



**Capital
Senior
Living
Corporation**

For Immediate Release

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972/770-5600

CAPITAL SENIOR LIVING CORPORATION REPORTS SECOND QUARTER 2010 RESULTS

DALLAS – (BUSINESS WIRE) –August 4, 2010 – Capital Senior Living Corporation (the “Company”) (NYSE:CSU), one of the country’s largest operators of senior living communities, today announced operating results for the second quarter of 2010. Company highlights for the second quarter include:

Highlights

- Cash From Facility Operations (“CFFO”) increased 26 percent to \$4.4 million, or \$0.16 per share, in the second quarter of 2010 versus \$3.5 million, or \$0.13 per share, for the second quarter of 2009.
- Net income was \$1.5 million, or \$0.05 per share, in the second quarter of 2010, versus \$0.4 million, or \$0.02 per share, in the second quarter of 2009.
- Revenue was \$50.5 million, a 7 percent increase from the second quarter of 2009.
- Same community occupancy increased 40 basis points during the second quarter of 2010, ending the quarter at 85 percent.
- Adjusted EBITDAR improved over the second quarter of 2009 by \$2.6 million, or 18 percent, to \$16.7 million. EBITDAR margin improved to 33.1 percent from 29.9 percent.
- The Company sold its interests in two joint ventures and began leasing eight communities, resulting in \$4.5 million of proceeds, and \$1.1 million of deferred gains.
- The Company announced that it expects to add 12 high-quality leased assisted living communities to its portfolio in the third quarter of this year, expanding resident capacity by 764 seniors.

- Cash in the second quarter increased by \$3.3 million while mortgage debt was reduced by \$5.5 million. One mortgage was paid off at a discount, resulting in a \$0.7 million pre-tax gain.

“Our disciplined expense management and execution of our strategic business plan are contributing to meaningful enhancements in shareholder value,” said Lawrence A. Cohen, Chief Executive Officer of the Company. “We closed two transactions in the second quarter and anticipate closing a third significant transaction in the third quarter. On a combined basis, these three transactions are expected to increase incremental annual revenues by approximately \$52 million, a more than 25 percent increase, and EBITDAR by over \$22 million; incremental EBITDAR margin is expected to exceed 43 percent; and CFFO for the Company should grow by approximately \$3 million per year, equivalent to \$0.11 per share. In addition, we are encouraged by the fact that new supply will be practically non-existent as demand continues to grow. We expect future occupancy gains to result in solid incremental margins and meaningful cash flow growth.”

Operating Results

- Average physical occupancy rate for the 59 stabilized communities was 86 percent.
- Operating margins (before property taxes, insurance and management fees) were 49 percent in stabilized independent and assisted living communities.
- At communities under management, excluding three communities undergoing conversions, same-store revenue increased 1.5 percent versus the second quarter of 2009 as a result of a 1.7 percent increase in average monthly rent. Same-community expenses increased 0.5 percent and net income increased 3.0 percent from the comparable period of the prior year.

Significant Transactions

- A joint venture in which the Company held an 11 percent interest sold five communities to Health Care REIT, Inc. (“HCN”). Upon closing the sale in mid-April, the Company began leasing the communities from HCN. The Company received proceeds from its interests of approximately \$3.2 million and realized a gain of approximately \$0.8 million, which has been deferred and is being recognized as a reduction in lease expense over the initial 15-year lease term.

Annualizing results of operations, these communities are expected to generate over \$11.0 million of annual revenue and \$0.8 million of annual cash flow, net of rent expense.

- A second joint venture in which the Company held a 15 percent interest sold three communities, also to HCN. Upon closing the sale of its interests at the end of April, the Company began leasing the communities from HCN. The Company received

proceeds from its interests of approximately \$1.3 million and realized a gain of approximately \$0.3 million which is also being deferred over the initial 15-year lease term.

Annualizing results of operations, these communities are expected to generate over \$11.7 million of annual revenue and \$0.7 million of annual cash flow, net of rent expense.

