
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 3, 2010

Capital Senior Living Corporation

(Exact name of registrant as specified in its charter)

Delaware

(State or other Jurisdiction of
Incorporation)

1-13445

(Commission File Number)

75-2678809

(IRS Employer Identification No.)

**14160 Dallas Parkway
Suite 300
Dallas, Texas**

(Address of Principal Executive Offices)

75254

(Zip Code)

Registrant's telephone number, including area code: **(972) 770-5600**

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On November 3, 2010, Capital Senior Living Corporation (the “Company”) announced its financial results for the quarter ended September 30, 2010 by issuing a press release. The full text of the press release issued in connection with the announcement is attached hereto as Exhibit No. 99.1. The information being furnished under this Item 2.02 and Exhibit 99.1 shall not be deemed “filed” for purposes of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing. The press release contains, and may implicate, forward-looking statements regarding the Company and includes cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

In the press release, the Company’s management utilized non-GAAP financial measures to describe the Company’s adjusted EBITDAR, adjusted EBITDAR margin, CFFO, CFFO per share and other items. These non-GAAP financial measures are used by management to evaluate financial performance and resource allocation for its facilities and for the Company as a whole. These measures are commonly used as an analytical indicator within the senior housing industry, and also serve as a measure of leverage capacity and debt service ability. The Company has provided this information in order to enhance investors overall understanding of the Company’s financial performance and prospects. In addition, because the Company has historically provided this type of information to the investment community, the Company believes that including this information provides consistency in its financial reporting.

These non-GAAP financial measures should not be considered as measures of financial performance under generally accepted accounting principles, and items excluded from them are significant components in understanding and assessing financial performance. These measures should not be considered in isolation or as an alternative to net income, cash flows generated by operating, investing, or financing activities, earnings per share or other financial statement data presented in the consolidated financial statements as an indicator of financial performance or liquidity. Because these measures are not measurements determined in accordance with generally accepted accounting principles and are thus susceptible to varying calculations, these measures as presented may not be comparable to other similarly titled measures of other companies.

Item 7.01 Regulation FD Disclosure.

Attached hereto as Exhibit 99.2 is an updated slideshow presentation of the Company.

By filing this Current Report on Form 8-K, the Company does not acknowledge that disclosure of this information is required by Regulation FD or that the information was material or non-public before the disclosure. The Company assumes no obligation to update or supplement forward-looking statements in this slideshow that become untrue because of new information, subsequent events or otherwise.

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

The following exhibit to this Current Report on Form 8-K is not being filed but is being furnished pursuant to Item 9.01:

99.1 Press Release dated November 3, 2010.

99.2 Capital Senior Living Corporation updated slideshow presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 3, 2010

Capital Senior Living Corporation

By: /s/ Ralph A. Beattie

Name: Ralph A. Beattie

Title: Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

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**Capital
Senior
Living
Corporation**

For Immediate Release

Contact: Ralph A. Beattie
972/770-5600

**CAPITAL SENIOR LIVING CORPORATION
REPORTS THIRD QUARTER 2010 RESULTS**

DALLAS — (BUSINESS WIRE) —November 3, 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 third quarter of 2010. Company highlights for the third quarter include:

Highlights

- Adjusted Cash From Facility Operations (“CFFO”) increased 69 percent to \$5.6 million, or \$0.21 per share, in the third quarter of 2010 versus \$3.3 million, or \$0.13 per share, for the third quarter of 2009.
- Revenue increased from the third quarter of 2009 by 11 percent to \$53.6 million.
- Consolidated average occupancy was 84.7 percent in the third quarter of 2010, a 90 basis point increase from the second quarter of 2010 and an 80 basis point increase from the third quarter of 2009.
- Adjusted EBITDAR improved over the third quarter of 2009 by \$2.3 million, or 16 percent, to \$16.7 million. EBITDAR margin improved to 31.1 percent from 29.8 percent.
- In September, the Company added 12 high-quality leased assisted living communities to its portfolio, expanding total resident capacity by 764 seniors and the Company’s assisted living capacity from 26 percent to 32 percent of total capacity.

