



TRANSFORMING AND

OUTPERFORMING



The Marcus Corporation



# DEAR

# SHAREHOLDERS

This year, we are celebrating the 80<sup>th</sup> anniversary of The Marcus Corporation. It has been 80 years of transforming and outperforming in a variety of businesses. We have no doubt that fiscal 2015 will also have a special place in our history as a year of significant transformation and outperformance.



**10.5%**  
QUARTERLY  
CASH DIVIDEND  
INCREASE



**ULTRASCREEN DLX**  
DreamLounger Recliner

**27.5%**  
FOUR-YEAR AVERAGE  
TOTAL RETURN  
TO SHAREHOLDERS

## ACHIEVING

Our fiscal 2015 revenues set new records for The Marcus Corporation and for both of our operating divisions. Revenues increased 9.0 percent to \$488.1 million and operating income of \$50.2 million was up 3.7 percent.

Marcus Theatres® had another record year, with a 15.1 percent increase in operating income, a 7.7 percent increase in box office revenues, a 12.1 percent increase in attendance and a 17.5 percent increase in concession revenues, while our number of theatres remained the same. Marcus® Hotels & Resorts also achieved record revenues and record occupancy.



We are very pleased with such a strong operating performance. To us, this indicates a solid core for our businesses. Unfortunately, this great story gets somewhat clouded by two unusual items that impacted the bottom line in our financial statements and led to a decrease in our year-over-year comparison. We reported net earnings attributable to The Marcus Corporation of \$24.1 million and net earnings per diluted common share of \$0.87 for fiscal 2015, down 4.0 percent and 5.4 percent respectively from the prior year.

To provide more detail, we had two unusual non-cash items in each of the last two years that caused a swing of \$0.14 per share in our earnings. One item, an allocation of a pre-tax loss attributable to non-controlling interests, added approximately \$0.08 per diluted common share to our fiscal 2014 results. The other item, an impairment charge primarily related to one of our hotels, reduced our fiscal 2015 earnings by approximately \$0.06 per diluted common share. If you adjust out these two non-cash items, our fiscal 2015 net earnings and earnings per share attributable to The Marcus Corporation would have been up nearly 12 percent from the prior year. We believe this presents a much clearer picture of how we are doing.

We think our fellow shareholders would agree with our assessment of an outstanding performance, as fiscal 2015 was also another great year for our investors. We increased the quarterly cash dividend by 10.5 percent in the fourth quarter, our second consecutive year of increased dividend payments. Our total return to shareholders was 19.0 percent in fiscal 2015, bringing our four-year average total return to shareholders to 27.5 percent.

## TRANSFORMING

Our \$90 million investment in Marcus Theatres over the past two years has transformed our circuit, proving once again that we continue to be one of the most forward-thinking theatre chains in the industry.



**Top:** Successful concepts including DreamLounger recliner seating and UltraScreen DLX auditoriums contributed to a record year for Marcus Theatres.

**Bottom:** Marcus Hotels & Resorts properties offer outstanding group meeting space, including a new executive boardroom at The Pfister Hotel in Milwaukee. The company's culinary experts continue to lead the industry and the acquisition of the SafeHouse restaurant and bar in Milwaukee adds another successful food and beverage concept to the division's portfolio.

Relaxing DreamLounger<sup>SM</sup> recliner seating and massive *UltraScreen DLX*<sup>®</sup> and premium large format *SuperScreen*<sup>SM</sup> DLX auditoriums with Dolby<sup>®</sup> Atmos<sup>®</sup> multidimensional sound take movie-going to a new level. But that's just the beginning. We've also added innovative, internally developed food and beverage concepts including *Take Five*<sup>SM</sup> Lounges, *Big Screen Bistro*<sup>SM</sup> in-theatre dining and *Zaffiro's*<sup>®</sup> Express restaurants at numerous locations. Our recently opened Marcus Palace Cinema in Sun Prairie, Wisconsin, is the ultimate entertainment destination, showcasing all of these features and amenities under one roof.

