

**THE MARCUS CORPORATION**  
**Audit Committee Charter**

**Adopted: January 8, 2003**

This Audit Committee Charter (“Charter”) is intended to assist the Audit Committee (“Committee”) of the Board of Directors (“Board”) of The Marcus Corporation (“Company”) in carrying out its duties and responsibilities. This Charter is in addition to, and is not intended to change or interpret, any federal or state law or regulation, including the rules of the Securities and Exchange Commission (“SEC”), the listing standards of the New York Stock Exchange (“NYSE”), the Wisconsin Business Corporation Law, or the Company’s Articles of Incorporation or Bylaws. This Charter is not intended to, and does not, create any legal or fiduciary duties or responsibilities or form the basis for a breach of fiduciary duty or potential liability if not complied with. This Charter is subject to modification and interpretation by the Board.

**A. General Role.**

The Committee shall perform the responsibilities required of it by the NYSE, SEC and other applicable laws, including assisting the Board’s oversight of: (i) the integrity of the Company’s financial statements; (ii) the Company’s compliance with legal and regulatory requirements related to its financial statements; (iii) the performance of the Company’s internal audit function and independent auditors; and (iv) the retention, oversight and evaluation of the Company’s independent auditing firm.

**B. Members.**

The Committee shall consist of at least three directors, one of whom shall be the Chairman of the Committee, all of whom shall meet the independence and other requirements of the SEC, the listing standards of the NYSE, other applicable laws and the Company’s Bylaws, except as otherwise determined by the Board in accordance with the requirements of the SEC, the listing standards of the NYSE, other applicable laws and the Company’s Bylaws. Each member of the Committee must also be “financially literate”, as such qualification is interpreted by the Board in its business judgment in accordance with the listing standards of the NYSE. Additionally, at least one member of the Committee must have “accounting or related financial management expertise” and/or qualify as a “financial expert”, in each case as determined by the Board in its business judgment in accordance with the listing standards of the NYSE, the requirements of the SEC and other applicable law. The Company shall properly publicly disclose each Committee member who is determined to be a “financial expert” in accordance with the requirements of the SEC and other applicable laws. Other than in his or her capacity as a member of the Committee, the Board or another committee thereof, no member of the Committee shall be allowed to accept any consulting, advisory, or other compensatory fee from the Company, or otherwise be an affiliated person of the Company. Committee members may be removed in accordance with the Company’s Bylaws.

**C. Meetings.**

Absent unusual circumstances, the Committee shall meet separately at least twice annually with, as appropriate, the Company’s management, internal auditors (or other personnel responsible for the internal audit function) and the Company’s independent auditing firm, all in accordance with

the Company's Bylaws. In addition, special meetings shall be held as circumstances require as determined by the Committee's Chairman or by any two other members of the Committee in accordance with the Company's Bylaws. The Committee or its Chairman may invite to its meetings such other directors, members of Company management and such other persons and advisors as the Committee or its Chairman deems necessary or appropriate in order to carry out the Committee's duties and responsibilities. The Committee, through its Chairman, shall report its activities to the Board at the Board meeting next following each Committee meeting so that the Board is kept fully informed of the Committee's activities on a current basis. Minutes of each Committee meeting shall also be distributed to the Board as and when appropriate.