“We are pleased to report an increase in occupancy, an increase in our resident capacity, and an increase in our mix to higher levels of care during the third quarter,” said Lawrence A. Cohen, Chief Executive Officer of the Company. “We received only a small benefit from completing the Signature transaction in the month of September, but when these results are fully reflected along with the two transactions completed in the second quarter, annual revenues will have grown by \$52 million, EBITDAR by over \$22 million, and CFFO by over \$3 million, or \$0.12 per share. We remain encouraged by the fact that new supply of senior housing communities is practically non-existent as needs-driven demand continues to grow.”

Significant Transactions

In September, the Company completed the acquisition from Signature Assisted Living of Texas, LLC (“Signature”) of 12 communities leased from Health Care REIT, Inc. (NYSE: 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.

Annualizing the 12 assisted living communities’ revenues yields approximately \$31.1 million, with EBITDAR of approximately \$14.2 million, net of incremental general and administrative expenses. EBITDAR is expected to exceed the annual cash payment due HCN by approximately \$5.3 million, and the transaction is expected to increase the Company’s CFFO by approximately \$2.8 million, or \$0.10 per share.

Financial Results

For the third quarter of 2010, the Company reported revenue of \$53.6 million, compared to revenue of \$48.1 million in the third quarter of 2009. Resident and healthcare revenue increased from the third quarter of the prior year by approximately \$7.7 million, largely as a result of converting eight communities previously owned in joint ventures to leased communities and the addition of 12 new leased communities late in the quarter. The number of consolidated communities increased from 50 in the third quarter of 2009 to 70 in the third quarter of 2010.

Average monthly rent was \$2,652 per occupied unit in the third quarter of 2010, an increase of \$106, or 4.2 percent, over the third quarter of 2009. Financial occupancy of the consolidated portfolio averaged 84.7 percent in the third quarter of 2010, 80 basis points higher than the third quarter of 2009 and 90 basis points higher than the second quarter of 2010. Excluding three communities with units being converted to higher levels of care, financial occupancy of the consolidated portfolio averaged 86.4 percent.

For the first nine months of 2010, the Company produced revenue of \$152.0 million, compared to revenue of \$143.3 million in the first nine months of 2009. Resident and healthcare revenue increased \$12.3 million from the first nine months of the prior year.

Revenue under management was \$58.7 million in the third quarter of 2010 compared to \$55.7 million in the third 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. Communities under management increased by 12 with the completion of the Signature transaction.

Operating expenses for the third quarter of 2010 were \$31.2 million, an increase of \$4.5 million from the third quarter of 2009, primarily due to 20 additional communities now being consolidated. In addition, a particularly hot summer resulted in a nine percent increase in utility costs. As a percentage of resident and healthcare revenue, operating expenses were 61.9 percent in the third quarter of 2010 compared to 62.4 percent in the third quarter of 2009, an improvement of 50 basis points, despite the increased costs.

General and administrative expenses of \$3.2 million were approximately \$0.8 million higher than the third quarter of 2009. The third quarter of the prior year reflected an unusually low level of expenses. The Company is self-insured for the costs of employee and dependent medical benefits and purchases stop-loss protection on an individual and aggregate basis. This self-insurance program reduces the Company's health insurance costs. Health care costs in the third quarter of 2010 exceeded the third quarter of 2009 by approximately \$0.6 million but are roughly equal on a year-to-date basis. General and administrative expenses as a percentage of revenues under management were 5.3 percent.

Adjusted EBITDAR for the third quarter of 2010 was approximately \$16.7 million, an increase of \$2.3 million or 16 percent from the third quarter of 2009. Adjusted EBITDAR margin was 31.1 percent for the period, an improvement of 1.3 percentage points from the third quarter of 2009. Adjusted EBITDAR for the first nine months of 2010 was \$47.7 million, compared to \$42.7 million for the first nine months of 2009. Adjusted EBITDAR margin for the first nine months of 2010 was 31.4 percent compared to 29.8 percent for the first nine months of 2009.

