



The Marcus Corporation

Frequently Asked Questions About the Special Cash Dividend

On January 17, 2006, The Marcus Corporation Board of Directors approved a special cash dividend of \$7.00 per share. Following are frequently asked questions about this special dividend.

Q. When must I own the stock in order to receive the special dividend?

A. In this particular situation, the most important date for determining who is entitled to the special dividend is the ex-dividend date, not the record date. Because of the magnitude of the special cash dividend, the ex-dividend date was extended at the request of the New York Stock Exchange to Monday, February 27, 2006. As a result, shares of The Marcus Corporation (MCS) common stock sold in the market after the record date and on or before the payable date of February 24, 2006 include the right to receive the special dividend. If you purchase shares of MCS common stock in the market on or before the payment date (whether or not you owned the shares on the record date) and hold those shares until after the market opens on the ex-dividend date of February 27, 2006, you will receive the special dividend on those shares. Accordingly,

- If you sell shares of MCS common stock in the market before the February 27 ex-dividend date (whether or not you owned the shares on the record date), you will not be entitled to the special dividend with respect to those shares.
- If you buy shares of MCS common stock in the market on or after the February 27 ex-dividend date, you will not be entitled to the special dividend with respect to those shares.

Your market trade does not need to settle by the payable date in order to receive the special dividend. Rather, if you buy shares of MCS common stock in the market on or before the payable date and hold those shares until after the market opens on the ex-dividend date of February 27, 2006, you will receive the special dividend on those shares.

The treatment of shares subject to stock options granted by The Marcus Corporation to its employees or directors is not addressed in this Q&A. Employees or directors should address their questions related to stock options to the company's General Counsel. Shareholders are also encouraged to consult their own personal financial and tax advisors regarding the specific implications of the deferred ex-dividend date.

Q. What is the significance of the February 3, 2006 record date?

A. Because shares that trade in the market after the record date and on or before the payable date include the right to receive the special dividend, the record date will not be important to you if you trade shares of MCS common stock in the open market. As noted above, if you purchase shares in the market on or before the payable date (whether or not you owned the shares on the record date) and hold those shares until after the market opens on the ex-dividend date of February 27, 2006, you will receive the special dividend on those shares. In this particular situation, the record date is only relevant with respect to stock options held by MCS employees or directors.

Q. What will happen to the price of The Marcus Corporation common stock after the special dividend is paid?

- A. In theory, and disregarding other events and conditions that may affect financial markets and the price of a company's stock, when a company pays a special dividend, its stock price declines on the ex-dividend date to reflect the payment of the dividend. For The Marcus Corporation special dividend, that date will be the opening of the market on Monday, February 27, 2006. However, we cannot predict whether or by what amount our stock price may decline.

Q. What are the tax implications of the special dividend?

- A. The company has received a private letter ruling from the Internal Revenue Service which provides that the special dividend qualifies as a partial liquidating distribution for tax purposes. As a result, most non-corporate shareholders will be able to deduct a proportionate amount of their cost basis of their MCS common stock from the special dividend received, with the difference generally taxable as a capital gain. Additional information regarding the tax implications of this special dividend will be included with the payment of the dividend. Shareholders are encouraged to consult with their own tax and financial advisors regarding the treatment and implications of this special dividend on their particular tax situation.

Q. Does this affect the regular quarterly dividend in any way?

- A. No. The quarterly dividend of \$0.075 per common share will be handled the same way as previous quarterly dividends. The record date for this dividend is Friday, February 3, 2006 and the payable date is Thursday, February 23, 2006.