- The Company announced in June of this year that it has entered into a definitive agreement with Signature Assisted Living of Texas, LLC (“Signature”) to acquire Signature’s interests in 12 communities it leases from HCN. The 12 leased communities are high-quality purpose-built assisted living and memory care facilities located in Texas. The communities average less than three years of age and are currently 92 percent occupied. The transaction is expected to close in the third quarter of 2010, subject to customary closing conditions and approvals.

The acquisition of these leases will increase the Company’s resident capacity by 764 seniors. Annualizing the 12 senior housing communities’ revenues yields approximately \$30.3 million, with EBITDAR of approximately \$13.5 million, net of incremental general and administrative expenses. EBITDAR is expected to exceed the annual cash payment due HCN by approximately \$4.6 million, and the transaction is expected to increase the Company’s CFFO by approximately \$2.3 million, or \$0.09 per share.

OPERATING AND FINANCIAL RESULTS

For the second quarter of 2010, the Company reported revenue of \$50.5 million, compared to revenue of \$47.2 million in the second quarter of 2009. Resident and healthcare revenue increased from the second quarter of the prior year by approximately \$4.4 million, largely as a result of converting eight communities previously owned in joint ventures to leased communities. The number of consolidated communities increased from 50 to 58. Financial occupancy of the consolidated portfolio averaged 83.8 percent in the second quarter of 2010 with an average monthly rent of \$2,609 per occupied unit. Excluding three communities with units being converted to higher levels of care, financial occupancy of the consolidated portfolio averaged 85.2 percent.

Revenue under management was \$56.6 million in the second quarter of 2010 compared to \$55.0 million in the second quarter of 2009. Revenue under management includes revenue generated by the Company’s consolidated communities, communities owned in joint ventures and communities owned by third parties that are managed by the Company. There were 66 communities under management in both periods.

Operating expenses for the second quarter of 2010 were \$28.4 million, an increase of \$2.4 million from the second quarter of 2009, due to eight additional communities now being consolidated. As a percentage of resident and healthcare revenue, operating

expenses were 60.5 percent in the second quarter of 2010 compared to 61.2 percent in the second quarter of 2009, an improvement of 70 basis points.

General and administrative expenses of \$2.7 million were approximately \$0.6 million less than the second quarter of 2009. The second quarter of the prior year reflected an unusually high rate of health insurance claims. All other corporate expenses were virtually flat with the prior year, despite the revenue growth. General and administrative expenses as a percentage of revenues under management were 4.8 percent.

Facility lease expenses were \$7.9 million in the second quarter of 2010, approximately \$1.4 million higher than the second quarter of 2009, reflecting eight additional leased communities and increases in contingent rent.

Depreciation and amortization expense increased \$0.2 million from the second quarter of the prior year as a result of capital improvements at certain of the Company's owned and leased facilities.

Adjusted EBITDAR for the second quarter of 2010 was approximately \$16.7 million, an increase of \$2.6 million or 18 percent from the second quarter of 2009. Adjusted EBITDAR margin was 33.1 percent for the period, an improvement of over three percentage points from the second quarter of 2009.

Interest expense was \$2.8 million in the second quarter of 2010, approximately \$0.2 million below the second quarter of 2009, reflecting lower debt outstanding due to principal amortization and the pay-off of one mortgage during the quarter.

The Company reported income before taxes of approximately \$2.6 million in the second quarter of 2010 compared to a pre-tax profit of approximately \$0.8 million in the second quarter of 2009. Excluding casualty losses, transaction costs and a gain on settlement of debt, adjusted pre-tax income in the second quarter of 2010 was \$2.2 million.

The Company reported net income of \$1.5 million or \$0.05 per diluted share in the second quarter of 2010 versus net income of \$0.4 million, or \$0.02 per diluted share in the second quarter of 2009. With the adjustments noted above, recurring net income for the second quarter of 2010 was \$1.2 million, also equal to \$0.05 per diluted share. CFO was \$4.4 million or \$0.16 per diluted share in the second quarter of 2010, versus \$3.5 million or \$0.13 per diluted share in the second quarter of 2009.

For the first six months of 2010, the Company produced revenue of \$98.4 million, compared to revenue of \$95.2 million in the first six months of 2009. Resident and healthcare revenue increased \$4.7 million from the first half of the prior year.