Net income was \$0.5 million, or \$0.02 per share, in the third quarter of 2010, versus \$0.8 million, or \$0.03 per share, in the third quarter of 2009. Excluding costs related to and amortization of resident leases acquired in recently-completed lease transactions, net income for the third quarter of 2010 was \$0.7 million, or \$0.03 per share. Net income for the third quarter was significantly impacted by non-controllable expenses related to additional medical benefit claims paid and higher utility costs at our consolidated communities. The Company earned adjusted net income of \$2.7 million or \$0.10 per diluted share in the first nine months of 2010, compared to adjusted net income of \$2.0 million or \$0.08 per diluted share in the first nine months of 2009.

Adjusted CFFO was \$5.6 million or \$0.21 per diluted share in the third quarter of 2010, versus \$3.3 million or \$0.13 per diluted share in the third quarter of 2009. Adjusted CFFO was \$14.1 million or \$0.53 per diluted share in the first nine months of 2010, compared to \$10.9 million or \$0.42 per diluted share in the first nine months of 2009. Over \$2.0 million of third quarter CFFO was attributable to the Company amending prior year tax returns to recover refunds of taxes paid.

Operating Activities

At communities under management, excluding three communities undergoing conversions, same-store revenue increased 1.0 percent versus the third quarter of 2009 as a result of a 1.5 percent increase in average monthly rent. Same-community expenses increased 1.0 percent and net income increased 1.3 percent from the comparable period of the prior year.

Capital expenditures for the quarter were approximately \$2.3 million, representing \$1.6 million of investment spending and \$0.7 million of recurring capital expenditures. If annualized, spending for recurring capital expenditures equaled approximately \$400 per unit.

Balance Sheet

The Company ended the quarter with \$39.4 million of cash and cash equivalents, including restricted cash. On a year-to-year basis, cash has increased by \$8.2 million while debt has been reduced by \$5.6 million.

As of September 30, 2010, the Company financed its 25 owned communities with 24 mortgages totaling \$174.9 million at fixed interest rates averaging 6.0 percent. The Company has no mortgage maturities prior to the third quarter of 2015.

Q3 2010 Conference Call Information

The Company will host a conference call with senior management to discuss the Company's third quarter 2010 financial results. The call will be held on Thursday, November 4, 2010 at 11:00 a.m. Eastern Time. The Company's earnings release announcing third quarter 2010 financial results is scheduled to be released to news services the evening of Wednesday, November 3, 2010.

The call-in number is 913-312-0949, confirmation code 5349994. 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 November 4, 2010 at 2:00 p.m. Eastern Time, until November 13, 2010 at 8:00 p.m. Eastern Time. To access the conference call replay, call 719-457-0820, confirmation code 5349994. 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 77 senior living communities in 23 states with an aggregate capacity of approximately 11,000 residents.

Safe Harbor

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, Adjusted CFFO, Adjusted 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)

| | September 30, 2010 <u>(unaudited)</u> | December 31, 2009 |
|---|---|----------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 33,055 | \$ 28,972 |
| Restricted cash | 6,327 | 2,167 |
| Accounts receivable, net | 4,029 | 3,340 |
| Accounts receivable from affiliates | 346 | 424 |
| Federal and state income taxes receivable | 3,242 | 1,493 |
| Deferred taxes | 1,147 | 1,208 |
| Assets held for sale | 354 | 354 |
| Property tax and insurance deposits | 10,128 | 8,632 |
| Prepaid expenses and other | 3,830 | 4,010 |
| Total current assets | 62,458 | 50,600 |
| Property and equipment, net | 296,561 | 300,678 |
| Deferred taxes | 4,262 | 7,781 |
| Investments in joint ventures | 2,611 | 6,536 |
| Other assets, net | 18,900 | 14,908 |
| Total assets | <u>\$ 384,792</u> | <u>\$ 380,503</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 1,528 | \$ 2,037 |
| Accounts payable to affiliates | 2 | — |
| Accrued expenses | 17,521 | 12,287 |
| Current portion of notes payable | 6,564 | 9,347 |
| Current portion of deferred income | 7,197 | 6,838 |
| Current portion of capital lease obligations | 141 | — |
| Customer deposits | 1,388 | 1,295 |
| Total current liabilities | 34,341 | 31,804 |
| Deferred income | 15,340 | 16,747 |
| Capital lease obligations, net of current portion | 99 | — |
| Other long-term liabilities | 1,992 | — |
| Notes payable, net of current portion | 171,041 | 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 | 132,760 | 131,576 |
| Retained earnings | 29,879 | 27,215 |
| Treasury stock, at cost — 350 shares | (934) | (934) |
| Total shareholders' equity | 161,979 | 158,130 |
| Total liabilities and shareholders' equity | <u>\$ 384,792</u> | <u>\$ 380,503</u> |

