared to \$3.1 million for the first quarter of fiscal 2019, a decrease of approximately \$600,000, or 17.8%. The decrease in interest expense during the first quarter of fiscal 2020 was due to reduced borrowing levels during the majority of the quarter compared to the first quarter of fiscal 2019 and a lower average interest rate during the first quarter of fiscal 2020 as a result of decreases in short-term interest rates on our variable rate debt. We expect our interest expense to increase during the remaining quarters of fiscal 2020 due to increased borrowings, as discussed in the Liquidity section of this MD&A below. Changes in our borrowing levels due to variations in our operating results, capital expenditures, share repurchases and asset sale proceeds, among other items, may impact our actual reported interest expense in future periods, as would further changes in short-term interest rates and changes in the mix between fixed rate debt and variable rate debt in our debt portfolio.

We did not have any significant variations in other expenses, gains on disposition of property, equipment and other assets or equity losses from unconsolidated joint ventures during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. The timing of periodic sales and disposals of our property and equipment varies from quarter to quarter, resulting in variations in our reported gains or losses on disposition of property and equipment.

We reported an income tax benefit for the first quarter of fiscal 2020 of \$6.6 million compared to income tax expense of \$13,000 for the first quarter of fiscal 2019. The large income tax benefit during the first quarter of fiscal 2020 was the result of the significant loss before income taxes due to the closing of the majority of our properties in March 2020 due to the COVID-19 pandemic. Our fiscal 2020 first quarter effective income tax rate, after adjusting for a loss from noncontrolling interests that is not tax-effected because the entity involved is a tax pass-through entity, was 25.3%, compared to our fiscal 2019 first quarter effective income tax rate of 0.7%, which benefitted from excess tax benefits on share-based compensation and nonrecurring adjustments specific to the first quarter of fiscal 2019. We anticipate that our effective income tax rate for the remaining quarters of fiscal 2020 may increase if we incur losses that can be carried back to prior years (that had a higher federal income tax rate) under provisions included in the CARES Act. Our actual fiscal 2020 effective income tax rate may be different from our estimated quarterly rates depending upon actual facts and circumstances.

The operating results of one majority-owned hotel, The Skirvin Hilton, are included in the hotels and resorts division revenue and operating income during the first quarters of fiscal 2020 and fiscal 2019, and the after-tax net earnings or loss attributable to noncontrolling interests is deducted from or added to net earnings on the consolidated statements of earnings. We reported net losses attributable to noncontrolling interests of \$148,000 and \$66,000, respectively, during the first quarters of fiscal 2020 and fiscal 2019.

Theatres

The following table sets forth revenues, operating income (loss) and operating margin for our theatre division for the first quarter of fiscal 2020 and fiscal 2019 (in millions, except for variance percentage and operating margin):

	First Quarter			
	F2020	F2019	Variance	
			Amt.	Pct.
Revenues	\$ 109.2	\$ 114.9	\$ (5.7)	(4.9)%
Operating income (loss)	(7.1)	12.6	(19.7)	(156.2)%
Operating margin (% of revenues)	(6.5)%	11.0 %		

Our theatre division revenues decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due primarily to decreased attendance as a result of the closing of all of our theatres on March 17, 2020 in response to the COVID-19 pandemic. The revenue impact of the decreased attendance was partially offset by an increase in our average ticket price and average concession revenues per person during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. In addition, our revenues during the first quarter of fiscal 2020 included an extra month of Movie Tavern revenues (Movie Tavern theatres were not acquired until February 1, 2019) and a new Movie Tavern theatre opened in Brookfield, Wisconsin during the fourth quarter of fiscal 2019.

Our theatre division operating income (loss) and operating margin decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due primarily to the impact of the reduced attendance and revenues at comparable theatres. In addition, our theatre division operating loss during the first quarter of fiscal 2020 was negatively impacted by nonrecurring expenses totaling approximately \$2.8 million related to expenses incurred (primarily payroll continuation payments to employees temporarily laid off) due to the closing of all of our movie theatres during the quarter. Impairment charges related to intangible assets and several theatre locations also negatively impacted our theatre division fiscal 2020 first quarter operating loss by approximately \$8.7 million. Our operating income and operating margin during the first quarter of fiscal 2019 was negatively impacted by approximately \$1.8 million of acquisition and preopening expenses related to the Movie Tavern Acquisition.

Our theatre division operating margin also declined during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due to the inclusion of an extra month of Movie Tavern operating results. Our Movie Tavern theatres have a lower operating margin than our legacy theatres due to the fact that all 22 acquired theatres are leased rather than owned (rent expense is generally significantly higher than depreciation expense). In addition, the fact that a larger portion of Movie Tavern revenues are derived from the sale of in-theatre food and beverage also contributes to lower operating margins, as food and labor costs are generally higher for those items compared to traditional concession items.

The following table provides a further breakdown of the components of revenues for the theatre division for the first quarter of fiscal 2020 and fiscal 2019 (in millions, except for variance percentage):

	First Quarter			
	F2020	F2019	Variance	
			Amt.	Pct.
Admission revenues	\$ 55.4	\$ 59.0	\$ (3.6)	(6.1)%
Concession revenues	45.9	47.2	(1.3)	(2.6)%
Other revenues	7.7	8.5	(0.8)	(10.1)%
	109.0	114.7	(5.7)	(4.9)%
Cost reimbursements	0.2	0.2	—	(4.7)%
Total revenues	\$ 109.2	\$ 114.9	\$ (5.7)	(4.9)%

As described above, the decreases in revenues are due to the temporary closing of all of our theatres on March 17, 2020 in response to the COVID-19 pandemic. Conversely, the extra month of Movie Tavern operations favorably impacted our revenues during the first quarter of fiscal 2020. Excluding the acquired and newly built Movie Tavern theatres, admission revenues and concession revenues for comparable theatres decreased 14.8% and 13.7%, respectively, during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019.

According to data received from Rentrak (a national box office reporting service for the theatre industry) and compiled by us to evaluate our fiscal 2020 first quarter results, United States box office receipts (excluding new builds for the top 10 theatre circuits) decreased 17.0% during our fiscal 2020 first quarter, indicating that our decrease in admission revenues during the first quarter of fiscal 2020 of 14.8% for our comparable theatres outperformed the industry by 2.2 percentage points. Our goal is to continue our past pattern of outperforming the industry, but with the majority of our renovations now completed for our legacy circuit, our ability to do so in any given quarter will likely be partially dependent upon film mix, weather, the competitive landscape in our markets and the impact of local sporting events. As discussed further below, we believe film mix favorably impacted our relative performance versus the nation during the fiscal 2020 period.

We did not include the performance of our Movie Tavern theatres, which we acquired in February 2019, in the comparison to the industry above because we did not own Movie Tavern during the entire fiscal 2019 first quarter. Based upon data available to us from the previous owner for the month of January 2019, however, we believe that our Movie Tavern theatres outperformed the industry by over ten percentage points during the first quarter of fiscal 2020 compared to the equivalent first quarter of fiscal 2019. We believe that this outperformance was attributable to investments we have made in new features and amenities in select theatres and our implementation of innovative operating and marketing strategies that have increased attendance, including our \$5 Tuesday promotion and our customer loyalty program. Adding the Movie Tavern theatres to our comparable theatres, we believe our combined theatre circuit outperformed the industry by approximately four percentage points during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019.

Our average ticket price increased 7.0% during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019, due in part to the extra month of Movie Tavern theatres in certain markets where competitive pricing is slightly higher than in our legacy Midwestern markets. Excluding all Movie Tavern theatres, our average ticket price at comparable theatres increased 6.0% during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. At the beginning of the second quarter of fiscal 2019, we implemented selected ticket price increases at certain locations to reflect the competitive market in which those theatres operate. In addition, we enacted a modest price increase for our proprietary premium large format (“PLF”) screens and converted our admission ticket pricing to a sales tax additive (or “tax-on-top”) model, consistent with the majority of our competitors. These modest ticket price increases had a favorable impact on our average ticket price during the first quarter of fiscal 2020.

We also believe that a change in film product mix had a favorable impact on our average ticket price during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. This year’s top two films, *Star Wars: The Rise of Skywalker* and *Bad Boys for Life*, attracted a more adult audience and performed extremely well in our PLF screens, with a corresponding price premium, favorably impacting our average ticket price during the first quarter of fiscal 2020. In addition, only one of our top five films during the first quarter of fiscal 2020 (#5, *Sonic the Hedgehog*) was aimed at a younger audience. Conversely, two of our top five films last year, *How to Train Your Dragon: The Hidden World* and *The Lego Movie 2: The Second Part*, were animated films that generally appeal to a younger audience (resulting in a higher percentage of lower-priced children’s tickets sold), negatively impacting our average ticket price during the first quarter of fiscal 2019. The increase in average ticket price favorably impacted our admission revenues of our comparable theatres by approximately \$2.5 million during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019.

Our concession revenues decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due to the mid-March closure of all of our theatres, partially offset by revenues from the new Movie Tavern theatre that opened during the fourth quarter of fiscal 2019, the extra month of operations for the acquired Movie Tavern theatres and an increase in our average concession revenues per person. Our average concession revenues per person increased by 10.9% during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019, due in part to the extra month of operations for the Movie Tavern theatres. Excluding all Movie Tavern theatres, our average concession revenues per person at comparable theatres increased 7.4% during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. The increase in our average concession revenues per person contributed approximately \$2.2 million to our comparable theatre concession revenues during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019.

A change in concession product mix, including increased sales of non-traditional food and beverage items from our increased number of *Take FiveSM Lounge*, *Zaffiro’s® Express*, *Reel Sizzle®* and in-theatre dining outlets were the primary reasons for our increased average concession sales per person during the fiscal 2020 first quarter. We believe that the above-described change in film product mix during the first quarter of fiscal 2020 favorably impacted the growth of our overall average concession sales per person during the fiscal 2020 first quarter, as adult-oriented films such as our top four films during this year’s first quarter tend to contribute more to sales of non-traditional food and beverage items compared to family-oriented and animated films such as the two films in our top five during the first quarter of fiscal 2019 described above.

Other revenues decreased by approximately \$800,000 during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. This decrease was due to reduced internet surcharge ticketing fees and decreased lobby and preshow advertising income as a result of the mid-March closure of all of our theatres.

Total theatre attendance decreased 12.2% during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. Excluding the acquired and newly-built Movie Tavern theatres, comparable theatre attendance decreased 19.5% during the quarter, due primarily to a weaker early March 2020 film slate compared to the prior year and the fact that we closed all of our theatres in mid-March in response to the COVID-19 pandemic. Attendance at comparable theatres increased significantly during January, decreased in February, and was declining during the first half of March prior to our theatre closures due to the fact that last year's top film during the quarter, *Captain Marvel*, was released during March 2019. January 2020 benefited from strong 2019 holdover films such as *Star Wars: The Rise of Skywalker* and *Jumanji: The Next Level*.

Our highest grossing films during the fiscal 2020 first quarter included *Star Wars: The Rise of Skywalker*, *Bad Boys for Life*, *Jumanji: The Next Level*, *1917* and *Sonic the Hedgehog*. We believe our theatre circuit outperformed on all four of our top films during the quarter. The film slate during the first quarter of fiscal 2020 was weighted more towards blockbuster movies compared to the prior year, as evidenced by the fact that our top five films during our fiscal 2020 first quarter accounted for 46% of our total box office results, compared to 39% for the top five films during the first quarter of fiscal 2019, both expressed as a percentage of the total admission revenues for the period. This increased reliance on blockbuster films during the fiscal 2020 first quarter had the effect of slightly increasing our film rental costs during the period, as generally the better a particular film performs, the greater the film rental cost tends to be as a percentage of box office receipts.

The film product release schedule for the remainder of fiscal 2020 has been changing in response to the closure of nearly 100% of the movie theatres in the U.S. As of the date of this report, the film studios have postponed the majority of their scheduled releases during our fiscal 2020 second quarter. Beginning in July 2020, however, there are a significant number of films scheduled to be released during the second half of the year that may generate substantial box office interest, including multiple films that were originally scheduled for the first half of fiscal 2020. Films currently scheduled for release during the second half of fiscal 2020 include *Tenet*, *Mulan*, *The SpongeBob Movie: Sponge on the Run*, *Wonder Woman 1984*, *The Quiet Place Part II*, *The Conjuring: The Devil Made Me Do It*, *Halloween Kills*, *Black Widow*, *Godzilla vs. Kong*, *Soul*, *No Time to Die*, *Free Guy*, *West Side Story*, *Coming 2 America*, *Dune*, *The Croods 2* and *Top Gun: Maverick*. The anticipated film slate for 2021, which will also now include several films originally scheduled for 2020, is currently expected to be very strong. Revenues for the theatre business and the motion picture industry in general are heavily dependent on the general audience appeal of available films, together with studio marketing, advertising and support campaigns and the maintenance of the current "windows" between the date a film is released in theatres and the date a motion picture is released to other channels, including video on-demand and DVD. These are factors over which we have no control.

We ended the first quarter of fiscal 2020 with a total of 1,104 company-owned screens in 90 theatres and six managed screens in one theatre, compared to 1,092 company-owned screens in 89 theatres and six managed screens in one theatre at the end of the first quarter of fiscal 2019. We opened a new eight-screen Movie Tavern by Marcus theatre in Brookfield, Wisconsin early in our fiscal 2019 fourth quarter and added four new screens to an existing Movie Tavern theatre during the first quarter of fiscal 2020. We also completed the addition of DreamLoungerSM recliner seating and added a new SuperScreen DLX[®] to that same Movie Tavern theatre during the first quarter of fiscal 2020. During the first quarter of fiscal 2020, we began projects that would add DreamLounger recliner seating to another Movie Tavern theatre and add DreamLounger recliner seating, as well as *Reel Sizzle* and *Take Five Lounge* outlets, to a Marcus Wehrenberg theatre, but those projects have temporarily been put on hold as a result of the COVID-19 pandemic. We also have temporarily stopped construction of a new nine-screen theatre in Tacoma, Washington. We currently expect to restart these projects when conditions warrant.