Adjusted EBITDAR for the first six months of 2010 was \$31.0 million, compared to \$28.4 million for the first six months of 2009. The Company earned adjusted net income of \$1.9 million or \$0.07 per diluted share in the first six months of 2010, compared to adjusted net income of \$1.2 million or \$0.05 per diluted share in the first

six months of 2009. CFFO was \$8.3 million or \$0.31 per diluted share in the first six months of 2010, compared to \$7.6 million or \$0.29 per diluted share in the first six months of 2009.

CAPITAL OVERVIEW AND FINANCING

The Company ended the quarter with \$39.1 million of cash and cash equivalents, including restricted cash.

As of June 30, 2010, the Company financed its 25 owned communities with 24 mortgages totaling \$175.8 million at fixed interest rates averaging 6.0 percent. One community is now unencumbered. On April 15, 2010, the Company negotiated a pay-off settlement with the servicer of a securitized promissory note with an outstanding principal balance of \$4.6 million. The securitized promissory note was a debt obligation of one of the Company's wholly owned subsidiaries and matured on September 1, 2009. The Company recorded a pre-tax gain in the second quarter of \$0.7 million on the settlement of this debt.

Capital expenditures for the quarter were approximately \$2.5 million, representing \$1.5 million of investment spending and \$1.0 million of recurring Capex. If annualized, spending for recurring Capex equaled approximately \$600 per unit.

Q2 2010 CONFERENCE CALL INFORMATION

The Company will host a conference call with senior management to discuss the Company's second quarter 2010 results. The call will be held on Thursday, August 5, 2010 at 11:00 a.m. Eastern Time.

The call-in number is 913-312-0684, confirmation code 6804879. A link to a simultaneous webcast of the teleconference will be available at www.capitalsenior.com through Windows Media Player or RealPlayer.

For the convenience of the Company's shareholders and the public, the conference call will be recorded and available for replay starting August 5, 2010 at 2:00 p.m. Eastern Time, until August 13, 2010 at 8:00 p.m. Eastern Time. To access the conference call replay, call 719-457-0820, confirmation code 6804879. The conference call will also be made available for playback via the Company's corporate website, www.capitalsenior.com.

ABOUT THE COMPANY

Capital Senior Living Corporation is one of the nation's largest operators of residential communities for senior adults. The Company's operating philosophy emphasizes a continuum of care, which integrates independent living, assisted living and home care services, to provide residents the opportunity to age in place. The Company currently operates 66 senior living communities in 23 states with an aggregate capacity of approximately 10,000 residents.

The forward-looking statements in this release are subject to certain risks and uncertainties that could cause results to differ materially, including, but not without limitation to, the Company' s ability to find suitable acquisition properties at favorable terms, financing, licensing, business conditions, risks of downturns in economic conditions generally, satisfaction of closing conditions such as those pertaining to licensure, availability of insurance at commercially reasonable rates, and changes in accounting principles and interpretations among others, and other risks and factors identified from time to time in our reports filed with the Securities and Exchange Commission.

This release contains certain financial information not derived in accordance with generally accepted accounting principles (GAAP), including adjusted EBITDAR, adjusted EBITDAR margin, CFFO, CFFO per share and other items. The Company believes this information is useful to investors and other interested parties. Such information should not be considered as a substitute for any measures derived in accordance with GAAP, and may not be comparable to other similarly titled measures of other companies. Reconciliation of this information to the most comparable GAAP measures is included as an attachment to this release.

Contact Ralph A. Beattie, Chief Financial Officer, at 972-770-5600 for more information.