See accompanying notes to consolidated financial statements.

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

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|-------------------------------------|----------------|------------------------------------|-----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Revenues: | | | | |
| Resident and health care revenue | \$ 50,451 | \$ 42,801 | \$ 140,253 | \$ 127,950 |
| Unaffiliated management services revenue | 18 | 18 | 54 | 54 |
| Affiliated management services revenue | 418 | 692 | 1,625 | 1,992 |
| Community reimbursement revenue | 2,713 | 4,603 | 10,089 | 13,298 |
| Total revenues | <u>53,600</u> | <u>48,114</u> | <u>152,021</u> | <u>143,294</u> |
| Expenses: | | | | |
| Operating expenses (exclusive of facility lease expense and depreciation and amortization expense shown below) | 31,209 | 26,718 | 85,904 | 78,707 |
| General and administrative expenses | 3,246 | 2,456 | 9,001 | 8,820 |
| Facility lease expense | 8,910 | 6,502 | 23,217 | 19,441 |
| Stock-based compensation expense | 226 | 282 | 783 | 902 |
| Depreciation and amortization | 3,536 | 3,334 | 10,487 | 9,862 |
| Community reimbursement expense | 2,713 | 4,603 | 10,089 | 13,298 |
| Total expenses | <u>49,840</u> | <u>43,895</u> | <u>139,481</u> | <u>131,030</u> |
| Income from operations | 3,760 | 4,219 | 12,540 | 12,264 |
| Other income (expense): | | | | |
| Interest income | 13 | 18 | 32 | 56 |
| Interest expense | (2,815) | (2,967) | (8,440) | (8,871) |
| Gain on settlement of debt | — | — | 684 | — |
| Other income | (9) | (14) | 8 | 59 |
| Income before provision for income taxes | 949 | 1,256 | 4,824 | 3,508 |
| Provision for income taxes | (468) | (506) | (2,160) | (1,509) |
| Net income | <u>\$ 481</u> | <u>\$ 750</u> | <u>\$ 2,664</u> | <u>\$ 1,999</u> |
| Per share data: | | | | |
| Basic net income per share | <u>\$ 0.02</u> | <u>\$ 0.03</u> | <u>\$ 0.10</u> | <u>\$ 0.07</u> |
| Diluted net income per share | <u>\$ 0.02</u> | <u>\$ 0.03</u> | <u>\$ 0.10</u> | <u>\$ 0.07</u> |
| Weighted average shares outstanding — basic | <u>26,607</u> | <u>26,222</u> | <u>26,574</u> | <u>26,251</u> |
| Weighted average shares outstanding — diluted | <u>26,703</u> | <u>26,351</u> | <u>26,671</u> | <u>26,339</u> |