Hotels and Resorts

The following table sets forth revenues, operating loss and operating margin for our hotels and resorts division for the first quarter of fiscal 2020 and fiscal 2019 (in millions, except for variance percentage and operating margin):

	First Quarter			
	F2020	F2019	Variance	
			Amt.	Pct.
Revenues	\$ 50.2	\$ 55.1	\$ (4.9)	(8.9)%
Operating loss	(10.9)	(3.2)	(7.7)	(244.2)%
Operating margin (% of revenues)	(21.6)%	(5.7)%		

The following table provides a further breakdown of the components of revenues for the hotels and resorts division for the first quarter of fiscal 2020 and fiscal 2019 (in millions, except for variance percentage):

	First Quarter			
	F2020	F2019	Variance	
			Amt.	Pct.
Room revenues	\$ 17.0	\$ 18.9	\$ (1.9)	(10.3)%
Food and beverage revenues	13.6	15.8	(2.2)	(13.7)%
Other revenues	11.0	12.2	(1.2)	(9.7)%
	41.6	46.9	(5.3)	(11.3)%
Cost reimbursements	8.6	8.2	0.4	(4.9)%
Total revenues	\$ 50.2	\$ 55.1	\$ (4.9)	(8.9)%

Our first quarter is typically the weakest quarter of our fiscal year for our hotels and resorts division due to the traditionally reduced level of travel at our predominantly Midwestern portfolio of owned properties. Division revenues decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due entirely to COVID-19 related cancellations in March 2020. In addition, due to extremely low occupancy rates, we closed five of our eight company-owned hotels and resorts on March 24, 2020, further reducing revenues during the fiscal 2020 first quarter. Last year, we closed the former InterContinental Milwaukee hotel during the first week of January to begin a major renovation that converted this hotel into the Saint Kate. Excluding this hotel, total revenues during the first quarter of fiscal 2020 decreased by 12.2% compared to the first quarter of fiscal 2019.

Room revenues decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due to COVID-19 related cancellations during March 2020 and the closure of five company-owned hotels and resorts for the final two days of the quarter, partially offset by room revenues from the Saint Kate, which was not open last year during the first quarter. Excluding the Saint Kate, room revenues during the first quarter of fiscal 2020 decreased by 14.4% compared to the first quarter of fiscal 2019. Food and beverage revenues decreased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due to the loss of March banquet and catering revenues as groups cancelled due to the COVID-19 pandemic. In addition, our restaurants and bars were required to close during the last 10 days of the fiscal 2020 quarter due to the COVID-19 pandemic. Excluding the Saint Kate, food and beverage revenues during the first quarter of fiscal 2020 decreased by 19.8% compared to the first quarter of fiscal 2019. Other revenues decreased due primarily to reduced revenues from our condo hotels and decreased management fees. Cost reimbursements increased during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019 due to the addition of a new large management contract last year.

Our hotels and resorts division operating loss increased and operating margin declined during our fiscal 2020 first quarter compared to the first quarter of fiscal 2019 due primarily to the impact of the revenue losses described above. In addition, our hotels and resorts division operating loss during the first quarter of fiscal 2020 was negatively impacted by nonrecurring expenses totaling approximately \$2.7 million related to expenses incurred (primarily payroll continuation payments to employees temporarily laid off) due to the closing of five of our eight company-owned hotels and resorts during the quarter. Our operating loss during the first quarter of fiscal 2019 was negatively impacted by approximately \$1.2 million of preopening expenses related to our conversion of the InterContinental Milwaukee hotel into the Saint Kate.

The following table sets forth certain operating statistics for the first quarter of fiscal 2020 and fiscal 2019, including our average occupancy percentage (number of occupied rooms as a percentage of available rooms), our average daily room rate, or ADR, and our total revenue per available room, or RevPAR, for company-owned properties:

	First Quarter ⁽¹⁾			
	F2020	F2019	Variance	
			Amt.	Pct.
Occupancy percentage	55.6 %	64.6 %	(9.0)pts	(13.9)%
ADR	\$ 129.20	\$ 130.05	\$ (0.85)	(0.7)%
RevPAR	\$ 71.84	\$ 84.05	\$ (12.21)	(14.5)%

(1) These operating statistics represent averages of our seven distinct comparable company-owned hotels and resorts, branded and unbranded, in different geographic markets with a wide range of individual hotel performance. The statistics are not necessarily representative of any particular hotel or resort. The statistics exclude the Saint Kate, which was closed last year during the first quarter.

RevPAR decreased at six of our seven comparable company-owned properties during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. Our Hilton Madison hotel experienced an increase in RevPAR because it was undergoing a major renovation during the fiscal 2019 first quarter. Excluding the Hilton Madison hotel, our remaining six comparable company-owned hotels experienced a RevPAR decrease of 17.5% during the first quarter of fiscal 2020 compared to the prior year period. According to data received from Smith Travel Research and compiled by us in order to evaluate our fiscal 2020 first quarter results, comparable “upper upscale” hotels throughout the United States experienced a decrease in RevPAR of 20.9% during our fiscal 2020 first quarter compared to the same weeks last year. Data received from Smith Travel Research for our various “competitive sets” – hotels identified in our specific markets that we deem to be competitors to our hotels – indicates that these hotels experienced a decrease in RevPAR of 25.1% during our fiscal 2020 first quarter. Thus, we believe we outperformed the industry and our competitive sets during the fiscal 2020 first quarter.

A decline in group business contributed significantly to our reduced revenues during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019, as groups were among the first customer segments to begin cancelling as COVID-19 pandemic concerns grew. As described above, a decrease in group business subsequently led to a corresponding decrease in banquet and catering revenues. Although cancellations significantly impacted our occupancy rates during the first quarter, our comparable ADR decreased only slightly during the first quarter of fiscal 2020 compared to the prior year quarter. Two of our seven comparable company-owned hotels (including the Hilton Madison hotel, but excluding the Saint Kate) reported increased ADR during the fiscal 2020 first quarter compared to the first quarter of fiscal 2019. It is generally more difficult to increase ADR during our slower winter season, as overall occupancy is at its lowest.

Early in our fiscal 2020 second quarter, we closed our remaining three company-owned hotels. Looking to future periods, our company-owned hotels have experienced a significant decrease in group bookings for the second quarter of fiscal 2020 compared to the same period last year. As of the date of this report, our group room revenue bookings for the second half of fiscal 2020 - commonly referred to in the hotels and resorts industry as “group pace” - is running slightly behind our group room revenue bookings for the second half last year at this time and it is possible group pace may worsen if we receive additional cancellations in the coming months. Group pace for fiscal 2021 is currently running behind where we were last year at this time for fiscal 2020. Banquet and catering revenue pace for the second half of fiscal 2020 is currently about even with where we were last year at this same time and is slightly ahead for fiscal 2021 compared to where we were last year at this time for fiscal 2020.

Forecasting what future RevPAR growth or decline will be when our hotels reopen is very difficult at this time. Hotel revenues have historically tracked very closely with traditional macroeconomic statistics such as the Gross Domestic Product, so we will be monitoring the economic environment very closely. After past shocks to the system, such as 9/11 and the 2008 financial crisis, hotel demand took longer to recover than other components of the economy. Conversely, we now anticipate that hotel supply growth will be limited for the foreseeable future, which can be beneficial for our existing hotels. As of the date of this report, it was still uncertain what it will look like when Milwaukee hosts the Democratic National Convention in August 2020 (moved from July 2020). The status of the Ryder Cup in September 2020, which is scheduled to be held approximately one hour north of Milwaukee, is also uncertain at this time. Overall, we generally expect our revenue trends to track or exceed the overall industry trends, particularly in our respective markets.

Our hotels and resorts division operating results during the first quarter of fiscal 2020 benefited from a new management contract added during fiscal 2019 – the 468-room Hyatt Regency Schaumburg hotel in Schaumburg, Illinois. Conversely, we ceased management of the Heidel House Resort & Spa in Green Lake, Wisconsin and the Sheraton Chapel Hill Hotel in Chapel Hill, North Carolina, during fiscal 2019, partially offsetting the impact of the new contract. All of our managed hotels closed early in our fiscal 2020 second quarter due to extremely low occupancy as a result of the COVID-19 pandemic. In addition, early in our fiscal 2020 second quarter, we ceased management of the Hilton Garden Inn Houston NW/Willowbrook in Houston, Texas.

During our fiscal 2020 first quarter, Michael R. Evans joined us as the new president of Marcus® Hotels & Resorts. Mr. Evans is a proven lodging industry executive with more than 20 years of experience in the hospitality industry with companies such as Marriott International, Inc. and MGM Resorts International. We believe that Mr. Evans' proven development, operating and leadership experience and strong roots in the hospitality industry make him extremely qualified to build on our hotels and resorts division's long history of success.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

Our movie theatre and hotels and resorts businesses, when open and operating normally, each generate significant and consistent daily amounts of cash, subject to previously-noted seasonality, because each segment's revenue is derived predominantly from consumer cash purchases. Under normal circumstances, we believe that these relatively consistent and predictable cash sources, as well as the availability of unused credit lines, would be adequate to support the ongoing operational liquidity needs of our businesses. A detailed description of our liquidity situation as of March 26, 2020 is described in detail above in the "Impact of the COVID-19 Pandemic" section of this MD&A.

We and several banks are party to the Credit Agreement, which provides for a revolving credit facility that matures on January 9, 2025, with an initial maximum aggregate amount of availability of \$225 million. On April 29, 2020, we entered into the Amendment to our Credit Agreement.

The Amendment amends the Credit Agreement to provide for an initial \$90.8 million term loan facility that matures on April 28, 2021. The term loan facility may be increased by our company from time to time prior to 180 days after April 29, 2020 up to an aggregate amount of \$100 million, provided that certain conditions are satisfied, including the consent of each lender participating in such increase. We will use borrowings under the term loan facility to pay down revolving loans, to pay costs and expenses related to the Amendment, and for general corporate purposes.

Borrowings under the Credit Agreement bear interest at a variable rate equal to: (i) LIBOR, subject to a 1% floor, plus a specified margin; or (ii) the base rate (which is the highest of (a) the prime rate, (b) the greater of the federal funds rate and the overnight bank funding rate plus 0.50% or (c) the sum of 1% plus one-month LIBOR plus a specified margin based upon our consolidated debt to capitalization ratio as of the most recent determination date. Pursuant to the Amendment, as of April 29, 2020: (A) in respect of revolving loans, (1) our company is charged a facility fee equal to 0.40% of the total revolving credit facility commitment and (2) the specified margin is 2.1% for LIBOR borrowings and 1.1% for ABR borrowings, which specified margin will remain in effect until the end of the first fiscal quarter ending after the end of any period in which any portion of the term loan facility remains outstanding or the testing of any financial covenant in the Credit Agreement is suspended (the "Specified Period"); and (B) in respect of term loans, the specified margin is 2.5% for LIBOR borrowings and 1.5% for ABR borrowings, in each case, at all times.

The Amendment also amends the Credit Agreement to modify various restrictions and covenants applicable to our company and certain of our subsidiaries. Among other modifications, the Amendment amends the Credit Agreement to include restrictions on our ability and certain of our subsidiaries to incur additional indebtedness, pay dividends and other distributions, and make voluntary prepayments on or defeasance of our 4.02% Senior Notes due August 2025 and 4.32% Senior Notes due February 2027. Further, the Amendment amends the Credit Agreement to: (i) suspend testing of the minimum consolidated fixed charge coverage ratio of 3.0 to 1.0 until the earlier to occur of (a) the end of our fiscal third quarter in 2021 and (b) the last day of our fiscal quarter in which we provide notice to the administrative agent that we are reinstating the testing of such ratio; (ii) add a covenant requiring our consolidated EBITDA to be greater than (a) negative \$57 million as of June 25, 2020 for the fiscal quarter then ending, (b) negative \$90 million as of September 24, 2020 for the two consecutive fiscal quarters then ending, (c) negative \$65 million as of December 31, 2020 for the three consecutive fiscal quarters then ending, (d) negative \$40 million as of April 1, 2021 for the four consecutive fiscal quarters then ending, and (e) \$42 million as of July 1, 2021 for the four consecutive fiscal quarters then ending; (iii) add a covenant requiring our consolidated liquidity to be greater than (a) \$102 million as of June 25, 2020, (b) \$67 million as of September 24, 2020, (c) \$78.5 million as of December 31, 2020, (d) \$83 million as of April 1, 2021, and (e) \$103.5 million as of July 1, 2021, which minimum liquidity amounts will be reduced by \$50 million for each such testing date if the term loans are paid in full as of such date; and (iv) add a covenant prohibiting our company and certain of our subsidiaries from incurring or making capital expenditures, in the aggregate for our company and such subsidiaries, (a) during the period from April 1, 2020 through December 31, 2020, in excess of \$22.5 million plus certain adjustments, or (b) during our 2021 fiscal year, in excess of \$50 million plus certain adjustments.

Pursuant to the Amendment, we are required to apply net cash proceeds received from certain events, including certain asset dispositions, casualty losses, condemnations, equity issuances, capital contributions, and the incurrence of certain debt, to prepay outstanding term loans. In addition, if, at any time during the Specified Period our company and certain of our subsidiaries' aggregate unrestricted cash on hand exceeds \$125 million, the Amendment requires us to prepay revolving loans under the Credit Agreement by the amount of such excess, without a corresponding reduction in the revolving commitments under the Credit Agreement.

In connection with the Amendment: (i) our company and certain of our subsidiaries pledged, subject to certain exceptions, security interests and liens in and on (a) substantially all of their respective personal property assets and (b) certain of their respective real property assets, in each case, to secure the Credit Agreement and related obligations; and (ii) certain subsidiaries of the Company have guaranteed our obligations under the Credit Agreement. The foregoing security interests, liens and guaranties will remain in effect until the Collateral Release Date (as defined in the Amendment).

The Credit Agreement contains customary events of default. If an event of default under the Credit Agreement occurs and is continuing, then, among other things, the lenders may declare any outstanding obligations under the Credit Agreement to be immediately due and payable and exercise rights and remedies against the pledged collateral.