Also helping to drive Marcus Theatres' record-breaking results are creative marketing and price/value strategies including our successful \$5 Tuesday promotion and our Magical Movie Rewards<sup>SM</sup> loyalty program that added more than one million members in its first year.

Marcus Hotels & Resorts also had a recent grand opening, with the unveiling of the new AC Hotel Chicago Downtown. Talk about a transformation!

An extensive renovation of our existing property brought the AC's European design and flair to our prime location in downtown Chicago. AC Hotels target millennial travelers searching for an urban lifestyle brand with high-quality service and the latest technology. Our property is one of the first AC Hotels by Marriott to open in the United States.

We expanded our presence into Florida with a management contract and minority interest in The Hotel Zamora and Castile Restaurant in St. Pete Beach. We also recently announced that we will be a minority investor and manager of the new Capitol District Marriott hotel currently under development in Omaha, Nebraska.

We've also added another concept to our food and beverage portfolio, the *SafeHouse*<sup>®</sup>. This iconic spy-themed restaurant and bar located in downtown Milwaukee joins our other successful concepts such as *Miller Time*<sup>®</sup> Pub & Grill, *Mason Street Grill* and *The Chophouse*, and may potentially be expanded to other locations.

## OUTPERFORMING

As a result of our investments and innovation in transforming our two businesses, we are outperforming our peers in a number of key metrics.

Marcus Theatres has significantly outperformed the industry for the past six quarters. For the fiscal 2015 period, our box office was up 7.7 percent. This increase was even more impressive considering the national box office was down 3.7 percent according to Rentrak, a difference of more than 11 percentage points! In fact, we were the only theatre circuit among the top 10 U.S. chains to report any increase in box office revenues during that 12-month period. Our goal is to continue to outperform the industry in the future.

We currently offer DreamLounger seating in 27 percent of our company-owned first-run theatres and 30 percent of our screens, which we believe are the highest percentages among the top chains. Approximately 49 percent of our company-owned first-run theatres now feature *UltraScreen DLX* or *SuperScreen DLX* auditoriums, also believed to be among the highest percentages of premium large-format screens in the industry.

Marcus Hotels & Resorts is also outperforming its peer group. Data supplied by Smith Travel Research shows we are exceeding the competitive hotels in our markets in terms of revenue per available room (RevPAR), average daily rate and occupancy. For example, RevPAR was up 5.3 percent for the competitive hotels, while our RevPAR increased 5.9 percent for the year, excluding our Chicago hotel that was being renovated.

## GROWING

With transforming and outperforming well underway, the next step is growing.

We're looking at both organic and acquisition growth for Marcus Theatres. We plan to bring our newest features and amenities to additional locations in fiscal 2016, including plans to begin construction on two new theatres. We may also grow by acquiring additional theatres or theatre circuits if the right acquisition

opportunities arise. We think that we can create value by applying the experience we developed as we transformed our circuit.

We plan to grow Marcus Hotels & Resorts primarily through management contracts that provide solid fee income without the capital commitment of company-owned properties. In some cases, we may also assume a minority interest. In July 2015, we announced the sale of the Hotel Phillips in Kansas City, Missouri, which we owned and managed for 14 years. The sale is scheduled to close in October. This is in line with our announced strategy to consider the sale of one or more selected hotel properties, if we determine this is in the best interest of our shareholders. While in the case of the Hotel Phillips we will not retain management, our general goal is to retain management of any property we sell.

AS A RESULT OF OUR  
INVESTMENTS AND INNOVATION  
IN TRANSFORMING OUR TWO BUSINESSES,  
WE ARE OUTPERFORMING  
OUR PEERS IN A NUMBER OF KEY METRICS.

Our successful growth depends on our people, because as our founder explained so well, our associates are our greatest asset. For 80 years, our associates have been making our ordinary days extraordinary days for our guests. Recruiting, training and retaining the best talent has always been, and will continue to be, a core philosophy of The Marcus Corporation.

It starts with our Board of Directors, whose expertise is invaluable to our management team. We were very pleased to welcome Katherine M. Gehl, former president and CEO of Gehl Foods, Inc., to our board during this past year.

When you think about it, our theme of transforming and outperforming is a pretty good description of The Marcus Corporation. This is how we got to where we are today, and how we'll get to where we want to go. Thank you for your support.