**D. Responsibilities.**

1. The Committee's responsibilities with respect to overseeing (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements related to its financial statements; and (iii) the performance of the Company's internal audit function shall include the following:
  - a. To be well-informed about the Company's quarterly and annual financial reports filed with the SEC, including the section thereof entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations", by receiving, reviewing and discussing preliminary copies of all such reports with management and the Company's independent auditing firm before they are filed with the SEC. The Committee should ask management and the Company's independent auditing firm whether the other sections of each such report are consistent with the information reflected in the report's financial statements. The Committee may delegate its duties under this subparagraph to its Chairman or one or more other Committee members.
  - b. To, before they are filed with the SEC, review and discuss with the Company's Chief Executive Officer and Chief Financial Officer any certifications related to the Company's financial statements or internal controls, including their certifications that: (i) to the best of their knowledge, (a) the Company's quarterly and annual reports filed with the SEC fully comply with the requirements of the Securities Exchange Act of 1934; and (b) that the information contained in such reports fairly present, in all material respects, the financial condition and results of operations of the Company; and (ii) regarding the Company's internal controls, including: (a) that it is management's responsibility for establishing, maintaining and evaluating such controls; (b) that it is management's duty to disclose any significant deficiencies in such controls and any fraud involving associates significantly involved with such controls to the Committee and the Company's independent auditing firm; and (c) whether or not there were significant changes in such internal controls or in other factors that could significantly affect such controls. The Committee should also review and discuss with the Company's chief executive officer and chief financial officer the procedures implemented and steps taken in connection with supporting and verifying the accuracy of such certifications. The Committee may delegate its duties under this subparagraph to its Chairman or one or more other Committee members.

- c. To, before they are submitted to the NYSE, review and discuss with the Company's Chief Executive Officer and Chief Financial Officer any certifications required to be submitted to the NYSE. The Committee should also review and discuss with the Company's Chief Executive Officer and Chief Financial Officer the procedures implemented and steps taken in connection with supporting and verifying the accuracy of such certifications. The Committee may delegate its duties under this subparagraph to its Chairman or one or more other Committee members.
- d. To, at each Committee meeting and at such other times as the Committee deems necessary or appropriate, generally discuss with management the Company's earnings press releases and earnings guidance and other forward-looking statements provided to the Company's shareholders (paying particular attention to any use of "pro forma" or "adjusted" non-GAAP information). The Committee need not discuss in advance each earnings release or instance in which the Company provides forward-looking statements.
- e. The Committee shall review and discuss the Company's annual audited financial statements with management and the Company's independent auditing firm and shall further discuss with the independent auditing firm all matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit.
- f. The following are other general post-audit review considerations and guidelines:
- The Committee should focus on the "quality" of the Company's financial results and condition and the underlying accounting principles and practices used by the Company.
  - The Committee should obtain from the Company's Chief Financial Officer satisfactory explanations for all significant variances in the Company's financial statements between fiscal years and quarterly periods.
  - The Committee should request and receive a satisfactory explanation from management and the Company's independent auditing firm of changes in accounting standards or rules promulgated by the Public Company Accounting Oversight Board, FASB, SEC or other regulatory bodies that have or will have a material effect on the Company's financial statements or accounting policies or practices.
  - The Committee should request and receive satisfactory explanations about the existence and substance of any significant accounting accruals, reserves or estimates made by management that have or will have a material impact on the Company's financial statements. If any such accruals, reserves or estimates have changed materially from prior fiscal years or periods, the Committee should request and receive satisfactory explanations about the reasons for such changes and the likelihood of additional material changes in the future.

- ☐ The Committee should meet in executive session, without management present, with the Company's independent auditing firm to request its opinion on various matters, including the capabilities of the Company's financial and accounting personnel, the adequacy of the Company's internal controls, and whether or not there were any disagreements between the Company's auditing firm and the Company's management about financial disclosures or accounting policies, practices or treatment. The Committee shall be responsible for resolving any such disagreements between the Company's auditing firm and management.
  - ☐ During such executive sessions, the Committee may ask the independent auditing firm what its greatest concerns were in the course of the audit and if it believes anything else should be discussed with the Committee while not in the presence of management. Additional questions that the Committee may ask include the following:
    - ☐ If the independent auditing firm were solely responsible for the preparation of the Company's financial statements, would the Company's financial statements have been prepared differently than the manner selected by management? The Committee may inquire as to both material and nonmaterial differences. If the independent auditing firm would have done anything differently than management, a satisfactory explanation should be provided of management's position and the independent auditing firm's position.
    - ☐ If the independent auditing firm were an investor, is the firm receiving the information from the Company in its financial statements and SEC reports essential to a proper understanding of the Company's financial performance and condition for the reporting period?
    - ☐ Is the Company following the same internal audit procedures that would be followed if the auditing firm itself were the Company's chief executive officer or chief financial officer? If not, what are the differences and why?
  - ☐ In such executive sessions, the Committee should also review the letter of management representations given to the independent auditing firm and inquire whether the auditing firm encountered any difficulties in obtaining the letter or any specific representations therein.
  - ☐ In such executive sessions, the Committee should also review with the Company's independent auditing firm any difficulties the firm encountered in the course of its audit work, including any restrictions on the scope of its activities or on access to requested information.
- g. To, at least annually and otherwise when the Committee determines it to be necessary or appropriate, meet with the Company's General Counsel and/or outside legal counsel, to discuss pending or threatened legal matters that may