On April 29, 2020, our company and certain purchasers entered into amendments (the “Note Amendments”) to the Note Purchase Agreement, dated June 27, 2013, and the Note Purchase Agreement, dated December 21, 2016 (collectively, the “Note Purchase Agreements”). Pursuant to the Note Purchase Agreements, we previously issued and sold \$50 million in aggregate principal amount of our 4.02% Senior Notes due August 2025 and \$50 million in aggregate principal amount of our 4.32% Senior Notes due February 2027 (collectively, the “Notes”) in private placements exempt from the registration requirements of the Securities Act of 1933, as amended.

The Note Amendments amend certain covenants and other terms of the Note Purchase Agreements to: (i) suspend testing of the consolidated fixed charge coverage ratio of 2.50 to 1.0 until the earlier to occur of (a) the end of our fiscal third quarter in 2021 and (b) the last day of our fiscal quarter in which we provide notice to the administrative agent that we are reinstating the testing of such ratio; (ii) add a covenant requiring our consolidated EBITDA to be greater than (a) negative \$57 million as of June 25, 2020 for the fiscal quarter then ending, (b) negative \$90 million as of September 24, 2020 for the two consecutive fiscal quarters then ending, (c) negative \$65 million as of December 31, 2020 for the three consecutive fiscal quarters then ending, (d) negative \$40 million as of April 1, 2021 for the four consecutive fiscal quarters then ending, and (e) \$42 million as of July 1, 2021 for the four consecutive fiscal quarters then ending; (iii) add a covenant requiring our consolidated liquidity to be greater than (a) \$102 million as of June 25, 2020, (b) \$67 million as of September 24, 2020, (c) \$78.5 million as of December 31, 2020, (d) \$83 million as of April 1, 2021, and (e) \$103.5 million as of July 1, 2021, which minimum liquidity amounts will be reduced by \$50 million for each such testing date if the term loans under the Credit Agreement are paid in full as of such date; and (iv) add a covenant prohibiting our company and certain of our subsidiaries from incurring or making capital expenditures, in the aggregate for our company and such subsidiaries, (a) during the period from April 1, 2020 through December 31, 2020, in excess of \$22.5 million plus certain adjustments, or (b) during our 2021 fiscal year, in excess of \$50 million plus certain adjustments.

Additionally, from April 29, 2020 until the last day of the first fiscal quarter ending after the Collateral Release Date (as defined in the Note Amendments), we are required to pay a fee to each Note holder in an amount equal to 0.725% of the aggregate principal amount of Notes held by such holder. Such fee is payable quarterly (0.18125% of the aggregate principal amount of the Notes per quarter) commencing with the fiscal quarter ending June 25, 2020.

In connection with the Note Amendments: (i) our company and certain of our subsidiaries have pledged, subject to certain exceptions, security interests and liens in and on (a) substantially all of their respective personal property assets and (b) certain of their respective real property assets, in each case, to secure the Notes and related obligations; and (ii) certain subsidiaries of our have guaranteed our obligations under the Note Purchase Agreements and the Notes. The foregoing security interests, liens and guaranties will remain in effect until the Collateral Release Date.

The Note Purchase Agreements contain customary events of default. If an event of default under the Note Purchase Agreements occurs and is continuing, then, among other things, all Notes then outstanding become immediately due and payable and the Note holders may exercise their rights and remedies against the pledged collateral.

We believe that the actions that have been taken will allow us to have sufficient liquidity to meet our obligations as they come due and to comply with our debt covenants for at least 12 months from the issuance date of the consolidated financial statements. However, future compliance with our debt covenants could be impacted if we are unable to resume operations as currently expected.

Financial Condition

Net cash used in operating activities totaled \$16.6 million during the first quarter of fiscal 2020, compared to net cash provided by operating activities of \$8.0 million during the first quarter of the fiscal 2019. The \$24.6 million decrease in net cash provided by operating activities was due primarily to reduced net earnings and the unfavorable timing in the payment of accounts payable and payment of income taxes, partially offset by the favorable timing in the collection of accounts receivable during the first quarter of fiscal 2020.

Net cash used in investing activities during the first quarter of fiscal 2020 totaled \$10.2 million, compared to \$46.1 million during the first quarter of fiscal 2019. The decrease in net cash used in investing activities of \$35.9 million was primarily the result of the \$29.6 million cash consideration in the Movie Tavern Acquisition during the first quarter of fiscal 2019. We did not incur any acquisition-related capital expenditures during the first quarter of fiscal 2020. A decrease in capital expenditures also contributed to the decrease in net cash used in investing activities during the first quarter of fiscal 2020 compared to the first quarter of fiscal 2019. Total cash capital expenditures (including normal continuing capital maintenance and renovation projects) totaled \$10.0 million during the first quarter of fiscal 2020 compared to \$13.7 million during the first quarter of fiscal 2019.

Fiscal 2020 first quarter cash capital expenditures included approximately \$7.2 million incurred in our theatre division, including costs associated with the addition of four new screens, DreamLounger recliner seating and a SuperScreen DLX auditorium at an existing Movie Tavern theatre. We also began projects to add DreamLounger recliner seating, as well as *Reel Sizzle* and *Take Five Lounge* outlets, to an existing Marcus Wehrenberg theatre and DreamLounger recliner seating to an existing Movie Tavern theatre. We also incurred capital expenditures in our hotels and resorts division during the first quarter of fiscal 2020 of approximately \$2.4 million, consisting primarily of normal maintenance capital projects. Fiscal 2019 first quarter cash capital expenditures included approximately \$4.9 million incurred in our theatre division, including costs associated with the addition of DreamLounger recliner seating and new *UltraScreen* and *SuperScreen DLX* auditoriums to existing theatres. We also incurred capital expenditures in our hotels and resorts division during the first quarter of fiscal 2019 of approximately \$8.6 million, consisting primarily of costs associated with the conversion of the Saint Kate and renovation of the Hilton Madison hotel, as well as normal maintenance capital projects at our other properties.

Net cash provided by financing activities during the first quarter of fiscal 2020 totaled \$132.4 million compared to \$29.4 million during the first quarter of fiscal 2019. As described above, we drew down on the full amount available under our revolving credit facility during the first quarter of fiscal 2020 (after taking into consideration outstanding letters of credit that reduce revolver availability). As a result, we added \$188.0 million of new short-term borrowings, and we made \$49.0 million of repayments on short-term borrowings during the first quarter of fiscal 2020 (net increase in borrowings on our credit facility of \$139.0 million). During fiscal 2019, we used excess cash during the first quarter to reduce our borrowings under our revolving credit facility. As short-term borrowings became due, we replaced them as necessary with new short-term borrowings. During the fiscal 2019 first quarter, we also used borrowings from our revolving credit facility to fund the cash consideration in the Movie Tavern Acquisition. As a result, we added \$73.0 million of new short-term borrowings, and we made \$38.0 million of repayments on short-term borrowings during the first quarter of fiscal 2019 (net increase in borrowings on our credit facility of \$35.0 million).

We did not issue any new long-term debt during the first quarters of fiscal 2020 and fiscal 2019. As described above, we did incur \$90.8 million of new debt early in our fiscal 2020 second quarter, the majority of which was used to repay existing borrowings under our revolving credit facility. Principal payments on long-term debt were \$177,000 during the first quarter of fiscal 2020 compared to payments of \$217,000 during the first quarter of fiscal 2019. Our debt-to-capitalization ratio (excluding our finance and operating lease obligations) was 0.37 at March 26, 2020, compared to 0.26 at December 26, 2019.

We repurchased approximately 8,600 shares of our common stock for approximately \$274,000 in conjunction with the payment of income taxes on vested restricted stock during the first quarter of fiscal 2020, compared to 11,000 shares repurchased for approximately \$428,000 in conjunction with the exercise of stock options during the first quarter of fiscal 2019. As of March 26, 2020, approximately 2.7 million shares remained available for repurchase under prior Board of Directors repurchase authorizations. We expect that we will execute any future repurchases on the open market or in privately-negotiated transactions, depending upon a number of factors, including prevailing market conditions. As described above, the Amendment currently restricts our ability to repurchase shares in the open market until such time as we have paid off the new Term Loan A and returned to compliance with our prior covenants under the Credit Agreement.

In conjunction with the Movie Tavern Acquisition, we issued 2,450,000 shares of our common stock to the seller during the first quarter of fiscal 2019. This non-cash transaction reduced treasury stock and increased capital in excess of par by the value of the shares at closing of approximately \$109.2 million.

Dividend payments during the first quarter of fiscal 2020 totaled \$5.1 million compared to dividend payments of \$4.8 million during the first quarter of fiscal 2019. The increase in dividend payments was primarily the result of a 6.3% increase in our regular quarterly dividend payment rate initiated in March 2020. As described above, the Amendment requires us to temporarily suspend our quarterly dividend payments for the remainder of 2020 and limits the total amount of quarterly dividend payments during the first two quarters of fiscal 2021, unless the Term Loan A is repaid and we are in compliance with prior financial covenants under the Credit Agreement, at which point we have the ability to declare quarterly dividend payments as we deem appropriate.

We previously indicated that we expected our full-year fiscal 2020 capital expenditures, (excluding any significant unidentified acquisitions), to be in the \$65-\$85 million range. As described above, in response to the COVID-19 pandemic and the temporary closure of all of our theatres and hotels, we have temporarily discontinued all non-essential capital expenditures and paused several projects that we had begun during the first quarter of fiscal 2020. The Amendment also restricts the amount of capital expenditures that we may incur during the remainder of fiscal 2020 and first half of fiscal 2021. As a result, we now believe our fiscal 2020 capital expenditures may be in the \$20-\$30 million range. Once the restrictions on our capital expenditures are removed, the actual timing and extent of the implementation of all of our current expansion plans will depend in large part on industry and general economic conditions, our financial performance and available capital, the competitive environment, evolving customer needs and trends, and the availability of attractive opportunities. It is likely that our plans will continue to evolve and change in response to these and other factors.

Critical Accounting Policy Update

Goodwill is tested for impairment at a reporting unit level, determined to be at an operating segment level. When reviewing goodwill for impairment, we consider the amount of excess fair value over the carrying value of the reporting unit, the period of time since the last quantitative test, and other factors to determine whether or not to first perform a qualitative test. When performing a qualitative test, we assess numerous factors to determine whether it is more likely than not that the fair value of our reporting unit is less than its carrying value. Examples of qualitative factors that we assess include our share price, our financial performance, market and competitive factors in our industry, and other events specific to the reporting unit. If we conclude that it is more likely than not that the fair value of our reporting unit is less than its carrying value, we perform a quantitative test by comparing the carrying value of the reporting unit to the estimated fair value. Primarily all of our goodwill relates to our theatre segment. Due to the COVID-19 pandemic and the temporary closing of all of our theatre locations, we determined that a triggering event occurred during the 13 weeks ended March 26, 2020 and performed a quantitative analysis. In order to determine fair value, we used assumptions based on information available to us as of March 26, 2020, including both market data and forecasted cash flows. We then used this information to determine fair value and determined that the fair value of our theatre reporting unit exceeded our carrying value by approximately 20% and deemed that no impairment was indicated as of March 26, 2020. If we are unable to achieve our forecasted cash flow or if market conditions worsen, our goodwill could be impaired at a later date.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have not experienced any material changes in our market risk exposures since December 26, 2019.

Item 4. Controls and Procedures

a. Evaluation of disclosure controls and procedures

Based on their evaluations and the evaluation of management, as of the end of the period covered by this Quarterly Report on Form 10-Q, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 under the Securities Exchange Act of 1934 (the "Exchange Act")) are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.

b. Changes in internal control over financial reporting

There were no significant changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15 of the Exchange Act that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 26, 2019, except for the addition of the risk factors set forth below:

The COVID-19 Pandemic Has Had and May Continue to Have Adverse Effects on Our Theatre and Hotels and Resorts Businesses, Results of Operations, Liquidity, Cash Flows, Financial Condition, Access to Credit Markets and Ability to Service Our Existing and Future Indebtedness, Some of Which May be Significant.

The recent outbreak of the COVID-19 pandemic has had an unprecedented impact on the world and both of our business segments. The situation continues to be volatile and the social and economic effects are widespread. As an operator of movie theatres, hotels and resorts, restaurants and bars, each of which consists of spaces where customers and guests gather in close proximity, our businesses are significantly impacted by protective actions that federal, state and local governments have taken to control the spread of the pandemic. These actions include, among other things, declaring national and state emergencies, encouraging social distancing, restricting freedom of movement, mandating non-essential business closures and issuing shelter-in-place, quarantine and stay-at-home orders.

As a result of these measures, we temporarily closed all of our theatres on March 17, 2020, and we currently are not generating any revenues from our theatre operations (other than some limited online sales and curbside sales of popcorn, pizza and other assorted food and beverage items). We also temporarily closed all of our hotel restaurants and bars at approximately the same time and closed five of our eight company-owned hotels and resorts on March 24, 2020 due to a significant reduction in occupancy at those hotels. We announced the closing of our remaining three company-owned hotels on April 8, 2020. We currently are not generating any revenues from our hotels and resorts operations.

We have also (i) temporarily suspended quarterly dividend payments, (ii) halted all non-essential operating and capital expenditures, (iii) temporarily laid-off the majority of our hourly theatre and hotel associates, in addition to temporarily reducing property management and corporate office staff levels, (iv) temporarily reduced salaries of all remaining employees, including a 50% salary reduction for our chairman and president and CEO, and (v) taken additional measures to preserve cash and improve liquidity. Additionally, we have sought and received a waiver of our compliance with the consolidated fixed charge coverage ratio covenant in our existing Credit Agreement and all of our senior notes, in each case, until September 2021.

Although we believe the closure of our theatres and hotels is temporary, we cannot predict when the effects of the COVID-19 pandemic will subside or when our businesses will return to normal levels. The longer and more severe the pandemic, including repeat or cyclical outbreaks beyond the one we are currently experiencing, the more severe the adverse effects will be on our businesses, results of operations, liquidity, cash flows, financial condition, access to credit markets and ability to service our existing and future indebtedness.