CAPITAL SENIOR LIVING CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | <u>June 30,</u> <u>2010</u> <u>(unaudited)</u> | <u>December 31,</u> <u>2009</u> |
|---|--|------------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 35,180 | \$ 28,972 |
| Restricted cash | 3,919 | 2,167 |
| Accounts receivable, net | 3,550 | 3,340 |
| Accounts receivable from affiliates | 268 | 424 |
| Federal and state income taxes receivable | 26 | 1,493 |
| Deferred taxes | 1,134 | 1,208 |
| Assets held for sale | 354 | 354 |
| Property tax and insurance deposits | 8,089 | 8,632 |
| Prepaid expenses and other | <u>4,353</u> | <u>4,010</u> |
| Total current assets | 56,873 | 50,600 |
| Property and equipment, net | 297,789 | 300,678 |
| Deferred taxes | 7,330 | 7,781 |
| Investments in joint ventures | 2,681 | 6,536 |
| Other assets, net | <u>17,125</u> | <u>14,908</u> |
| Total assets | <u>\$ 381,798</u> | <u>\$ 380,503</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,586 | \$ 2,037 |
| Accounts payable to affiliates | 84 | — |
| Accrued expenses | 15,287 | 12,287 |
| Current portion of notes payable | 7,228 | 9,347 |
| Current portion of deferred income | 7,015 | 6,838 |
| Customer deposits | <u>1,397</u> | <u>1,295</u> |
| Total current liabilities | 32,597 | 31,804 |
| Deferred income | 15,934 | 16,747 |
| Notes payable, net of current portion | 172,011 | 173,822 |
| Commitments and contingencies | | |
| Shareholders' equity: | | |
| Preferred stock, \$.01 par value: | | |
| Authorized shares — 15,000; no shares issued or outstanding | — | — |
| Common stock, \$.01 par value: | | |
| Authorized shares — 65,000; issued and outstanding | | |
| shares 27,080 and 26,945 in 2010 and 2009, respectively | 274 | 273 |
| Additional paid-in capital | 132,518 | 131,576 |
| Retained earnings | 29,398 | 27,215 |
| Treasury stock, at cost – 350 shares | <u>(934)</u> | <u>(934)</u> |
| Total shareholders' equity | 161,256 | 158,130 |
| Total liabilities and shareholders' equity | <u>\$ 381,798</u> | <u>\$ 380,503</u> |

CAPITAL SENIOR LIVING CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in thousands, except per share data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------------|------------------------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | |
| Resident and health care revenue | \$ 46,933 | \$ 42,550 | \$ 89,802 | \$ 85,149 |
| Unaffiliated management services revenue..... | 18 | 18 | 36 | 36 |
| Affiliated management services revenue | 498 | 678 | 1,207 | 1,300 |
| Community reimbursement revenue | <u>3,064</u> | <u>3,959</u> | <u>7,376</u> | <u>8,695</u> |
| Total revenues | 50,513 | 47,205 | 98,421 | 95,180 |
| Expenses: | | | | |
| Operating expenses (exclusive of facility lease expense and depreciation and amortization expense shown below) | 28,379 | 26,020 | 54,695 | 51,989 |
| General and administrative expenses | 2,724 | 3,372 | 5,755 | 6,364 |
| Facility lease expense..... | 7,882 | 6,531 | 14,307 | 12,939 |
| Stock-based compensation expense | 256 | 289 | 557 | 620 |
| Depreciation and amortization | 3,494 | 3,275 | 6,951 | 6,528 |
| Community reimbursement expense | <u>3,064</u> | <u>3,959</u> | <u>7,376</u> | <u>8,695</u> |
| Total expenses | <u>45,799</u> | <u>43,446</u> | <u>89,641</u> | <u>87,135</u> |
| Income from operations | 4,714 | 3,759 | 8,780 | 8,045 |
| Other income (expense): | | | | |
| Interest income | 10 | 16 | 19 | 38 |
| Interest expense..... | (2,763) | (2,956) | (5,625) | (5,904) |
| Gain on settlement of debt | 684 | — | 684 | — |
| Other income..... | <u>(39)</u> | <u>4</u> | <u>17</u> | <u>73</u> |
| Income before provision for income taxes..... | 2,606 | 823 | 3,875 | 2,252 |
| Provision for income taxes..... | <u>(1,148)</u> | <u>(394)</u> | <u>(1,692)</u> | <u>(1,003)</u> |
| Net income | <u>\$ 1,458</u> | <u>\$ 429</u> | <u>\$ 2,183</u> | <u>\$ 1,249</u> |
| Per share data: | | | | |
| Basic net income per share..... | <u>\$ 0.05</u> | <u>\$ 0.02</u> | <u>\$ 0.08</u> | <u>\$ 0.05</u> |
| Diluted net income per share..... | <u>\$ 0.05</u> | <u>\$ 0.02</u> | <u>\$ 0.08</u> | <u>\$ 0.05</u> |
| Weighted average shares outstanding — basic | <u>26,575</u> | <u>26,187</u> | <u>26,558</u> | <u>26,266</u> |
| Weighted average shares outstanding — diluted | <u>26,670</u> | <u>26,272</u> | <u>26,654</u> | <u>26,331</u> |