have a significant impact on the Company's financial statements. The Committee should discuss with the Company's management and the independent auditing firm the substance of any significant issues raised by the Company's General Counsel and/or outside legal counsel concerning litigation, contingencies, claims or other assessments. The Committee should understand how such matters are reflected in the Company's financial statements and SEC reports.

- h. To, at least annually, review and analyze with the Company's Chief Executive Officer, Chief Financial Officer and the Company's independent auditing firm comparable public company financial reporting and accounting policies and practices that materially differ from those of the Company.
- i. To, at least annually, inquire with the Company's Chief Executive Officer and Chief Financial Officer whether there are any significant tax matters that have been or might be reasonably disputed by the IRS or state tax agencies, and inquire as to the status of the Company's related tax reserves and disclosures.
- j. To, on a timely basis, obtain and review all other reports by the Company's independent auditing firm required by the SEC, the NYSE or other applicable law, rule or requirement to be provided to the Committee, including reports to the Committee describing: (i) all critical accounting policies and practices used by the Company in its financial statements; (ii) alternative treatments within generally accepted accounting principles discussed with management, the effects of using or not using such treatments, and the auditor's preferred treatment; and (iii) other material written communications with management, such as any management letter or schedule of unadjusted differences. The Committee shall discuss such reports with the Company's Chief Executive Officer, Chief Financial Officer and/or its principal accounting officer and the Company's independent auditing firm.
- k. To, at least annually, review with the Company's Chief Executive Officer, Chief Financial Officer and the Company's independent auditing firm the Company's internal audit functions.
- l. To review management's report on and assessment of the Company's internal controls to be included in the Company's annual report to shareholders, as well as the report on, and attestation to, such management report by the Company's independent auditing firm.
- m. To, at each Committee meeting and at such other times as the Committee deems necessary or appropriate, review with the Company's Chief Executive Officer, Chief Financial Officer and the Company's independent auditing firm the areas of financial risk that could have a material adverse effect on the Company's results of operation or financial condition and the Company's risk assessment and risk management policies.
- n. To, at each Committee meeting and at such other times as the Committee deems necessary or appropriate, review and confirm with the Company's Chief Executive Officer, Chief Financial Officer and the Company's independent