80 YEARS making ordinary days  
EXTRAORDINARY



Gregory S. Marcus  
President and CEO



Stephen H. Marcus  
Chairman

A handwritten signature in black ink, appearing to read "Gregory S. Marcus".

August 20, 2015

A handwritten signature in black ink, appearing to read "Stephen H. Marcus".



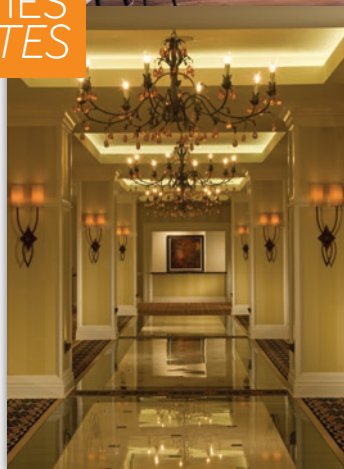
**NEW**  
**226 ROOM**  
**AC HOTEL**  
**CHICAGO**  
 DOWNTOWN



**20** PROPERTIES  
 IN **11** STATES

*Top: The new AC Hotel Chicago Downtown and The Garland in North Hollywood, Calif. (center) are two lifestyle properties that appeal to the growing millennial market.*

*Bottom: We were among the recipients of a 2015 State Historic Preservation Officer's Citation of Merit for our efforts to protect the architectural, historic and cultural features of the Skirvin Hilton hotel in Oklahoma City.*



**TRANSFORMING** our Chicago property is just one way we are enhancing the growing reputation of Marcus Hotels & Resorts as a national hotel management company.

The new AC Hotel Chicago Downtown, The Hotel Zamora in St. Pete Beach, Florida, and The Garland in North Hollywood, California, are three lifestyle properties that appeal to a growing market segment. These travelers are seeking a special experience in a cosmopolitan environment with collaborative spaces and locally-inspired food and beverage concepts.

Upcoming investments in our properties include a major guest room, lobby and restaurant renovation at the Skirvin Hilton in Oklahoma City. A new bedding program at The Pfister<sup>®</sup> Hotel in Milwaukee and the Grand Geneva<sup>®</sup> Resort & Spa in Lake Geneva, Wisconsin, takes a comfortable night's rest to a new level. Exclusive new amenities from our WELL Spa<sup>®</sup> locations, increased operating efficiencies, advanced digital technologies and a successful customer care center are just a few more reasons why we are **OUTPERFORMING** the peer group in our markets.

## HIGHLIGHTS

- Own and/or operate 20 properties, nine company majority-owned and operated and 11 managed for other owners, as of August 20, 2015
- Manage approximately 5,200 rooms in 11 states
- Over 50 years of experience in hotel management, development and repositioning
- Successful branded restaurant concepts
- Actively seeking new management contracts

Walk into one of our recently renovated theatres and you're in a whole new world – a complete entertainment destination that is **TRANSFORMING** the movie-going experience and the Marcus Theatres circuit.



**\$90**  
MILLION  
INVESTMENT  
OVER 2 YEARS



We are **OUTPERFORMING** the industry with our talent, innovative ideas and the multi-million dollar investments in our circuit. Building on that success, our plans for fiscal 2016 include expanding our popular new features to additional locations, and fine-tuning every amenity, marketing strategy and operational initiative. Our team is also focused on maximizing attendance through our loyalty program and attracting new audiences through targeted marketing and an enhanced sales program. We are continually measuring guest feedback and engaging our customers to further improve the movie-going experience and appeal to “the right person at the right time at the right price.”