Even when the COVID-19 pandemic subsides, we cannot guarantee that we will recover as rapidly as other industries. For example, once federal, state and local government restrictions are lifted, it is unclear how quickly patrons will return to our theatres and hotels, which may be a function of continued concerns over safety and/or depressed consumer sentiment due to adverse economic conditions, including job losses, among other things. Even once theatres and hotels are reopened, a single case of COVID-19 in a theatre or hotel could result in additional costs and further closures. If we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate, we could suffer damage to our reputation, which could adversely affect our businesses.

Furthermore, the effects of the pandemic on our businesses could be long-lasting and could continue to have adverse effects on our businesses, results of operations, liquidity, cash flows and financial condition, some of which may be significant, and may adversely impact our ability to operate our businesses after our temporary closure ends on the same terms as we conducted business prior to the pandemic. Significant impacts on our businesses caused by the COVID-19 pandemic may include, among others:

- lack of availability of films in the short- or long-term, including as a result of (i) major film distributors releasing scheduled films on alternative channels or (ii) disruptions of film production;
- decreased attendance at our theatres after they reopen, including due to (i) continued safety and health concerns or (ii) a change in consumer behavior in favor of alternative forms of entertainment;
- reduced travel from our various leisure, business transient and group business customers;
- cancellation of major events that were expected to benefit our hotels and resorts division, including the Democratic National Convention in August 2020 and the Ryder Cup in September 2020;
- our inability to negotiate favorable rent payment terms with our landlords;
- unavailability of employees and/or their inability or unwillingness to conduct work under any revised work environment protocols;
- increased risks related to employee matters, including increased employment litigation and claims relating to terminations or furloughs caused by theatre and hotel closures;
- reductions and delays to planned operating and capital expenditures;
- potential impairment charges;
- our inability to generate significant cash flow from operations if our theatres and/or hotels and resorts continue to experience demand at levels significantly lower than historical levels, which could lead to a substantial increase in indebtedness and negatively impact our ability to comply with the financial covenants, if applicable, in our debt agreements;
- our inability to access lending, capital markets and other sources of liquidity, if needed, on reasonable terms, or at all, or obtain amendments, extensions and waivers;
- our inability to effectively meet our short- and long-term obligations; and
- our inability to service our existing and future indebtedness.

Additionally, although we intend to seek available benefits under the CARES Act, or any subsequent governmental relief bills, we cannot predict the manner in which any benefits under the CARES Act, or any subsequent governmental relief bills, will be allocated or administered and we cannot assure you that we will be able to access such benefits in a timely manner or at all. Accessing these benefits and our response to the COVID-19 pandemic have required our management team to devote extensive resources and are likely to continue to do so in the near future, which negatively affects our ability to implement our business plan and respond to opportunities.

The Duration of the COVID-19 Pandemic and Related Shelter-in-Place and Social Distancing Requirements and the Level of Customer Demand Following the Relaxation of Such Requirements May Adversely Affect Our Financial Results.

As noted above, due to the COVID-19 pandemic, our operations at our theatres and hotels and resorts have been suspended temporarily, and there is uncertainty as to when we will be permitted to reopen our facilities. Because we operate in several different jurisdictions, we may be able to reopen some, but not all, of our theatres and hotels and resorts within a certain timeframe. Our current expectation is that, when we do reopen, we will open to capacity limitations. A reduction in capacity does not necessarily translate to an equal reduction in potential revenues. Reduced capacity may potentially impact attendance on \$5 Tuesdays and on opening weekends of major new film releases, but based upon our past experience, we believe that customers will adapt to reduced seat availability by shifting their attendance to different days and times of day. However, fears and concerns regarding the COVID-19 pandemic could cause our customers to avoid assembling in public spaces for some time despite the relaxation of shelter-in-place and social distancing measures. Although we believe we have sufficient resources to fund our operations well into 2021 in the unlikely event that shelter-in-place, stay-at-home and social distancing requirements last substantially beyond the currently mandated closure periods, we have no control over and cannot predict the length of the closure of our theatres and hotels and resorts due to the COVID-19 pandemic. If we are unable to generate revenues due to a prolonged period of closure or experience significant declines in our businesses volumes upon reopening, this would negatively impact our ability to remain in compliance with our debt covenants and meet our payment obligations. In such an event, we would either seek covenant waivers or attempt to amend our covenants, though there is no certainty that we would be successful in such efforts. Additionally, we could seek additional liquidity through the issuance of new debt. Our ability to obtain additional financing and the terms of any such additional financing would depend in part on factors outside of our control.

In addition to the specific risks described above, the COVID-19 pandemic (including federal, state and local governmental responses, broad economic impacts and market disruptions) has heightened the materiality of the other risk factors disclosed in the Company's Annual Report on Form 10-K for the year ended December 26, 2019.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information with respect to purchases made by us or on our behalf of our Common Stock during the periods indicated. All of these repurchases were made in conjunction with the payment of income taxes on vested restricted stock pursuant to the publicly announced repurchase authorization described below.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs (1)
December 27 - January 30	—	\$ —	—	2,756,561
January 31 - February 27	8,551	32.06	8,551	2,748,010
February 28 - March 26	—	—	—	2,748,010
Total	8,551	\$ 32.06	8,551	2,748,010

(1) Through March 26, 2020, our Board of Directors had authorized the repurchase of up to approximately 11.7 million shares of our outstanding Common Stock. Under these authorizations, we may repurchase shares of our Common Stock from time to time in the open market, pursuant to privately negotiated transactions or otherwise. As of March 26, 2020, we had repurchased approximately 8.9 million shares of our Common Stock under these authorizations. The repurchased shares are held in our treasury pending potential future issuance in connection with employee benefit, option or stock ownership plans or other general corporate purposes. These authorizations do not have an expiration date.

Item 4. Mine Safety Disclosures

Not applicable.

Item 6. Exhibits

- 3.1 [By-Laws of The Marcus Corporation, as amended on April 9, 2020](#)
- 4.1 [First Amendment to Credit Agreement, dated April 29, 2020, among The Marcus Corporation, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent. \[Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K dated April 30, 2020.\]](#)
- 4.2 [First Amendment to Note Purchase Agreement date as of June 27, 2013, dated April 29, 2020, among The Marcus Corporation and the several purchasers listed in the schedules attached thereto. \[Incorporated by reference to Exhibit 4.2 to our Current Report on Form 8-K dated April 30, 2020.\]](#)
- 4.3 [First Amendment to Note Purchase Agreement dated as of December 21, 2016, dated April 29, 2020, among The Marcus Corporation and the several purchasers listed in the schedules attached thereto. \[Incorporated by reference to our Current Report on Form 8-K dated April 30, 2020.\]](#)
- 31.1 [Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 32 [Written Statement of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. §1350.](#)
- 101.INS The instance document does not appear in the interactive data file because its XBRL (Extensible Business Reporting Language) tags are embedded within the Inline XBRL document.
- 101.SCH Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

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

DATE: May 12, 2020

By: /s/ Gregory S. Marcus

Gregory S. Marcus
President and Chief Executive Officer

DATE: May 12, 2020

By: /s/ Douglas A. Neis

Douglas A. Neis
Executive Vice President, Chief Financial Officer and
Treasurer

BY-LAWS
OF
THE MARCUS CORPORATION
(a Wisconsin corporation)

Amended 3/23/95 (Section 3.01)
Amended 9/28/95 (Section 3.02 and new Section 3.015)
Amended 12/17/98 (Article II)
Amended 1/8/03 (Section 3.02)
Amended 7/18/06 (Section 3.02)
Amended 1/6/09 (Sections 2.02 and 2.14)
Amended 10/13/15 (Section 2.01)
Amended 4/9/2020 (Sections 2.03, 2.04, 2.07, 2.08, 3.03 and 3.04 and new Section 2.15)

BY-LAWS
OF
THE MARCUS CORPORATION
(a Wisconsin corporation)

ARTICLE I. OFFICES

1.01. Principal and Business Offices. The corporation may have such principal and other business offices, either within or without the State of Wisconsin, as the Board of Directors may designate or as the business of the corporation may require from time to time.

1.02. Registered Office. The registered office of the corporation required by the Wisconsin Business Corporation Law to be maintained in the State of Wisconsin may be, but need not be, identical with the principal office in the State of Wisconsin, and the address of the registered office may be changed from time to time by the Board of Directors or by the registered agent. The business office of the registered agent of the corporation shall be identical to such registered office.

ARTICLE II. SHAREHOLDERS

2.01. Annual Meeting. The annual meeting of the shareholders (the "Annual Meeting") shall be held on such day in April or May of each year as may be designated by or under the authority of the Board of Directors, or at such other time and date as may be fixed by resolution of the Board of Directors. In fixing a meeting date for any Annual Meeting, the Board of Directors may consider such factors as it deems relevant within the good faith exercise of its business judgment. At each Annual Meeting, the shareholders shall elect that number of directors equal to the number of directors whose term expires at the time of such meeting. At any such meeting, only other business properly brought before the meeting in accordance with Section 2.14 of these bylaws may be transacted. If the election of directors shall not be held on the date designated herein, or fixed as herein provided, for any Annual Meeting, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of shareholders (a "Special Meeting") as soon thereafter as is practicable.

2.02. Special Meetings.

(a) A Special Meeting may be called only by (i) Chairman of the Board, (ii) the President or (iii) the Board of Directors and shall be called by the President upon the demand, in accordance with this Section 2.02, of the holders of record of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the Special Meeting.

(b) In order that the corporation may determine the shareholders entitled to demand a Special Meeting, the Board of Directors may fix a record date to determine the shareholders entitled to make such a demand (the "Demand Record Date"). The Demand Record Date shall not precede the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors and shall not be more than ten days after the date upon which the resolution fixing the Demand Record Date is adopted by the Board of Directors. Any shareholder of record seeking to have shareholders demand a

Special Meeting shall, by sending written notice to the Secretary of the corporation by hand or by certified or registered mail, return receipt requested, request the Board of Directors to fix a Demand Record Date. The Board of Directors shall promptly, but in all events within ten days after the date on which a valid request to fix a Demand Record Date is received, adopt a resolution fixing the Demand Record Date and shall make a public announcement of such Demand Record Date. If no Demand Record Date has been fixed by the Board of Directors within ten days after the date on which such request is received by the Secretary, the Demand Record Date shall be the 10th day after the first date on which a valid written request to set a Demand Record Date is received by the Secretary. To be valid, such written request shall set forth the purpose or purposes for which the Special Meeting is to be held, shall be signed by one or more shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative) and shall set forth all information about each such shareholder and about the beneficial owner or owners, if any, on whose behalf the request is made that would be required to be set forth in a shareholder's notice described in paragraph (a) (ii) of Section 2.14 of these bylaws.

(c) In order for a shareholder or shareholders to demand a Special Meeting, a written demand or demands for a Special Meeting by the holders of record as of the Demand Record Date of shares representing at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the Special Meeting must be delivered to the corporation. To be valid, each written demand by a shareholder for a Special Meeting shall set forth the specific purpose or purposes for which the Special Meeting is to be held (which purpose or purposes shall be limited to the purpose or purposes set forth in the written request to set a Demand Record Date received by the corporation pursuant to paragraph (b) of this Section 2.02), shall be signed by one or more persons who as of the Demand Record Date are shareholders of record (or their duly authorized proxies or other representatives), shall bear the date of signature of each such shareholder (or proxy or other representative), shall set forth the name and address, as they appear in the corporation's books, of each shareholder signing such demand and the class and number of shares of the corporation which are owned of record and beneficially by each such shareholder, shall set forth all other information about each such shareholder and about the beneficial owner or owners, if any, on whose behalf the demand is made that would be required to be set forth in a shareholder's notice described in paragraph (a)(ii) of Section 2.14 of these bylaws, shall be sent to the Secretary by hand or by certified or registered mail, return receipt requested, and shall be received by the Secretary within seventy days after the Demand Record Date.

(d) The corporation shall not be required to call a Special Meeting upon shareholder demand unless, in addition to the documents required by paragraph (c) of this Section 2.02, the Secretary receives a written agreement signed by each Soliciting Shareholder (as defined below), pursuant to which each Soliciting Shareholder, jointly and severally, agrees to pay the corporation's costs of holding the Special Meeting, including the costs of preparing and mailing proxy materials for the corporation's own solicitation, provided that if each of the resolutions introduced by any Soliciting Shareholder at such meeting is adopted, and each of the individuals nominated by or on behalf of any Soliciting Shareholder for election as a director at such meeting is elected,

then the Soliciting Shareholders shall not be required to pay such costs. For purposes of this paragraph (d), the following terms shall have the meanings set forth below:

(i) “Affiliate” of any Person (as defined herein) shall mean any Person controlling, controlled by or under common control with such first Person.

(ii) “Participant” shall have the meaning assigned to such term in Rule 14a-11 promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

(iii) “Person” shall mean any individual, firm, corporation, partnership, joint venture, association, trust, unincorporated organization or other entity.

(iv) “Proxy” shall have the meaning assigned to such term in Rule 14a-1 promulgated under the Exchange Act.

(v) “Solicitation” shall have the meaning assigned to such term in Rule 14a-11 promulgated under the Exchange Act.

(vi) “Soliciting Shareholder” shall mean, with respect to any Special Meeting demanded by a shareholder or shareholders, any of the following Persons:

(A) if the number of shareholders signing the demand or demands of meeting delivered to the corporation pursuant to paragraph (c) of this Section 2.02 is ten or fewer, each shareholder signing any such demand;

(B) if the number of shareholders signing the demand or demands of meeting delivered to the corporation pursuant to paragraph (c) of this Section 2.02 is more than ten, each Person who either (I) was a Participant in any Solicitation of such demand or demands or (II) at the time of the delivery to the corporation of the documents described in paragraph (c) of this Section 2.02 had engaged or intends to engage in any Solicitation of Proxies for use at such Special Meeting (other than a Solicitation of Proxies on behalf of the corporation); or

(C) any Affiliate of a Soliciting Shareholder, if a majority of the directors then in office determine, reasonably and in good faith, that such Affiliate should be required to sign the written notice described in paragraph (c) of this Section 2.02 and/or the written agreement described in this paragraph (d) in order to prevent the purposes of this Section 2.02 from being evaded.