- ☐ The expected level of personal participation by the firm’s partner designated to be primarily responsible for the Company’s account and other auditing firm management and supervisory personnel in the audit examination of the Company, and the mix of skills and experience of the auditing firm’s staff and its staff rotation policy with respect to the Company.
  - ☐ If a new public accounting firm is being considered, the report of the firm’s latest peer review conducted pursuant to a professional quality control program and any significant litigation problems or disciplinary actions or sanctions by the SEC, FASB, Public Company Accounting Oversight Board, AICPA, state licensing authorities or others.
  - ☐ If a new public accounting firm is being considered, the proposed firm’s credentials, capabilities, reputation and a list of its representative clients in the same geographical area and in the same industries.
  - ☐ If a new public accounting firm is being considered, the steps planned to ensure a smooth and effective transition.
- c. Other than with respect to certain “de minimis” non-audit services, to pre-approve all engagements of the Company’s independent auditing firm to perform any non-audit related services for or on behalf of the Company (except as legally prohibited below). However, the Committee shall not in any event approve the provision by the Company’s independent auditing firm of any of the following legally prohibited non-audit services: (i) bookkeeping or other services related to the Company’s accounting records or financial statements; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions and contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management or human resources functions; (vii) broker-dealer, investment advisor or investment banking services; (viii) legal and expert services unrelated to the audit; or (ix) any other service that is prohibited by the Public Company Accounting Oversight Board. “De minimis” non-audit services which do not require Committee preapproval shall mean those non-audit services for which the aggregate fees constitute no more than 5% of the total amount of fees paid by the Company to the auditing firm during the fiscal year in which such non-audit services are provided, as long as (A) such de minimis non-audit services were not recognized by the Company at the time of the engagement of the auditing firm for that year; (B) the provision of such de minimis non-audit services is promptly brought to the attention of the Committee; and (C) such de minimis non-audit services are approved by the Committee prior to the completion of that year’s audit. Approval by the Committee of any non-audit service to be performed by the Company’s auditing firm shall be publicly disclosed by the Company in accordance with the requirements of the SEC, the NYSE listing standards and applicable law. The Committee may delegate its duties under this subparagraph to its Chairman or one or more other Committee members.
- d. To, at least annually, obtain and review a report by the Company’s independent auditing firm describing all relationships between the independent auditing firm

and the Company and confirming that the auditing firm is independent from the Company within the meaning of the Securities Act of 1933, as amended, and within the requirements of the Independence Standards Board, to discuss such reports with the independent auditing firm and to take appropriate action to satisfy the Committee of the independence of the Company's independent auditing firm.

- e. To, at least annually, obtain and review a report by the independent auditing firm describing the firm's internal quality-control procedures and any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, and of any material inquiry or investigation by any governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues.
- f. To, at least annually, evaluate the performance of the Company's independent auditing firm and, if determined necessary or appropriate, to replace the firm.

3. The Committee's other responsibilities shall include the following:

- a. To establish clear hiring policies for employees or former employees of the Company's independent auditing firm consistent with the requirements of the SEC, the listing standards of the NYSE and other legal requirements. In accordance with applicable law, the Company's independent auditing firm may not perform any audit services for the Company if the Company's Chief Executive Officer, Chief Financial Officer, controller or any other associate serving in an equivalent position was employed by the auditing firm and participated in the audit of the Company within the one-year period preceding the initiation of the audit.
- b. To develop and communicate procedures to receive, retain and address complaints regarding financial disclosure or accounting and auditing matters, including employees' confidential, anonymous submissions of concerns regarding questionable accounting or auditing matters. These procedures may be or include those included in the Company's Code of Conduct. At least annually, the Committee shall review such procedures to ensure their effectiveness and their compliance with all applicable NYSE listing standards, SEC rules and other legal requirements, and take such actions as the Committee shall deem necessary or appropriate.
- c. To annually prepare the Audit Committee report required by the rules of the SEC to be included in the Company's proxy statement for its annual meeting of shareholders.
- d. To, from time to time, if the Committee determines it to be necessary or appropriate, conduct such reviews, investigations and surveys as the Committee may consider necessary or appropriate in the exercise of its duties and responsibilities.

**E. Unrestricted Committee Communications.**

The Committee shall, at all times, have unrestricted lines of communication with the chief executive officer, chief financial officer and/or principal accounting officer of the Company, as well as the Company's independent auditing firm. The Committee may, as it deems necessary or appropriate, obtain advice and assistance from outside legal, accounting or other advisors, which advisors shall be paid for by the Company.

**F. Annual Review of Charter.**

The Committee shall review and reassess the adequacy of this Charter not less than annually and may seek the input of the Company's independent auditing firm and the Company's Chief Executive Officer, Chief Financial Officer, General Counsel and/or other advisors with regard to the adequacy of this Charter and the necessity or desirability of any amendments.

**G. Annual Performance Review.**

The Committee shall, at least annually, be subject to a performance evaluation by the Board's Corporate Governance Committee in accordance with the Company's Corporate Governance Policy Guidelines.