## HIGHLIGHTS

- Fifth largest theatre circuit in the United States
- Currently own or operate 681 screens at 55 locations in seven states
- Significantly outperformed the industry box office for six consecutive quarters
- Among the highest percentages of new amenities in company-owned first-run theatres: DreamLounger recliner seating 27% of theatres, premium large-format screens 49%, Take Five Lounges 29% and Zaffiro's Express 33%
- Celebrating 80<sup>th</sup> anniversary in 2015

**OVER 1,000,000**  
**MAGICAL MOVIE**  
REWARDS MEMBERS



**Top:** Take Five Lounges are the perfect place for a cocktail before or after the movie.

**Middle:** The new Marcus Palace Cinema in Sun Prairie, Wis. offers all of our latest amenities in one location.

**Bottom:** Movie-goers of all ages like our extensive concession menu.



# 2015 FINANCIAL HIGHLIGHTS

**THE MARCUS CORPORATION** is a leader in the lodging and entertainment industries, with significant company-owned real estate assets.

**MARCUS THEATRES**<sup>®</sup> currently owns or manages 681 screens at 55 locations in Wisconsin, Illinois, Iowa, Minnesota, Nebraska, North Dakota and Ohio.

## MARCUS<sup>®</sup> HOTELS & RESORTS

Owns and/or manages a distinctive portfolio of 20 hotels, resorts and other properties in 11 states, as of August 20, 2015.

## OPERATIONS (IN MILLIONS)

	Fiscal Year May 28, 2015	Fiscal Year May 29, 2014	Percent Change
Revenues	\$488.1	\$447.9	9.0%
Operating Income	50.2	48.4	3.7%
Net Earnings	24.0	25.0	(4.0%) <sup>(1)</sup>

## PER COMMON SHARE (DILUTED)

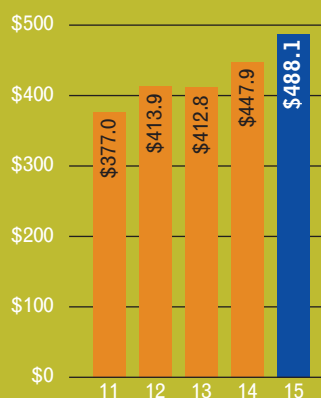
Net Earnings	0.87	0.92	(5.4%) <sup>(1)</sup>
Cash Dividends	0.39	0.35	11.4%

## FINANCIAL POSITION (IN MILLIONS)

Shareholders' Equity	\$343.8	\$326.2	5.4%
Total Assets	\$809.0	\$768.9	5.2%
Debt/Capitalization Ratio	0.42	0.42	—

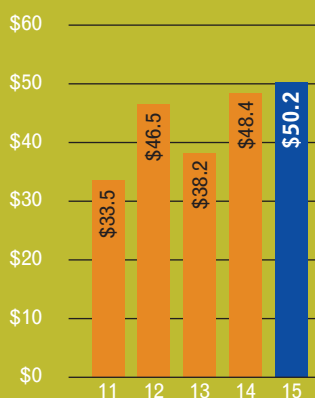
### REVENUES

(IN MILLIONS)



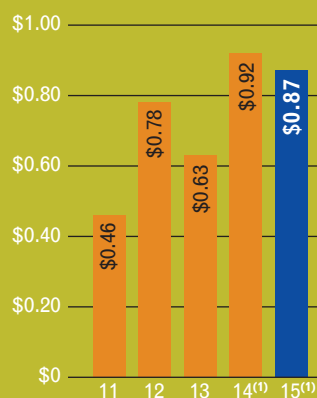
### OPERATING INCOME

(IN MILLIONS)