CAPITAL SENIOR LIVING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

| | Six Months Ended | |
|---|------------------|------------------|
| | June 30, | |
| | <u>2010</u> | <u>2009</u> |
| Operating Activities | | |
| Net income | \$ 2,183 | \$ 1,249 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 6,951 | 6,519 |
| Amortization | — | 9 |
| Amortization of deferred financing charges | 165 | 169 |
| Amortization of deferred lease costs | 201 | 185 |
| Deferred income | (636) | (1,340) |
| Deferred income taxes | 525 | 1,021 |
| Equity in the earnings of unconsolidated joint ventures | (17) | (73) |
| Gain on settlement of debt | (684) | — |
| Provision for bad debts | 72 | 263 |
| Stock based compensation expense | 557 | 620 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (282) | (41) |
| Accounts receivable from affiliates | 156 | 663 |
| Property tax and insurance deposits | 386 | 727 |
| Prepaid expenses and other | (388) | 1,840 |
| Other assets | (2,632) | (283) |
| Accounts payable | (367) | (634) |
| Accrued expenses | 3,000 | (544) |
| Federal and state income taxes receivable | 1,467 | 1,168 |
| Customer deposits | 102 | (142) |
| Net cash provided by operating activities | <u>10,759</u> | <u>11,376</u> |
| Investing Activities | | |
| Capital expenditures | (4,062) | (3,777) |
| Net distributions from joint ventures | <u>3,872</u> | <u>362</u> |
| Net cash used in investing activities | (190) | (3,415) |
| Financing Activities | | |
| Increase in restricted cash | (1,752) | (2,162) |
| Proceeds from notes payable | 3,355 | 1,459 |
| Repayments of notes payable | (6,350) | (4,230) |
| Cash proceeds from the issuance of common stock | 340 | 5 |
| Excess tax benefits on stock options exercised | 46 | — |
| Purchases of treasury stock | — | (934) |
| Net cash used in financing activities | <u>(4,361)</u> | <u>(5,862)</u> |
| Increase in cash and cash equivalents | 6,208 | 2,099 |
| Cash and cash equivalents at beginning of period | 28,972 | 25,880 |
| Cash and cash equivalents at end of period | <u>\$ 35,180</u> | <u>\$ 27,979</u> |
| Supplemental Disclosures | | |
| Cash paid during the period for: | | |
| Interest | \$ 5,529 | \$ 5,757 |
| Income taxes | <u>\$ 470</u> | <u>\$ 416</u> |