(e) Except as provided in the following sentence, any Special Meeting shall be held at such hour and day as may be designated by whichever of the Chairman of the Board, the President or the Board of Directors shall have called such meeting. In the case of any Special Meeting called by the President upon the demand of shareholders (a

“Demand Special Meeting”), such meeting shall be held at such hour and day as may be designated by the Board of Directors; provided, however, that the date of any Demand Special Meeting shall be not more than seventy days after the Meeting Record Date (as defined in Section 2.06 hereof); and provided further that in the event that the directors then in office fail to designate an hour and date for a Demand Special Meeting within ten days after the date that valid written demands for such meeting by the holders of record as of the Demand Record Date of shares representing at least 10% of all the votes entitled to be cast on each issue proposed to be considered at the Special Meeting are delivered to the corporation (the “Delivery Date”), then such meeting shall be held at 2:00 P.M. local time on the 100th day after the Delivery Date or, if such 100th day is not a Business Day (as defined below), on the first preceding Business Day. In fixing a meeting date for any Special Meeting, the Chairman of the Board, the President or the Board of Directors may consider such factors as he or it deems relevant within the good faith exercise of his or its business judgment, including, without limitation, the nature of the action proposed to be taken, the facts and circumstances surrounding any demand for such meeting, and any plan of the Board of Directors to call an Annual Meeting or a Special Meeting for the conduct of related business.

(f) The corporation may engage regionally or nationally recognized independent inspectors of elections to act as an agent of the corporation for the purpose of promptly performing a ministerial review of the validity of any purported written demand or demands for a Special Meeting received by the Secretary. For the purpose of permitting the inspectors to perform such review, no purported demand shall be deemed to have been delivered to the corporation until the earlier of (i) five Business Days following receipt by the Secretary of such purported demand and (ii) such date as the independent inspectors certify to the corporation that the valid demands received by the Secretary represent at least 10% of all the votes entitled to be cast on each issue proposed to be considered at the Special Meeting. Nothing contained in this paragraph (f) shall in any way be construed to suggest or imply that the Board of Directors or any shareholder shall not be entitled to contest the validity of any demand, whether during or after such five Business Day period, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto).

(g) For purposes of these bylaws, “Business Day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of Wisconsin are authorized or obligated by law or executive order to close.

2.03. Place of Meeting. Subject to Section 2.15, the Chairman of the Board, the President or the Board of Directors may designate any place, either within or without the State of Wisconsin, as the place of meeting for any Annual Meeting or Special Meeting. If no designation is made, the place of meeting shall be the principal office of the corporation. Any meeting may be adjourned to reconvene at any place designated by vote of the Board of Directors or by the Chairman of the Board or the President.

2.04. Notice of Meeting. Written notice stating the date, time, place (if the meeting is to be held in-person) and the means of remote communication (if the meeting is to be held via remote communication) of any meeting of shareholders shall be delivered not less than ten days

nor more than sixty days before the date of the meeting (unless a different time is provided by the Wisconsin Business Corporation Law or the articles of incorporation), either personally or by mail, by or at the direction of the President or the Secretary, to each shareholder of record entitled to vote at such meeting and to such other persons as required by the Wisconsin Business Corporation Law. In the event of any Demand Special Meeting, such notice of meeting shall be sent not more than thirty days after the Delivery Date. If mailed, notice pursuant to this Section 2.04 shall be deemed to be effective when deposited in the United States mail, addressed to the shareholder at his or her address as it appears on the stock record books of the corporation, with postage thereon prepaid. Unless otherwise required by the Wisconsin Business Corporation Law or the articles of incorporation of the corporation, a notice of an Annual Meeting need not include a description of the purpose for which the meeting is called. In the case of any Special Meeting, (a) the notice of meeting shall describe any business that the Board of Directors shall have theretofore determined to bring before the meeting and (b) in the case of a Demand Special Meeting, the notice of meeting (i) shall describe any business set forth in the statement of purpose of the demands received by the corporation in accordance with Section 2.02 of these bylaws and (ii) shall contain all of the information required in the notice received by the corporation in accordance with Section 2.14(b) of these bylaws. If an Annual Meeting or Special Meeting is adjourned to a different date, time or place, or will be held by a new or different means of remote communication, the corporation shall not be required to give notice of the new date, time or place, or means of remote communication, if the new date, time or place or means of remote communication, is announced at the meeting before adjournment; provided, however, that if a new Meeting Record Date for an adjourned meeting is or must be fixed, the corporation shall give notice of the adjourned meeting to persons who are shareholders as of the new Meeting Record Date.

2.05. Waiver of Notice. A shareholder may waive any notice required by the Wisconsin Business Corporation Law, the articles of incorporation or these bylaws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, contain the same information that would have been required in the notice under applicable provisions of the Wisconsin Business Corporation Law (except that the time and place of meeting need not be stated) and be delivered to the corporation for inclusion in the corporate records. A shareholder's attendance at any Annual Meeting or Special Meeting, in person or by proxy, waives objection to all of the following: (a) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to holding the meeting or transacting business at the meeting; and (b) consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

2.06. Fixing of Record Date. The Board of Directors may fix in advance a date not less than ten days and not more than seventy days prior to the date of an Annual Meeting or Special Meeting as the record date for the determination of shareholders entitled to notice of, or to vote at, such meeting (the "Meeting Record Date"). In the case of any Demand Special Meeting, (i) the Meeting Record Date shall be not later than the 30th day after the Delivery Date and (ii) if the Board of Directors fails to fix the Meeting Record Date within thirty days after the Delivery Date, then the close of business on such 30th day shall be the Meeting Record Date. The shareholders of record on the Meeting Record Date shall be the shareholders entitled to notice of and to vote at the meeting. Except as provided by the Wisconsin Business Corporation Law for a

court-ordered adjournment, a determination of shareholders entitled to notice of and to vote at an Annual Meeting or Special Meeting its effective for any adjournment of such meeting unless the Board of Directors fixes a new Meeting Record Date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting. The Board of Directors may also fix in advance a date as the record date for the purpose of determining shareholders entitled to take any other action or determining shareholders for any other purpose. Such record date shall not be more than seventy days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. The record date for determining shareholders entitled to a distribution (other than a distribution involving a purchase, redemption or other acquisition of the corporation's shares) or a share dividend is the date on which the Board of Directors authorized the distribution or share dividend, as the case may be, unless the Board of Directors fixes a different record date.

2.07. Shareholders' List for Meetings. After a Meeting Record Date has been fixed, the corporation shall prepare a list of the names of all of the shareholders entitled to notice of the meeting. The list shall be arranged by class or series of shares, if any, and show the address of and number of shares held by each shareholder. Such list shall be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing to the date of the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held or on a reasonably accessible electronic network if the information required to gain access to the list is provided with the notice of the meeting. A shareholder or his or her agent may, on written demand, inspect and, subject to the limitations imposed by the Wisconsin Business Corporation Law, copy the list, during regular business hours and at his or her expense, during the period that it is available for inspection pursuant to this Section 2.07. The corporation shall make the shareholders' list available at the meeting and any shareholder or his or her agent or attorney may inspect the list at any time during the meeting or any adjournment thereof. If the meeting is held solely by means of remote communication, the list shall be open to examination by any shareholder during the entire time of the meeting on a reasonably accessible electronic network, and the information required to access the list shall be provided with the notice of the meeting. Refusal or failure to prepare or make available the shareholders' list shall not affect the validity of any action taken at a meeting of shareholders.

2.08. Quorum and Voting Requirements.

(a) Shares entitled to vote as a separate voting group may take action on a matter at any Annual Meeting or Special Meeting only if a quorum of those shares exists with respect to that matter. If the corporation has only one class of stock outstanding, such class shall constitute a separate voting group for purposes of this Section 2.08. Except as otherwise provided in the articles of incorporation, any bylaw adopted under authority granted in the articles of incorporation, or the Wisconsin Business Corporation Law, a majority of the votes entitled to be cast on the matter shall constitute a quorum of the voting group for action on that matter. Once a share is represented for any purpose at any Annual Meeting or Special Meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is considered present for purposes of determining whether a quorum exists for the remainder of the meeting and for any adjournment of that meeting unless a new Meeting Record Date is or must be set

for the adjourned meeting. If a quorum exists, except in the case of the election of directors, action on a matter shall be approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the articles of incorporation, any bylaw adopted under authority granted in the articles of incorporation, or the Wisconsin Business Corporation Law requires a greater number of affirmative votes. Unless otherwise provided in the articles of incorporation, directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election of directors at any Annual Meeting or Special Meeting at which a quorum is present. For purposes of this Section 2.08, "plurality" means that the individuals with the largest number of votes are elected as directors up to the maximum number of directors to be chosen at the meeting.

(b) The Board of Directors acting by resolution may postpone and reschedule any previously scheduled Annual Meeting or Special Meeting; provided, however, that a Demand Special Meeting shall not be postponed beyond the 100th day following the Delivery Date. Any Annual Meeting or Special Meeting may be adjourned from time to time, whether or not there is a quorum, (i) at any time, upon a resolution by shareholders if the votes cast in favor of such resolution by the holders of shares of each voting group entitled to vote on any matter theretofore properly brought before the meeting exceed the number of votes cast against such resolution by the holders of shares of each such voting group or (ii) at any time prior to the transaction of any business at such meeting, by the Chairman of the Board or the President or pursuant to a resolution of the Board of Directors. No notice of the time, place or means of remote communication of adjourned meetings need be given except as required by the Wisconsin Business Corporation Law. At any adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

2.09. Conduct of Meeting. The Chief Executive Officer, and in his or her absence, the Chairman of the Board or the President, as the case may be, and in their absence, a Vice President in the order provided under Section 4.09 hereof, and in their absence, any person chosen by the shareholders represented at the meeting in person or by proxy shall call any Annual Meeting or Special Meeting to order and shall act as chairperson of the meeting, and the Secretary of the corporation shall act as secretary of all meetings of the shareholders, but, in the absence of the Secretary, the presiding officer may appoint any other person to act as secretary of the meeting.

2.10. Proxies. At any Annual Meeting or Special Meeting, a shareholder may vote his or her shares in person or by proxy. A shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by his or her attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or other officer or agent of the corporation authorized to tabulate votes. An appointment is valid for eleven months from the date of its signing unless a different period is expressly provided in the appointment form.

2.11. Voting of Shares. Except as provided in the articles of incorporation or in the Wisconsin Business Corporation Law, each outstanding share of Common Stock is entitled to

one (1) vote, and each outstanding share of Class B Common Stock shall be entitled to ten (10) votes, upon each matter voted on at an Annual Meeting or Special Meeting.

2.12. Action without Meeting. Any action required or permitted by the articles of incorporation or these bylaws or any provision of the Wisconsin Business Corporation Law to be taken at an Annual Meeting or Special Meeting may be taken without a meeting of Directors if a written consent or consents, describing the action so taken, is signed by all of the shareholders entitled to vote with respect to the subject matter thereof and delivered to the corporation for inclusion in the corporate records.

2.13. Acceptance of Instruments Showing Shareholder Action. If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder, the corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of a shareholder. If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of a shareholder, the corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder if any of the following apply:

(a) The shareholder is an entity and the name signed purports to be that of an officer or agent of the entity.

(b) The name purports to be that of a personal representative, administrator, executor, guardian or conservator representing the shareholder and, if the corporation requests, evidence of fiduciary status acceptable to the corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(c) The name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the corporation requests, evidence of this status acceptable to the corporation is presented with respect to the vote, consent, waiver or proxy appointment.

(d) The name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the corporation requests, evidence acceptable to the corporation of the signatory's authority to sign for the shareholder is presented with respect to the vote, consent, waiver or proxy appointment.

(e) Two or more persons are the shareholders as co-tenants or fiduciaries and the name signed purports to be the name of at least one of the co-owners and the person signing appears to be acting on behalf of all co-owners.

The corporation may reject a vote, consent, waiver or proxy appointment if the Secretary or other officer or agent of the corporation who is authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

2.14. Notice of Shareholder Business and Nomination of Directors.

(a) Annual Meetings.

(i) Nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the shareholders may be made at an Annual Meeting (A) pursuant to the corporation's notice of meeting, (B) by or at the direction of the Board of Directors or (C) by any shareholder of the corporation who is a shareholder of record at the time of giving of notice provided for in this bylaw and who is entitled to vote at the meeting and complies with the notice procedures set forth in this Section 2.14. Clause (C) of this paragraph (a)(i) shall be the exclusive means for a shareholder to make nominations or submit other business (other than matters properly brought under Rule 14a-8 under the Exchange Act and included in the corporation's notice of meeting) before an Annual Meeting.

