



February 24, 2006

Dear Fellow Shareholder,

As you may already be aware, the Board of Directors of The Marcus Corporation has declared a special cash dividend of \$7.00 per share payable on February 24, 2006.

The special cash dividend returns to our shareholders a portion of the proceeds from the sale of our limited-service lodging division. We felt it was appropriate to return some of the value we had created in this division over the years to you as a Marcus Corporation shareholder, and to provide you with added liquidity for your investment.

The Internal Revenue Service has issued a private letter ruling to the company which states that the special distribution will be treated as a distribution in partial liquidation pursuant to Sections 302(b)(4) and 302(e)(1) of the Internal Revenue Code. Please see the reverse side of this letter for important tax information related to the special dividend.

One of the hallmarks of The Marcus Corporation's success is our focus on the long term. After the special cash dividend, we still have significant cash on our balance sheet, as well as substantial borrowing capacity, to facilitate our future growth. We remain committed to investing in our two divisions, Marcus Theatres® and Marcus Hotels and Resorts, and will continue to explore additional opportunities to create value for our shareholders.

We believe that with two successful divisions, defined long-term growth strategies and an extremely strong balance sheet, we are well positioned for the future. I speak for our Board of Directors and the entire management team in sharing with you our excitement and optimism for the future of The Marcus Corporation.

Thank you for your confidence and support.

Sincerely,

Stephen H. Marcus
Chairman and Chief Executive Officer

See reverse side for Important Tax Information

The Marcus Corporation

IMPORTANT TAX INFORMATION

Related to the \$7.00 Per Share Special Cash Dividend Paid on February 24, 2006

The Internal Revenue Service has issued a private letter ruling to the Company which states that the special distribution will be treated as a distribution in partial liquidation pursuant to Sections 302(b)(4) and 302(e)(1) of the Internal Revenue Code.

For shareholders that are not corporations, this means that the special distribution will generally be treated as payment in exchange for stock in the Company that is constructively redeemed. The Private Letter Ruling states that the number of shares that are constructively redeemed will be determined in accordance with the principles set forth in Rev. Rul. 77-245, 1877-2 C.B. 105. Under this Revenue Ruling, the number of shares constructively redeemed will generally equal the number of shares held by a shareholder, multiplied by a fraction. The numerator of the fraction will equal \$7.00 per share (the amount of the special distribution) and the denominator of the fraction will equal the fair market value of a share of stock immediately before the payment of the special distribution. The Revenue Ruling uses the average of the stock's highest and lowest price on the day immediately prior to the date the stock is traded ex-distribution as the fair market value of the stock. For example, a shareholder owns 100 shares and the price per share immediately prior to the payment of the special distribution is \$25 per share. The number of shares constructively redeemed will be 28 shares ($100 \times \$7/\25).

Noncorporate shareholders will generally recognize capital gain or loss on this constructive exchange to the extent of the difference between the amount of the special distribution and their adjusted basis of the shares constructively surrendered. This capital gain or loss will generally be long-term if the holding period for the shares constructively redeemed is longer than one year. Noncorporate shareholders should consult their tax advisors to determine the cost basis of their shares constructively redeemed. Noncorporate shareholder's basis in all of their shares will be reduced by the basis attributable to the shares constructively redeemed.

Corporate shareholders generally will not be eligible for capital gains treatment with respect to the special distribution. Corporate shareholders should consult their tax advisors with respect to adjustments in their basis as a result of receiving the special distribution as well as the availability of a dividends-received deduction.

This summary is not a complete discussion of all the federal income tax aspects that may be important to you and you should not construe it as tax advice. We have not included any discussion of state, local, or foreign income, or other tax laws. You should consult with your own tax advisor with respect to the tax consequences of the special distribution.

Internal Revenue Service regulations (Circular 230) require that certain types of written advice include a disclaimer. To the extent this letter contains advice relating to or concerning any federal tax issue, such advice is not intended or written to be used, and cannot be used, by the recipient or any other taxpayer for the purpose of avoiding federal tax penalties. Further, this description is not written, and cannot be used, to support the promotion or marketing of the transaction(s) or matter(s) discussed herein.