Capital Senior Living Corporation
Supplemental Information

| | Communities | | Resident Capacity | | Units | |
|--|-------------|--------|-------------------|--------|--------|--------|
| | Q2 10 | Q2 09 | Q2 10 | Q2 09 | Q2 10 | Q2 09 |
| Portfolio Data | | | | | | |
| I. Community Ownership / Management | | | | | | |
| Consolidated communities | | | | | | |
| Owned | 25 | 25 | 4,058 | 4,058 | 3,503 | 3,503 |
| Leased | 33 | 25 | 4,631 | 3,892 | 3,697 | 3,104 |
| Joint Venture communities (equity method) | 7 | 15 | 1,347 | 2,086 | 1,061 | 1,654 |
| Third party communities managed | 1 | 1 | 148 | 148 | 115 | 115 |
| Total | 66 | 66 | 10,184 | 10,184 | 8,376 | 8,376 |
| Independent living | | | | | | |
| Assisted living | | | 6,784 | 6,784 | 5,695 | 5,695 |
| Continuing Care Retirement Communities | | | 2,685 | 2,685 | 2,063 | 2,063 |
| Total | | | 715 | 715 | 618 | 618 |
| | | | 10,184 | 10,184 | 8,376 | 8,376 |
| II. Percentage of Operating Portfolio | | | | | | |
| Consolidated communities | | | | | | |
| Owned | 37.9% | 37.9% | 39.8% | 39.8% | 41.8% | 41.8% |
| Leased | 50.0% | 37.9% | 45.5% | 38.2% | 44.1% | 37.1% |
| Joint venture communities (equity method) | 10.6% | 22.7% | 13.2% | 20.5% | 12.7% | 19.7% |
| Third party communities managed | 1.5% | 1.5% | 1.5% | 1.5% | 1.4% | 1.4% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Independent living | | | | | | |
| Assisted living | | | 66.6% | 66.6% | 68.0% | 68.0% |
| Continuing Care Retirement Communities | | | 26.4% | 26.4% | 24.6% | 24.6% |
| Total | | | 7.0% | 7.0% | 7.4% | 7.4% |
| | | | 100.0% | 100.0% | 100.0% | 100.0% |
| Selected Operating Results | | | | | | |
| I. Owned communities | | | | | | |
| Number of communities | 25 | 25 | | | | |
| Resident capacity | 4,058 | 4,058 | | | | |
| Unit capacity | 3,503 | 3,503 | | | | |
| Financial occupancy (1) | 83.6% | 85.2% | | | | |
| Revenue (in millions) | 20.2 | 20.5 | | | | |
| Operating expenses (in millions) (2) | 11.3 | 11.2 | | | | |
| Operating margin | 44% | 45% | | | | |
| Average monthly rent | 2,306 | 2,295 | | | | |
| II. Leased communities | | | | | | |
| Number of communities | 33 | 25 | | | | |
| Resident capacity | 4,631 | 3,892 | | | | |
| Unit capacity | 3,697 | 3,104 | | | | |
| Financial occupancy (1) | 84.1% | 81.8% | | | | |
| Revenue (in millions) | 26.7 | 22.2 | | | | |
| Operating expenses (in millions) (2) | 14.2 | 12.3 | | | | |
| Operating margin | 47% | 45% | | | | |
| Average monthly rent | 2,898 | 2,821 | | | | |
| III. Consolidated communities | | | | | | |
| Number of communities | 58 | 50 | | | | |
| Resident capacity | 8,689 | 7,950 | | | | |
| Unit capacity | 7,200 | 6,607 | | | | |
| Financial occupancy (1) | 83.8% | 83.6% | | | | |
| Revenue (in millions) | 46.9 | 42.6 | | | | |
| Operating expenses (in millions) (2) | 25.4 | 23.4 | | | | |
| Operating margin | 46% | 45% | | | | |
| Average monthly rent | 2,609 | 2,541 | | | | |
| IV. Communities under management | | | | | | |
| Number of communities | 66 | 66 | | | | |
| Resident capacity | 10,184 | 10,184 | | | | |
| Unit capacity | 8,376 | 8,376 | | | | |
| Financial occupancy (1) | 81.1% | 80.0% | | | | |
| Revenue (in millions) | 56.6 | 55.0 | | | | |
| Operating expenses (in millions) (2) | 30.3 | 30.0 | | | | |
| Operating margin | 46% | 45% | | | | |
| Average monthly rent | 2,745 | 2,709 | | | | |

**V. Same Store communities under management
(excluding 3 communities with conversions)**

| | | |
|--------------------------------------|-------|-------|
| Number of communities | 60 | 60 |
| Resident capacity | 9,103 | 9,103 |
| Unit capacity | 7,519 | 7,519 |
| Financial occupancy (1) | 84.7% | 84.9% |
| Revenue (in millions) | 52.9 | 52.4 |
| Operating expenses (in millions) (2) | 27.9 | 27.8 |
| Operating margin | 47% | 47% |
| Average monthly rent | 2,735 | 2,703 |

VI. General and Administrative expenses as a percent of Total Revenues under Management

| | | |
|------------------|------|------|
| Second Quarter | 4.8% | 6.1% |
| First six months | 5.1% | 5.8% |

VII. Consolidated Debt Information (in thousands, except for interest rates)

Excludes insurance premium financing

| | | |
|--------------------------------|---------|---------|
| Total fixed rate debt | 175,831 | 184,103 |
| Weighted average interest rate | 6.0% | 6.1% |

(1) Financial occupancy represents actual days occupied divided by total number of available days during the month of the quarter.