(ii) For nominations or other business to be properly brought before an Annual Meeting by a shareholder pursuant to clause (C) of paragraph (a)(i) of this Section 2.14, the shareholder must have given timely notice thereof in writing to the Secretary of the corporation and such other business must otherwise be a proper matter for shareholder action at the Annual Meeting as determined by the Board of Directors in its sole discretion. To be timely, a shareholder's notice shall be received by the Secretary of the corporation at the principal offices of the corporation not later than the earlier of (A) 45 days in advance of the first annual anniversary (the "Anniversary Date") of the date set forth in the corporation's proxy statement for the prior year's Annual Meeting as the date on which the corporation first mailed definitive proxy materials for the prior year's Annual Meeting and (B) the later of (x) the 70th day prior to such Annual Meeting and (y) the 10th day following the day on which public announcement of the date of such Annual Meeting is first made. Such shareholder's notice shall be signed by the shareholder of record who intends to make the nomination or introduce the other business (or his duly authorized proxy or other representative), shall bear the date of signature of such shareholder (or proxy or other representative) and shall set forth: (A) the name and address, as they appear on this corporation's books, of such shareholder and the beneficial owner or owners, if any, on whose behalf the nomination or proposal is made; (B) the class and number of shares of the corporation which are beneficially owned by such shareholder or beneficial owner or owners; (C) a representation that such shareholder is a holder of record of shares of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to make the nomination or introduce the other business specified in the notice; (D) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the corporation or with a value derived in whole or in part from the value of any class or series of shares of the corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the corporation or otherwise (a "Derivative Instrument") directly or indirectly owned beneficially by such shareholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation; (E) any proxy, contract, arrangement, understanding, or relationship pursuant to which such shareholder

has a right to vote any shares of any security of the corporation; (F) any short interest in any security of the corporation (for purposes of this Section 2.14, a person shall be deemed to have a short interest in a security if such person directly or indirectly, through any contract, arrangement, understanding relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security); (G) any rights to dividends on the shares of the corporation owned beneficially by such shareholder that are separated or separable from the underlying shares of the corporation; (H) any proportionate interest in shares of the corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such shareholder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; (I) any performance-related fees (other than an asset-based fee) that such shareholder is entitled to based on any increase or decrease in the value of shares of the corporation or Derivative Instruments, if any, as of the date of such notice, including without limitation any such interests held by members of such shareholder's immediate family sharing the same household (which information shall be supplemented by such shareholder and beneficial owner, if any, not later than 10 days after the record date for the meeting to disclose such ownership as of the record date); and (J) any other information relating to such shareholder and beneficial owner, if any, that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. In the case of any proposed nomination for election or re-election as a director, such shareholder's notice shall also set forth: (A) the name and residence address of the person or persons to be nominated; (B) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand; (C) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Exchange Act, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors; and (D) the written consent of each nominee to be named in a proxy statement and to serve as a director of the corporation if so elected. In the case of any other business that such shareholder proposes to bring before the meeting, such shareholder's notice shall also set forth: (A) a brief description of the business desired to be brought before the meeting and, if such business includes a proposal to amend these bylaws, the language of the proposed amendment; (B) such shareholder's and beneficial owner's or owners' reasons for conducting such business at the meeting; (C) any

material interest in such business of such shareholder and beneficial owner or owners; and (D) a description of all agreements, arrangements and understandings between such shareholder and beneficial owner, if any, and any other person or persons (including their names) in connection with the proposal of such business by such shareholder.

(iii) Notwithstanding anything in the second sentence of paragraph (a)(ii) of this Section 2.14 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the corporation at least 45 days prior to the Anniversary Date, a shareholder's notice required by this Section 2.14 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be received by the Secretary at the principal offices of the corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the corporation.

(b) Special Meetings. Only such business shall be conducted at a Special Meeting as shall have been described in the notice of meeting sent to shareholders pursuant to Section 2.04 of these bylaws. Nominations of persons for election to the Board of Directors may be made at a Special Meeting at which directors are to be elected pursuant to such notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any shareholder of the corporation who (A) is a shareholder of record at the time of giving of such notice of meeting, (B) is entitled to vote at the meeting and (C) complies with the notice procedures set forth in this Section 2.14. Clause (ii) of the previous sentence shall be the exclusive means for a shareholder to make nominations before a Special Meeting. Any shareholder desiring to nominate persons for election to the Board of Directors at such a Special Meeting shall cause a written notice to be received by the Secretary of the corporation at the principal offices of the corporation not earlier than ninety days prior to such Special Meeting and not later than the close of business on the later of (x) the 60th day prior to such Special Meeting and (y) the 10th day following the day on which public announcement is first made of the date of such Special Meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. Such written notice shall be signed by the shareholder of record who intends to make the nomination (or his duly authorized proxy or other representative), shall bear the date of signature of such shareholder (or proxy or other representative) and shall set forth: (A) the name and address, as they appear on the corporation's books, of such shareholder and the beneficial owner or owners, if any, on whose behalf the nomination is made; (B) the class and number of shares of the corporation which are beneficially owned by such shareholder or beneficial owner or owners; (C) a representation that such shareholder is a holder of record of shares of the corporation entitled to vote at such Special Meeting and intends to appear in person or by proxy at the meeting to make the nomination specified in the notice; (D) the information required to be included under clauses (D) through (J) of paragraph (a)(ii) of this Section 2.14; (E) the name and residence address of the person or persons to be nominated; (F) a description of all direct and indirect compensation and other material monetary agreements,

arrangements and understandings during the past three years, and any other material relationships, between or among such shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand; (G) such other information regarding each nominee proposed by such shareholder as would be required to be disclosed in solicitations of proxies for elections of directors, or would be otherwise required to be disclosed, in each case pursuant to Regulation 14A under the Exchange Act, including any information that would be required to be included in a proxy statement filed pursuant to Regulation 14A had the nominee been nominated by the Board of Directors; and (H) the written consent of each nominee to be named in a proxy statement and to serve as a director of the corporation if so elected.

(c) General.

(i) Only persons who are nominated in accordance with the procedures set forth in this Section 2.14 shall be eligible to serve as directors. Only such business shall be conducted at an Annual Meeting or Special Meeting as shall have been brought before such meeting in accordance with the procedures set forth in this Section 2.14. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 2.14 and, if any proposed nomination or business is not in compliance with this Section 2.14, to declare that such defective proposal shall be disregarded.

(ii) For purposes of this Section 2.14, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(iii) Notwithstanding the foregoing provisions of this Section 2.14, a shareholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.14; provided, however, that any references in these By-laws to the Exchange Act or the rules promulgated thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 2.14(a) or Section 2.14(b) of this bylaw. Nothing in this Section 2.14 shall be deemed to limit the corporation's obligation to include shareholder proposals in its proxy statement if such inclusion is required by Rule 14a-8 under the Exchange Act.

2.15. Remote Communications. If authorized by the Board of Directors in its sole discretion, and subject to the other provisions of this Section 2.15 and to any guidelines and procedures adopted by the Board of Directors, shareholders and proxies of shareholders not physically present at a meeting of shareholders may participate in the meeting by means of

remote communication. If shareholders or proxies of shareholders participate in a meeting by means of remote communication, the participating shareholders or proxies of shareholders are deemed to be present in person and to vote at the meeting, whether the meeting is held at a designated place or solely by means of remote communication, if the corporation:

- (a) has implemented reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a shareholder or proxy of a shareholder;
- (b) has implemented reasonable measures to provide shareholders and proxies of shareholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting concurrently with the proceedings; and
- (c) maintains a record of voting or action by any shareholder or proxy of a shareholder that votes or takes other action at the meeting by means of remote communication.

ARTICLE III. BOARD OF DIRECTORS

3.01. General Powers and Number. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed under the direction of, the Board of Directors. The number of directors constituting the Board of Directors of the corporation shall initially be seven (7) and thereafter such number as is fixed from time to time by a majority vote of the Board of Directors then in office.

3.015. Directors Emeritus. Any person who has reached sixty-five (65) years of age and has served as a director of the corporation, including service as a director of any corporation with which the corporation is affiliated through common stock ownership, for at least ten years, or as an officer and director of the corporation for at least ten years, may, after retirement or resignation from the Board of Directors, be appointed by the Board of Directors as a Director Emeritus to serve until he or she resigns or his or her appointment is terminated by resolution adopted by a majority of the entire Board of Directors. Directors Emeritus shall serve in an advisory capacity to the Board of Directors, shall be entitled to attend meetings of the Board of Directors, shall be reimbursed for their expenses in attending meetings of the Board of Directors, and shall receive the same fees and compensation paid to directors. Directors Emeritus shall have no vote on matters brought before the Board of Directors and shall not be considered as directors under the Articles of Incorporation or Bylaws of the corporation; provided, however, that Directors Emeritus shall be entitled to the liability limitations accorded directors set forth in Section 180.0828 of the Wisconsin Business Corporation Law and the indemnification and expense reimbursement provisions accorded directors under Article VIII of these bylaws, as if such Directors Emeritus were, for such purposes only, directors of the corporation.

3.02. Tenure and Qualifications. Each director shall hold office until the next annual meeting of shareholders and until his or her successor shall have been elected and, if necessary, qualified, or until there is a decrease in the number of directors which takes effect after the expiration of his or her term, or until his or her prior death, resignation or removal. A director

may be removed by the shareholders only at a meeting called for the purpose of removing the director, and the meeting notice shall state that the purpose, or one of the purposes, of the meeting is removal of the director. A director may be removed from office with or without cause if the number of votes cast to remove the director exceeds the number of votes cast not to remove such director. A director may resign at any time by delivering written notice which complies with the Wisconsin Business Corporation Law to the Board of Directors, to the President (in his or her capacity as chairperson of the board of directors) or to the corporation. A director's resignation is effective when the notice is delivered unless the notice specifies a later effective date. Directors need not be residents of the State of Wisconsin or shareholders of the corporation.

3.03. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this bylaw immediately after the annual meeting of shareholders and each adjourned session thereof. The place of such regular meeting shall be the same as the place of the meeting of shareholders which precedes it (if such meeting was held in-person), or such other suitable place or means of remote communication as may be announced at such meeting of shareholders. Subject to Section 3.13, the Board of Directors may provide, by resolution, the date, time and place, either within or without the State of Wisconsin, or means of remote communication, for the holding of additional regular meetings of the Board of Directors without other notice than such resolution.

3.04. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chief Executive Officer, the Chairman of the Board, the President, the Secretary or any two directors. Subject to Section 3.13, the President or Secretary may fix any place, either within or without the State of Wisconsin, as the place for holding any special meeting of the Board of Directors, and if no other place is fixed the place of the meeting shall be the principal office of the corporation in the State of Wisconsin.

3.05. Notice; Waiver. Notice of each meeting of the Board of Directors (unless otherwise provided in or pursuant to Section 3.03) shall be given by written notice delivered in person, by telegraph, teletype, facsimile or other form of wire or wireless communication, or by mail or private carrier, to each director at his business address or at such other address as such director shall have designated in writing filed with the Secretary, in each case not less than forty-eight (48) hours prior to the meeting. The notice need not describe the purpose of the meeting of the Board of Directors or the business to be transacted at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be effective when the telegram is delivered to the telegraph company. If notice is given by private carrier, such notice shall be deemed to be effective when delivered to the private carrier. Whenever any notice whatever is required to be given to any director of the corporation under the articles of incorporation or these bylaws or any provision of the Wisconsin Business Corporation Law, a waiver thereof in writing, signed at any time, whether before or after the date and time of meeting, by the director entitled to such notice shall be deemed equivalent to the giving of such notice. The corporation shall retain any such waiver as part of the permanent corporate records. A director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the director at the beginning of the meeting or promptly upon his or her arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

3.06. Quorum. Except as otherwise provided by the Wisconsin Business Corporation Law or by the articles of incorporation or these bylaws, a majority of the number of directors specified in Section 3.01 of these bylaws shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. Except as otherwise provided by the Wisconsin Business Corporation Law or by the articles of incorporation or by these bylaws, a quorum of any committee of the Board of Directors created pursuant to Section 3.12 hereof shall consist of a majority of the number of directors appointed to serve on the committee. A majority of the directors present (though less than such quorum) may adjourn any meeting of the Board of Directors or any committee thereof, as the case may be, from time to time without further notice.

3.07. Manner of Acting. The affirmative vote of a majority of the directors present at a meeting of the Board of Directors or a committee thereof at which a quorum is present shall be the act of the Board of Directors or such committee, as the case may be, unless the Wisconsin Business Corporation Law, the articles of incorporation or these bylaws require the vote of a greater number of directors.

3.08. Conduct of Meetings. The Chief Executive Officer, and in his or her absence, the Chairman of the Board or the President, as the case may be, and in their absence, a Vice President, in the order provided under Section 4.09, and in their absence, any director chosen by the directors present, shall call meetings of the Board of Directors to order and shall act as chairperson of the meeting. The Secretary of the corporation shall act as secretary of all meetings of the Board of Directors but in the absence of the Secretary, the presiding officer may appoint any other person present to act as secretary of the meeting. Minutes of any regular or special meeting of the Board of Directors shall be prepared and distributed to each director.

3.09. Vacancies. Except as provided below, any vacancy occurring in the Board of Directors, including a vacancy resulting from an increase in the number of directors, may be filled by any of the following: (a) the shareholders; (b) the Board of Directors; or (c) if the directors remaining in office constitute fewer than a quorum of the Board of Directors, the directors, by the affirmative vote of a majority of all directors remaining in office. In the case of a vacancy created by the removal of a director by vote of the shareholders, the shareholders shall have the right to fill such vacancy at the same meeting or any adjournment thereof. If the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group may vote to fill the vacancy if it is filled by the shareholders, and only the remaining directors elected by that voting group may vote to fill the vacancy if it is filled by the directors. A vacancy that will occur at a specific later date, because of a resignation effective at a later date or otherwise, may be filled before the vacancy occurs, but the new director may not take office until the vacancy occurs.

3.10. Compensation. The Board of Directors, irrespective of any personal interest of any of its members, may establish reasonable compensation of all directors for services to the corporation as directors or may delegate such authority to an appropriate committee. The Board of Directors also shall have authority to provide for or delegate authority to an appropriate committee to provide for reasonable pensions, disability or death benefits, and other benefits or payments, to directors, officers and employees and to their estates, families, dependents or beneficiaries on account of prior services rendered by such directors, officers and employees to the corporation.

3.11. Presumption of Assent. A director who is present and is announced as present at a meeting of the Board of Directors or any committee thereof created in accordance with Section 3.12 hereof, when corporate action is taken, assents to the action taken unless any of the following occurs: (a) the director objects at the beginning of the meeting or promptly upon his or her arrival to holding the meeting or transacting business at the meeting; (b) the director dissents or abstains from an action taken and minutes of the meeting are prepared that show the director's dissent or abstention from the action taken; (c) the director delivers written notice that complies with the Wisconsin Business Corporation Law of his or her dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting; or (d) the director dissents or abstains from an action taken, minutes of the meeting are prepared that fail to show the director's dissent or abstention from the action taken, and the director delivers to the corporation a written notice of that failure that complies with the Wisconsin Business Corporation Law promptly after receiving the minutes. Such right of dissent or abstention shall not apply to a director who votes in favor of the action taken.