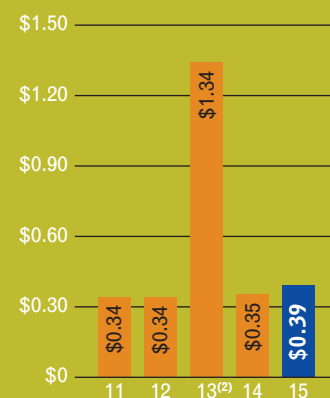
### NET EARNINGS

PER SHARE

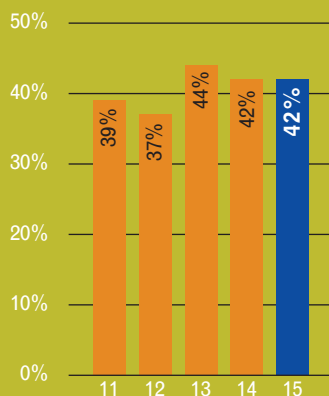


### DIVIDENDS

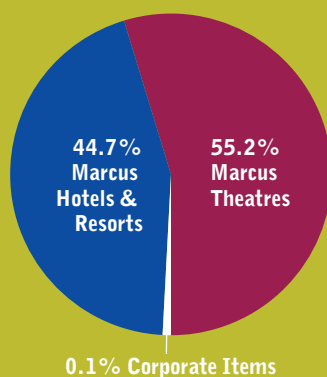
PER SHARE



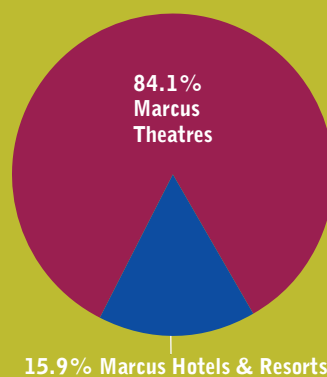
### DEBT/CAPITALIZATION RATIO



### FISCAL 2015 REVENUES



### FISCAL 2015 OPERATING INCOME<sup>(3)</sup>



(1) Comparisons of fiscal 2015 net earnings and earnings per share were negatively impacted by an impairment charge in fiscal 2015 of approximately \$0.06 per diluted common share. In addition, fiscal 2014 results were favorably impacted by the allocation of a pre-tax loss attributable to non-controlling interests of approximately \$0.08 per diluted common share.

(2) Fiscal 2013 cash dividend includes a \$1.00 special dividend.

(3) Excludes corporate items.

# CORPORATE INFORMATION



*Below: Joe Khairallah, Kim Lueck, Rolando Rodriguez, Tom Kissinger, Greg Marcus, Bill Reynolds, Rachel McKinney, Doug Neis.*



**Back Row:** Tim Hoeksema, Katherine Gehl, Bruce Olson, Phil Milstein, Greg Marcus, Jack McKeithan, Bud Selig, Jim Ericson, Bronson Haase. **Seated:** Steve Marcus, Brian Stark, Diane Marcus Gershowitz.

## BOARD OF DIRECTORS

### **Stephen H. Marcus (d)\***

*Chairman, The Marcus Corporation*

### **Bronson J. Haase, Lead Director (c)\***

*Retired President of Pabst Farms Equity Ventures, LLC, Retired President and Chief Executive Officer of Wisconsin Gas Company, and Vice President of WICOR, Inc., and former President and Chief Executive Officer of Ameritech Wisconsin*

### **Daniel F. McKeithan, Jr. (a) (c)**

*Chairman and Chief Executive Officer, Tamarack Petroleum Company, Inc.*

### **Diane Marcus Gershowitz (d)**

*Real Estate Management and Investments*

### **Timothy E. Hoeksema (c)**

*Retired Chairman, President and Chief Executive Officer, Midwest Air Group, Inc.*

### **Allan H. (Bud) Selig (b)\* (d)**

*Commissioner Emeritus of Major League Baseball*

### **Bruce J. Olson**

*Retired Senior Vice President, The Marcus Corporation and Retired President, Marcus Theatres Corporation*

### **Philip L. Milstein (a)\* (b) (d)**

*Principal, Ogden CAP Properties, LLC*

### **James D. Ericson (b) (d)**

*Retired Chairman, President and Chief Executive Officer, Northwestern Mutual Life Insurance Company*

### **Gregory S. Marcus**

*President and Chief Executive Officer, The Marcus Corporation*

### **Brian J. Stark (a) (c)**

*Founding Principal, Chief Executive Officer and Chief Investment Officer, Stark Investments*

### **Katherine M. Gehl**

*Former chairman and president, Gehl Foods, Inc.*

#### **Committees of the Board:**

- (a) Audit
- (b) Compensation
- (c) Corporate Governance and Nominating
- (d) Finance

\*Denotes chairman

## OFFICERS AND EXECUTIVE MANAGEMENT

### **Gregory S. Marcus**

*President and Chief Executive Officer*

### **Thomas F. Kissinger**

*Senior Executive Vice President, General Counsel and Secretary, The Marcus Corporation*