(2) Excludes management fees, insurance and property taxes.

CAPITAL SENIOR LIVING CORPORATION
NON-GAAP RECONCILIATIONS

| | <u>Three Months Ended June 30,</u> | | <u>Six Months Ended June 30,</u> | |
|---|------------------------------------|------------------|----------------------------------|------------------|
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| Adjusted EBITDAR | | | | |
| Net income from operations | \$ 4,714 | \$ 3,759 | \$ 8,780 | \$ 8,045 |
| Depreciation and amortization expense | 3,494 | 3,275 | 6,951 | 6,528 |
| Stock-based compensation expense | 256 | 289 | 557 | 620 |
| Facility lease expense | 7,882 | 6,531 | 14,307 | 12,939 |
| Provision for bad debts | 59 | 252 | 131 | 263 |
| Casualty losses | 161 | - | 161 | - |
| Transaction costs | 146 | - | 146 | - |
| Adjusted EBITDAR | <u>\$ 16,712</u> | <u>\$ 14,106</u> | <u>\$ 31,033</u> | <u>\$ 28,395</u> |
| Adjusted EBITDAR Margin | | | | |
| Adjusted EBITDAR | \$ 16,712 | \$ 14,106 | \$ 31,033 | \$ 28,395 |
| Total revenues | <u>50,513</u> | <u>47,205</u> | <u>98,421</u> | <u>95,180</u> |
| Adjusted EBITDAR margin | <u>33.1%</u> | <u>29.9%</u> | <u>31.5%</u> | <u>29.8%</u> |
| Adjusted net income and net income per share | | | | |
| Net income | \$ 1,458 | \$ 429 | \$ 2,183 | \$ 1,249 |
| Casualty losses, net of tax | 101 | - | 101 | - |
| Transaction costs, net of tax | 92 | - | 92 | - |
| Gain on settlement of debt, net of tax | (431) | - | (431) | - |
| Adjusted net income | <u>\$ 1,220</u> | <u>\$ 429</u> | <u>\$ 1,945</u> | <u>\$ 1,249</u> |
| Adjusted net income per share | <u>\$ 0.05</u> | <u>\$ 0.02</u> | <u>\$ 0.07</u> | <u>\$ 0.05</u> |
| Diluted shares outstanding | 26,670 | 26,272 | 26,654 | 26,331 |
| CFFO and CFFO per share | | | | |
| Net cash provided by operating activities | \$ 3,482 | \$ 6,082 | \$ 10,759 | \$ 11,376 |
| Changes in operating assets and liabilities | 1,433 | (2,063) | (1,442) | (2,754) |
| Recurring capital expenditures | (561) | (505) | (1,066) | (1,010) |
| CFFO | <u>\$ 4,354</u> | <u>\$ 3,514</u> | <u>\$ 8,251</u> | <u>\$ 7,612</u> |
| CFFO per share | <u>\$ 0.16</u> | <u>\$ 0.13</u> | <u>\$ 0.31</u> | <u>\$ 0.29</u> |
| Diluted shares outstanding | 26,670 | 26,272 | 26,654 | 26,583 |
| Adjusted pretax income | | | | |
| Pretax income as reported | \$ 2,606 | \$ 823 | \$ 3,875 | \$ 2,252 |
| Casualty losses | 161 | - | 161 | - |
| Transaction costs | 146 | - | 146 | - |
| Gain on settlement of debt | (684) | - | (684) | - |
| Adjusted pretax income | <u>\$ 2,229</u> | <u>\$ 823</u> | <u>\$ 3,498</u> | <u>\$ 2,252</u> |

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