3.12. Committees. The Board of Directors by resolution adopted by the affirmative vote of a majority of all of the directors then in office may create one or more committees, appoint members of the Board of Directors to serve on the committees and designate other members of the Board of Directors to serve as alternates. Each committee shall have two or more members who shall, unless otherwise provided by the Board of Directors, serve at the pleasure of the Board of Directors. A committee may be authorized to exercise the authority of the Board of Directors, except that a committee may not do any of the following: (a) authorize distributions; (b) approve or propose to shareholders action that the Wisconsin Business Corporation Law requires to be approved by shareholders; (c) fill vacancies on the Board of Directors or, unless the Board of Directors provides by resolution that vacancies on a committee shall be filled by the affirmative vote of the remaining committee members, on any Board committee; (d) amend the corporation's articles of incorporation; (e) adopt, amend or repeal bylaws; (f) approve a plan of merger not requiring shareholder approval; (g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; and (h) authorize or approve the issuance or sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize a committee to do so within limits prescribed by the Board of Directors. Unless otherwise provided by the Board of Directors in creating the committee, a committee may employ counsel, accountants and other consultants to assist it in the exercise of its authority.

3.13. Telephonic Meetings. Except as herein provided and notwithstanding any place set forth in the notice of the meeting or these bylaws, members of the Board of Directors (and any committees thereof created pursuant to Section 3.12 hereof) may participate in regular or special meetings by, or through the use of, any means of communication by which all participants may simultaneously hear each other, such as by conference telephone. If a meeting is conducted by such means, then at the commencement of such meeting the presiding officer shall inform the participating directors that a meeting is taking place at which official business may be transacted. Any participant in a meeting by such means shall be deemed present in person at such meeting. Notwithstanding the foregoing, no action may be taken at any meeting held by such means on any particular matter which the presiding officer determines, in his or her sole discretion, to be inappropriate under the circumstances for action at a meeting held by such means. Such determination shall be made and announced in advance of such meeting.

3.14. Action Without Meeting. Any action required or permitted by the Wisconsin Business Corporation Law to be taken at a meeting of the Board of Directors or a committee thereof created pursuant to Section 3.12 hereof may be taken without a meeting if the action is taken by all members of the Board or of the committee. The action shall be evidenced by one or more written consents describing the action taken, signed by each director or committee member and retained by the corporation. Such action shall be effective when the last director or committee member signs the consent, unless the consent specifies a different effective date.

ARTICLE IV. OFFICERS

4.01. Number. The principal officers of the corporation shall be a President, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. A Chairman of the Board, any number of Vice Presidents, other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. The Board of Directors may also authorize any duly appointed officer to appoint one or more officers or assistant officers. The Chief Executive Officer, designated in accordance with Section 4.06 of these By-laws, may from time to time appoint any number of Vice Presidents as he shall determine necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as the Chief Executive Officer shall from time to time determine. Any two or more offices may be held by the same person.

4.02. Election and Term of Office. The officers of the corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as is practicable. Each officer shall hold office until his or her successor shall have been duly elected or until his or her prior death, resignation or removal.

4.03. Removal. The Board of Directors may remove any officer and, unless restricted by the Board of Directors or these By-laws, an officer may remove any officer or assistant officer appointed by that officer, at any time, with or without cause and notwithstanding the contract rights, if any, of the officer removed. The appointment of an officer does not of itself create contract rights.

4.04. Resignation. An officer may resign at any time by delivering notice to the corporation that complies with the Wisconsin Business Corporation Law. The resignation shall be effective when the notice is delivered, unless the notice specifies a later effective date and the corporation accepts the later effective date.

4.05. Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term. If a resignation of an officer is effective at a later date as contemplated by Section 4.04 hereof, the Board of Directors may fill the pending vacancy before the effective date if the Board provides that the successor may not take office until the effective date.

4.06. Chief Executive Officer. The Board of Directors shall from time to time designate the Chairman of the Board, if any, or the President of the corporation as the Chief Executive

Officer of the corporation. The President shall be the Chief Executive Officer whenever the office of Chairman of the Board of the corporation is vacant. Subject to the control of the Board of Directors, the Chief Executive Officer shall in general supervise and control all of the business and affairs of the corporation. He shall preside at all meetings of the shareholders and of the Board of Directors. He shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint and remove such agents and employees of the corporation as he shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. He shall have authority to sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, securities, contracts, leases, reports, and all other documents or other instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or the Board of Directors, he may authorize any elected Vice President or other officer or agent of the corporation to sign, execute and acknowledge such documents or instruments in his place and stead. In general, he shall perform all duties incident to the office of Chief Executive Officer of the corporation and such other duties as may be prescribed by the Board of Directors from time to time.

4.07. Chairman of the Board. The Chairman of the Board, if one be chosen by the Board of Directors, when present, and in the absence of the Chief Executive Officer if the President is designated as the Chief Executive Officer, shall preside at all meetings of the Board of Directors and of the shareholders and shall perform all duties incident to the office of Chairman of the Board of the corporation and such other duties as may be prescribed by the Board of Directors from time to time.

4.08. President. The President shall be the principal executive officer of the corporation and, subject to the direction of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation; provided, however, that should the Board of Directors elect a Chairman of the Board, any or all of the powers customarily incidental to the office of President may be assigned by the Board of Directors to the Chairman of the Board. If the Chairman of the Board is designated as the Chief Executive Officer, the President shall be the chief operating officer of the corporation. Unless the Board of Directors otherwise provides, in the absence of the Chairman of the Board or in the event of his inability or refusal to act, or in the event of a vacancy in the office of the Chairman of the Board, the President shall perform the duties of the Chairman of the Board, and when so acting shall have all the powers of and be subject to all the restrictions upon the Chairman of the Board. The President shall, when present, preside at all meetings of the shareholders and of the Board of Directors. He or she shall have authority, subject to such rules as may be prescribed by the Board of Directors, to appoint such agents and employees of the corporation as he or she shall deem necessary, to prescribe their powers, duties and compensation, and to delegate authority to them. Such agents and employees shall hold office at the discretion of the President. He or she shall have authority to sign, execute and acknowledge, on behalf of the corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the corporation's regular business, or which shall be authorized by resolution of the Board of Directors; and, except as otherwise provided by law or the Board of Directors, he or she may authorize any Vice President or other officer or agent of the corporation to sign, execute and acknowledge such documents or instruments in his or her place and stead. In

general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

4.09. The Vice Presidents. In the absence of the Chairman of the Board, if any, and the President or in the event of their death, inability or refusal to act, or in the event for any reason it shall be impracticable for the Chairman of the Board and the President to act personally, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the order designated by the Board of Directors or the Chief Executive Officer, or in the absence of any designation, then in the order of their election) shall perform the duties of the Chairman of the Board and/or the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman of the Board and/or the President. Any Vice President may sign, with the Secretary or Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties and have such authority as from time to time may be delegated or assigned to him or her by the Chief Executive Officer, the President or the Board of Directors. The execution of any instrument of the corporation by any Vice President shall be conclusive evidence, as to third parties, of his or her authority to act in the stead of the Chairman of the Board and/or the President.

4.10. The Secretary. The Secretary shall: (a) keep minutes of the meetings of the shareholders and of the Board of Directors (and of committees thereof) in one or more books provided for that purpose (including records of actions taken by the shareholders or the Board of Directors (or committees thereof) without a meeting); (b) see that all notices are duly given in accordance with the provisions of these bylaws or as required by the Wisconsin Business Corporation Law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) maintain a record of the shareholders of the corporation, in a form that permits preparation of a list of the names and addresses of all shareholders, by class or series of shares and showing the number and class or series of shares held by each shareholder; (e) sign with the President, or a Vice President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of Secretary and have such other duties and exercise such authority as from time to time may be delegated or assigned by the Chief Executive Officer, the President or by the Board of Directors.

4.11. The Treasurer. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) maintain appropriate accounting records; (c) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Section 5.04; and (d) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned by the Chief Executive Officer or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

4.12. Assistant Secretaries and Assistant Treasurers. There shall be such number of Assistant Secretaries and Assistant Treasurers as the Board of Directors or the Chief Executive Officer may from time to time authorize. The Assistant Secretaries may sign with the President or a Vice President certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the Board of Directors. The Assistant Treasurers shall respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties and have such authority as shall from time to time be delegated or assigned to them by the Secretary or the Treasurer, respectively, or by the Chief Executive Officer, the President or the Board of Directors.

4.13. Other Assistants and Acting Officers. The Board of Directors and the Chief Executive Officer shall have the power to appoint, or to authorize any duly appointed officer of the corporation to appoint, any person to act as assistant to any officer, or as agent for the corporation in his or her stead, or to perform the duties of such officer whenever for any reason it is impracticable for such officer to act personally, and such assistant or acting officer or other agent so appointed by the Board of Directors or the Chief Executive Officer shall have the power to perform all the duties of the office to which he or she is so appointed to be an assistant, or as to which he or she is so appointed to act, except as such power may be otherwise defined or restricted by the Board of Directors or the appointing officer.

4.14. Salaries. The salaries of the principal officers shall be fixed from time to time by the Board of Directors or by a duly authorized committee thereof, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the corporation.

ARTICLE V. CONTRACTS, LOANS,
CHECKS AND DEPOSITS; SPECIAL CORPORATE ACTS

5.01. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instrument in the name of and on behalf of the corporation, and such authorization may be general or confined to specific instances. In the absence of other designation, all deeds, mortgages and instruments of assignment or pledge made by the corporation shall be executed in the name of the corporation by the Chief Executive Officer, the President or one of the Vice Presidents and by the Secretary, an Assistant Secretary, the Treasurer or an Assistant Treasurer; the Secretary or an Assistant Secretary, when necessary or required, shall affix the corporate seal, if any, thereto; and when so executed no other party to such instrument or any third party shall be required to make any inquiry into the authority of the signing officer or officers.

5.02. Loans. No indebtedness for borrowed money shall be contracted on behalf of the corporation and no evidences of such indebtedness shall be issued in its name unless authorized by or under the authority of a resolution of the Board of Directors. Such authorization may be general or confined to specific instances.

5.03. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by or under the authority of a resolution of the Board of Directors.

5.04. Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as may be selected by or under the authority of a resolution of the Board of Directors.

5.05. Voting of Securities Owned by this Corporation. Subject always to the specific directions of the Board of Directors, (a) any shares or other securities issued by any other corporation and owned or controlled by this corporation may be voted at any meeting of security holders of such other corporation by the President of this corporation if he or she be present, or in his or her absence by any Vice President of this corporation who may be present, and (b) whenever, in the judgment of the President, or in his or her absence, of any Vice President, it is desirable for this corporation to execute a proxy or written consent in respect to any shares or other securities issued by any other corporation and owned by this corporation, such proxy or consent shall be executed in the name of this corporation by the President or one of the Vice Presidents of this corporation, without necessity of any authorization by the Board of Directors, affixation of corporate seal, if any, or countersignature or attestation by another officer. Any person or persons designated in the manner above stated as the proxy or proxies of this corporation shall have full right, power and authority to vote the shares or other securities issued by such other corporation and owned by this corporation the same as such shares or other securities might be voted by this corporation.

ARTICLE VI. CERTIFICATES FOR SHARES; TRANSFER OF SHARES

6.01. Certificates for Shares. Certificates representing shares of the corporation shall be in such form, consistent with the Wisconsin Business Corporation Law, as shall be determined by the Board of Directors. Such certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except as provided in Section 6.06 hereof.

6.02. Facsimile Signatures and Seal. The seal of the corporation, if any, on any certificates for shares may be a facsimile. The signature of the President or Vice President and the Secretary or Assistant Secretary upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent, or a registrar, other than the corporation itself or an employee of the corporation.

6.03. Signature by Former Officers. The validity of a share certificate is not affected if a person who signed the certificate (either manually or in facsimile) no longer holds office when the certificate is issued.

6.04. Transfer of Shares. Prior to due presentment of a certificate for shares for registration of transfer the corporation may treat the registered owner of such shares as the person exclusively entitled to vote, to receive notifications and otherwise to have and exercise all the rights and power of an owner. Where a certificate for shares is presented to the corporation with a request to register for transfer, the corporation shall not be liable to the owner or any other person suffering loss as a result of such registration of transfer if (a) there were on or with the certificate the necessary endorsements, and (b) the corporation had no duty to inquire into adverse claims or has discharged any such duty. The corporation may require reasonable assurance that such endorsements are genuine and effective and compliance with such other regulations as may be prescribed by or under the authority of the Board of Directors.

6.05. Restrictions on Transfer. The face or reverse side of each certificate representing shares shall bear a conspicuous notation of any restriction imposed by the corporation upon the transfer of such shares.

6.06. Lost, Destroyed or Stolen Certificates. Where the owner claims that certificates for shares have been lost, destroyed or wrongfully taken, a new certificate shall be issued in place thereof if the owner (a) so requests before the corporation has notice that such shares have been acquired by a bona fide purchaser, (b) files with the corporation a sufficient indemnity bond if required by the Board of Directors or any principal officer, and (c) satisfies such other reasonable requirements as may be prescribed by or under the authority of the Board of Directors.

6.07. Consideration for Shares. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the corporation, including cash, promissory notes, services performed, contracts for services to be performed or other securities of the corporation. Before the corporation issues shares, the Board of Directors shall determine that the consideration received or to be received for the shares to be issued is adequate. The determination of the Board of Directors is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid and nonassessable. The corporation may place in escrow shares issued in whole or in part for a contract for future services or benefits, a promissory note, or other property to be issued in the future, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the services are performed, the benefits or property are received or the promissory note is paid. If the services are not performed, the benefits or property are not received or the promissory note is not paid, the corporation may cancel, in whole or in part, the shares escrowed or restricted and the distributions credited.

6.08. Stock Regulations. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with law as it may deem expedient concerning the issue, transfer and registration of shares of the corporation.