### **Rolando B. Rodriguez**

*Executive Vice President, The Marcus Corporation and President and CEO, Marcus Theatres Corporation*

### **Douglas A. Neis**

*Chief Financial Officer and Treasurer*

### **Joseph Khairallah**

*Chief Operating Officer, Marcus Hotels & Resorts*

### **Kim Lueck**

*Chief Information Officer*

### **Rachel P. McKinney**

*Vice President of Human Resources*

### **William H. Reynolds, Jr.**

*Senior Managing Director, MCS Capital LLC*

## CORPORATE INFORMATION

### **Annual Meeting**

Shareholders are invited to attend The Marcus Corporation's 2015 Annual Meeting at 9:00 a.m. CDT on Tuesday, October 13, 2015 at the InterContinental Milwaukee, 139 E. Kilbourn Avenue, Milwaukee, Wisconsin.

### **Form 10-K Report**

A copy of the company's fiscal 2015 Form 10-K annual report (without exhibits) as filed with the Securities and Exchange Commission is included in this report.

### **NYSE Listing and Symbol**

The Marcus Corporation common stock is traded on the New York Stock Exchange under the symbol MCS. The Marcus Corporation is included in the Standard & Poor's SmallCap 600 Index, the Russell 2000 Index and other indexes.



### **Transfer Agent**

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

### **Corporate Headquarters**

The Marcus Corporation  
100 East Wisconsin Avenue, Suite 1900  
Milwaukee, WI 53202-4125  
(414) 905-1000  
www.marcuscorp.com

### **Dividend Reinvestment Plan**

The Marcus Corporation has a dividend reinvestment plan through which shareholders of record may reinvest their cash dividends and make supplemental cash investments in additional shares. There are no commissions or service charges to purchase shares. For additional information, write or call our transfer agent.

### **Investor Information**

Investors are encouraged to visit [www.marcuscorp.com](http://www.marcuscorp.com) for company information. Interested individuals can also register to be automatically notified by e-mail when new information is added to the site.

### **Independent Registered Public Accounting Firm**

Deloitte & Touche LLP,  
Milwaukee, Wisconsin

### **Legal Counsel**

Foley & Lardner LLP,  
Milwaukee, Wisconsin

*Marcus®, Marcus Theatres®, UltraScreen®, UltraScreen DLX®, Grand Geneva®, The Pfister®, SafeHouse® and WELL Spa® are registered trademarks. Big Screen Bistro™, DreamLounger™, Magical Movie Rewards™, SuperScreen DLX™ and Take Five™ are trademarks of The Marcus Corporation. Zaffiro's® is a registered trademark of Zaffiro's Pizza Company, LLC. Miller Time® is a registered trademark of MillerCoors, LLC.*

© 2015 The Marcus Corporation.  
All rights reserved.

# OUR PHILOSOPHY

**WE TAKE GREAT PRIDE** in our dedicated management teams and associates and will continue to develop their potential and skills at all levels within our organization.

**WE BELIEVE IN REWARDING** outstanding performance, and in promoting from within to develop a climate of high expectation and achievement, as well as a solid base of highly-qualified associates.

**WE WILL REMAIN** a quality-minded corporation, dedicated to upholding our corporate slogan, "People Pleasing People."

**WE WILL MAINTAIN** our position of leadership in the hospitality and entertainment industries through our commitment to quality, service and value.

**WE WILL CONTINUE** our personal and corporate involvement in activities benefiting the community, state and nation.

**WE WILL SUPPORT** the values of the communities we are privileged to serve by honoring their traditions and preserving their environments.

**WE PLEDGE** to remain alert to economic changes which affect our businesses, and to respond to ever-changing consumer demands.

**WE WILL CONTINUE** to successfully meet all challenges through planning, balanced diversification and orderly growth.

**WE TAKE OUR RESPONSIBILITY** to our shareholders very seriously and are committed to being a model for good corporate governance.



The Marcus Corporation

100 East Wisconsin Avenue, Suite 1900  
Milwaukee, Wisconsin 53202-4125

[www.marcuscorp.com](http://www.marcuscorp.com)