7.01. The Board of Directors may provide for a corporate seal for the corporation.

ARTICLE VIII. INDEMNIFICATION

8.01. Certain Definitions. All capitalized terms used in this Article VIII and not otherwise hereinafter defined in this Section 8.01 shall have the meaning set forth in Section 180.0850 of the Statute. The following capitalized terms (including any plural forms thereof) used in this Article VIII shall be defined as follows:

(a) “Affiliate” shall include, without limitation, any corporation, partnership, joint venture, employee benefit plan, trust or other enterprise that directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Corporation.

(b) “Authority” shall mean the entity selected by the Director or Officer to determine his or her right to indemnification pursuant to Section 8.04.

(c) “Board” shall mean the entire elected and serving Board of Directors of the corporation, including all Directors Emeritus and all members of the Board of Directors of the corporation and Directors Emeritus who are Parties to the subject Proceeding or any related Proceeding.

(d) “Breach of Duty” shall mean the Director or Officer breached or failed to perform his or her duties to the Corporation and his or her breach of or failure to perform those duties is determined, in accordance with Section 8.04, to constitute misconduct under Section 180.0851(2)(a) 1, 2, 3 or 4 of the Statute.

(e) “Corporation,” as used herein and as defined in the Statute and incorporated by reference into the definitions of certain other capitalized terms used herein, shall mean this Corporation, including, without limitation, any successor corporation or entity to this Corporation by way of merger, consolidation or acquisition of all or substantially all of the capital stock or assets of this Corporation.

(f) “Director” or “Officer” shall have the meaning set forth in the Statute and shall also include all Directors Emeritus for purposes of the definition of ‘Director’ under this Article VIII; provided, that, for purposes of this Article VIII, it shall be conclusively presumed that any Director or Officer serving as a director, officer, partner, trustee, member of any governing or decision-making committee, employee or agent of an Affiliate shall be so serving at the request of the corporation.

(g) “Disinterested Quorum” shall mean a quorum of the Board who are not Parties to the subject Proceeding or any related Proceeding.

(h) “Party” shall have the meaning set forth in the Statute; provided, that, for purposes of this Article VIII, the term “Party” shall also include any Director or Officer

or employee of the Corporation who is or was a witness in a Proceeding at a time when he or she has not otherwise been formally named a Party thereto.

(i) "Proceeding" shall have the meaning set forth in the Statute; provided, that, in accordance with Section 180.0859 of the Statute and for purposes of this Article VIII, the term "Proceeding" shall also include all Proceedings (i) brought under (in whole or in part) the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, their respective state counterparts, and/or any rule or regulation promulgated under any of the foregoing; (ii) brought before an Authority or otherwise to enforce rights hereunder; (iii) any appeal from a Proceeding; and (iv) any Proceeding in which the Director or Officer is a plaintiff or petitioner because he or she is a Director or Officer; provided, however, that any such Proceeding under this subsection (iv) must be authorized by a majority vote of a Disinterested Quorum.

(j) "Statute" shall mean Sections 180.0850 through 180.0859, inclusive, of the Wisconsin Business Corporation Law, Chapter 180 of the Wisconsin Statutes, as the same shall then be in effect, including any amendments thereto, but, in the case of any such amendment, only to the extent such amendment permits or requires the Corporation to provide broader indemnification rights than the Statute permitted or required the Corporation to provide prior to such amendment.

8.02. Mandatory Indemnification of Directors and Officers. To the fullest extent permitted or required by the Statute, the Corporation shall indemnify a Director or Officer against all Liabilities incurred by or on behalf of such Director or Officer in connection with a Proceeding in which the Director or Officer is a Party because he or she is a Director or Officer.

8.03. Procedural Requirements.

(a) A Director or Officer who seeks indemnification under Section 8.02 shall make a written request therefor to the Corporation. Subject to Section 8.03(b), within sixty days of the Corporation's receipt of such request, the Corporation shall pay or reimburse the Director or Officer for the entire amount of Liabilities incurred by the Director or Officer in connection with the subject Proceeding (net of any Expenses previously advanced pursuant to Section 8.05).

(b) No indemnification shall be required to be paid by the Corporation pursuant to Section 8.02 if, within such sixty-day period, (i) a Disinterested Quorum, by a majority vote thereof, determines that the Director or Officer requesting indemnification engaged in misconduct constituting a Breach of Duty or (ii) a Disinterested Quorum cannot be obtained.

(c) In either case of nonpayment pursuant to Section 8.03(b), the Board shall immediately authorize by resolution that an Authority, as provided in Section 8.04, determine whether the Director's or Officer's conduct constituted a Breach of Duty and, therefore, whether indemnification should be denied hereunder.

(d) (i) If the Board does not authorize an Authority to determine the Director's or Officer's right to indemnification hereunder within such sixty-day period and/or (ii) if

indemnification of the requested amount of Liabilities is paid by the Corporation, then it shall be conclusively presumed for all purposes that a Disinterested Quorum has affirmatively determined that the Director or Officer did not engage in misconduct constituting a Breach of Duty and, in the case of subsection (i) above (but not subsection (ii)), indemnification by the Corporation of the requested amount of Liabilities shall be paid to the Director or Officer immediately.

8.04. Determination of Indemnification.

(a) If the Board authorizes an Authority to determine a Director's or Officer's right to indemnification pursuant to Section 8.03, then the Director or Officer requesting indemnification shall have the absolute discretionary authority to select one of the following as such Authority:

(i) An independent legal counsel; provided, that such counsel shall be mutually selected by such Director or Officer and by a majority vote of a Disinterested Quorum or, if a Disinterested Quorum cannot be obtained, then by a majority vote of the Board;

(ii) A panel of three arbitrators selected from the panels of arbitrators of the American Arbitration Association in Wisconsin; provided, that (A) one arbitrator shall be selected by such Director or Officer, the second arbitrator shall be selected by a majority vote of a Disinterested Quorum or, if a Disinterested Quorum cannot be obtained, then by a majority vote of the Board, and the third arbitrator shall be selected by the two previously selected arbitrators, and (B) in all other respects (other than this Article VIII), such panel shall be governed by the American Arbitration Association's then existing Commercial Arbitration Rules; or

(iii) A court pursuant to and in accordance with Section 180.0854 of the Statute.

(b) In any such determination by the selected Authority there shall exist a rebuttable presumption that the Director's or Officer's conduct did not constitute a Breach of Duty and that indemnification against the requested amount of Liabilities is required. The burden of rebutting such a presumption by clear and convincing evidence shall be on the Corporation or such other party asserting that such indemnification should not be allowed.

(c) The Authority shall make its determination within sixty days of being selected and shall submit a written opinion of its conclusion simultaneously to both the Corporation and the Director or Officer.

(d) If the Authority determines that indemnification is required hereunder, the Corporation shall pay the entire requested amount of Liabilities (net of any Expenses previously advanced pursuant to Section 8.05), including interest thereon at a reasonable rate, as determined by the Authority, within ten days of receipt of the Authority's opinion; provided, that, if it is determined by the Authority that a Director or Officer is

entitled to indemnification against Liabilities' incurred in connection with some claims, issues or matters, but not as to other claims, issues or matters, involved in the subject Proceeding, the Corporation shall be required to pay (as set forth above) only the amount of such requested Liabilities as the Authority shall deem appropriate in light of all of the circumstances of such Proceeding.

(e) The determination by the Authority that indemnification is required hereunder shall be binding upon the Corporation regardless of any prior determination that the Director or Officer engaged in a Breach of Duty.

(f) All Expenses incurred in the determination process under this Section 8.04 by either the Corporation or the Director or Officer, including, without limitation, all Expenses of the selected Authority, shall be paid by the Corporation.

8.05. Mandatory Allowance of Expenses.

(a) The Corporation shall pay or reimburse from time to time or at any time, within ten days after the receipt of the Director's or Officer's written request therefor, the reasonable Expenses of the Director or Officer as such Expenses are incurred; provided, the following conditions are satisfied:

(i) The Director or Officer furnishes to the Corporation an executed written certificate affirming his or her good faith belief that he or she has not engaged in misconduct which constitutes a Breach of Duty; and

(ii) The Director or Officer furnishes to the Corporation an unsecured executed written agreement to repay any advances made under this Section 8.05 if it is ultimately determined by an Authority that he or she is not entitled to be indemnified by the Corporation for such Expenses pursuant to Section 8.04.

(b) If the Director or Officer must repay any previously advanced Expenses pursuant to this Section 8.05, such Director or Officer shall not be required to pay interest on such amounts.

8.06. Indemnification and Allowance of Expenses of Certain Others.

(a) The Board may, in its sole and absolute discretion as it deems appropriate, pursuant to a majority vote thereof, indemnify a director or officer of an Affiliate (who is not otherwise serving as a Director or Officer) against all Liabilities, and shall advance the reasonable Expenses, incurred by such director or officer in a Proceeding to the same extent hereunder as if such director or officer incurred such Liabilities because he or she was a Director or Officer, if such director or officer is a Party thereto because he or she is or was a director or officer of the Affiliate.

(b) The Corporation shall indemnify an employee who is not a Director or Officer, to the extent he or she has been successful on the merits or otherwise in defense of a Proceeding, for all reasonable Expenses incurred in the Proceeding if the employee was a Party because he or she was an employee of the Corporation.

(c) The Board may, in its sole and absolute discretion as it deems appropriate, pursuant to a majority vote thereof, indemnify (to the extent not otherwise provided in Section 8.06(b) hereof) against Liabilities incurred by, and/or provide for the allowance of reasonable Expenses of, an employee or authorized agent of the Corporation acting within the scope of his or her duties as such and who is not otherwise a Director or Officer.

8.07. Insurance. The Corporation may purchase and maintain insurance on behalf of a Director or Officer or any individual who is or was an employee or authorized agent of the Corporation against any Liability asserted against or incurred by such individual in his or her capacity as such or arising from his or her status as such, regardless of whether the Corporation is required or permitted to indemnify against any such Liability under this Article VIII.

8.08. Notice to the Corporation. A Director, Officer or employee shall promptly notify the Corporation in writing when he or she has actual knowledge of a Proceeding which may result in a claim of indemnification against Liabilities or allowance of Expenses hereunder, but the failure to do so shall not relieve the Corporation of any liability to the Director, Officer or employee hereunder unless the Corporation shall have been irreparably prejudiced by such failure (as determined, in the case of Directors or Officers only, by an Authority selected pursuant to Section 8.04(a)).

8.09. Severability. If any provision of this Article VIII shall be deemed invalid or inoperative, or if a court of competent jurisdiction determines that any of the provisions of this Article VIII contravene public policy, this Article VIII shall be construed so that the remaining provisions shall not be affected, but shall remain in full force and effect, and any such provisions which are invalid or inoperative or which contravene public policy shall be deemed, without further action or deed by or on behalf of the Corporation, to be modified, amended and/or limited, but only to the extent necessary to render the same valid and enforceable; it being understood that it is the Corporation's intention to provide the Directors and Officers with the broadest possible protection against personal liability allowable under the Statute.

8.10. Nonexclusivity of Article VIII. The rights of a Director, Officer or employee (or any other person) granted under this Article VIII shall not be deemed exclusive of any other rights to indemnification against Liabilities or allowance of Expenses which the Director, Officer or employee (or such other person) may be entitled to under any written agreement, Board resolution, vote of shareholders of the Corporation or otherwise, including, without limitation, under the Statute. Nothing contained in this Article VIII shall be deemed to limit the Corporation's obligations to indemnify against Liabilities or allow Expenses to a Director, Officer or employee under the Statute.

8.11. Contractual Nature of Article VIII; Repeal or Limitation of Rights. This Article VIII shall be deemed to be a contract between the Corporation and each Director, Officer and employee of the Corporation and any repeal or other limitation of this Article VIII or any repeal or limitation of the Statute or any other applicable law shall not limit any rights of indemnification against Liabilities or allowance of Expenses then existing or arising out of events, acts or omissions occurring prior to such repeal or limitation, including, without limitation, the right to indemnification against Liabilities or allowance of Expenses for

Proceedings commenced after such repeal or limitation to enforce this Article VIII with regard to acts, omissions or events arising prior to such repeal or limitation.

ARTICLE IX. AMENDMENTS

9.01. By Shareholders. These bylaws may be amended or repealed and new bylaws may be adopted by the shareholders at any annual or special meeting of the shareholders at which a quorum is in attendance.

9.02. By Directors. Except as otherwise provided by the Wisconsin Business Corporation Law or the articles of incorporation, these bylaws may also be amended or repealed and new bylaws may be adopted by the Board of Directors by affirmative vote of a majority of the number of directors present at any meeting at which a quorum is in attendance; provided, however, that the shareholders in adopting, amending or repealing a particular bylaw may provide therein that the Board of Directors may not amend, repeal or readopt that bylaw.

9.03. Implied Amendments. Any action taken or authorized by the shareholders or by the Board of Directors which would be inconsistent with the bylaws then in effect but which is taken or authorized by affirmative vote of not less than the number of shares or the number of directors required to amend the bylaws so that the bylaws would be consistent with such action shall be given the same effect as though the bylaws had been temporarily amended or suspended so far, but only so far, as is necessary to permit the specific action so taken or authorized.

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Gregory S. Marcus, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Marcus Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 12, 2020

By: /s/ Gregory S. Marcus
Gregory S. Marcus
President and Chief Executive Officer

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Douglas A. Neis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Marcus Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

DATE: May 12, 2020

By: /s/ Douglas A. Neis
Douglas A. Neis
Executive Vice President, Chief Financial Officer and Treasurer

**Written Statement of the Chief Executive Officer and Chief Financial Officer
Pursuant to 18 U.S.C. §1350**

Solely for the purposes of complying with 18 U.S.C. §1350, we, the undersigned Chief Executive Officer and Chief Financial Officer of The Marcus Corporation (the “Company”), hereby certify, based on our knowledge, that the accompanying Quarterly Report on Form 10-Q of the Company (the “Report”) fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory S. Marcus

Gregory S. Marcus
President and Chief Executive Officer

/s/ Douglas A. Neis

Douglas A. Neis
Executive Vice President, Chief Financial Officer and Treasurer

Date: May 12, 2020