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

| | Nine Months Ended September 30, | |
|---|------------------------------------|------------------|
| | 2010 | 2009 |
| Operating Activities | | |
| Net income | \$ 2,664 | \$ 1,999 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation | 10,487 | 9,851 |
| Amortization | — | 11 |
| Amortization of deferred financing charges | 248 | 253 |
| Amortization of deferred lease costs, net | 422 | 277 |
| Deferred income | (2,232) | (2,174) |
| Deferred income taxes | 3,580 | 1,133 |
| Equity in the earnings of unconsolidated joint ventures | (8) | (59) |
| Gain on settlement of debt | (684) | — |
| Provision for bad debts | 139 | 257 |
| Stock based compensation expense | 783 | 902 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (828) | (897) |
| Accounts receivable from affiliates | 78 | 631 |
| Property tax and insurance deposits | (1,653) | 742 |
| Prepaid expenses and other | 135 | 2,532 |
| Other assets | (2,719) | (489) |
| Accounts payable | (507) | (61) |
| Accrued expenses | 5,234 | (129) |
| Federal and state income taxes receivable | (1,749) | 1,899 |
| Customer deposits | 93 | (206) |
| Net cash provided by operating activities | <u>13,483</u> | <u>16,472</u> |
| Investing Activities | | |
| Capital expenditures | (6,370) | (6,343) |
| Acquisition of Signature Transaction | (2,000) | — |
| Distributions from joint ventures | 5,117 | 606 |
| Net cash used in investing activities | <u>(3,253)</u> | <u>(5,737)</u> |
| Financing Activities | | |
| Increase in restricted cash | (4,160) | (2,165) |
| Proceeds from notes payable | 3,591 | 1,459 |
| Lease incentive from Signature Transaction | 2,000 | — |
| Repayments of notes payable | (8,220) | (6,563) |
| Increase in capital lease obligations | 240 | — |
| Cash proceeds from the issuance of common stock | 350 | 5 |
| Excess tax benefits on stock options exercised | 52 | — |
| Purchases of treasury stock | — | (934) |
| Net cash used in financing activities | <u>(6,147)</u> | <u>(8,198)</u> |
| Increase in cash and cash equivalents | 4,083 | 2,537 |
| Cash and cash equivalents at beginning of period | 28,972 | 25,880 |
| Cash and cash equivalents at end of period | <u>\$ 33,055</u> | <u>\$ 28,417</u> |
| Supplemental Disclosures | | |
| Cash paid during the period for: | | |
| Interest | <u>\$ 8,261</u> | <u>\$ 8,639</u> |
| Income taxes | <u>\$ 1,094</u> | <u>\$ 459</u> |

Capital Senior Living Corporation
Supplemental Information

| | <u>Communities</u> | | <u>Resident Capacity</u> | | <u>Units</u> | |
|--|--------------------|--------------|--------------------------|--------------|--------------|--------------|
| | <u>Q3 10</u> | <u>Q3 09</u> | <u>Q3 10</u> | <u>Q3 09</u> | <u>Q3 10</u> | <u>Q3 09</u> |
| Portfolio Data | | | | | | |
| I. Community Ownership / Management | | | | | | |
| Consolidated communities | | | | | | |
| Owned | 25 | 25 | 4,058 | 4,058 | 3,503 | 3,503 |
| Leased | 45 | 25 | 5,395 | 3,892 | 4,374 | 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 | 78 | 66 | 10,948 | 10,184 | 9,053 | 8,376 |
| Independent living | | | 6,784 | 6,784 | 5,695 | 5,695 |
| Assisted living | | | 3,449 | 2,685 | 2,740 | 2,063 |
| Continuing Care Retirement Communities | | | 715 | 715 | 618 | 618 |
| Total | | | 10,948 | 10,184 | 9,053 | 8,376 |
| II. Percentage of Operating Portfolio | | | | | | |
| Consolidated communities | | | | | | |
| Owned | 32.1% | 37.9% | 37.1% | 39.8% | 38.7% | 41.8% |
| Leased | 57.7% | 37.9% | 49.3% | 38.2% | 48.3% | 37.1% |
| Joint venture communities (equity method) | 9.0% | 22.7% | 12.3% | 20.5% | 11.7% | 19.7% |
| Third party communities managed | 1.3% | 1.5% | 1.4% | 1.5% | 1.3% | 1.4% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Independent living | | | 62.0% | 66.6% | 62.9% | 68.0% |
| Assisted living | | | 31.5% | 26.4% | 30.3% | 24.6% |
| Continuing Care Retirement Communities | | | 6.5% | 7.0% | 6.8% | 7.4% |
| Total | | | 100.0% | 100.0% | 100.0% | 100.0% |

Capital Senior Living Corporation
Supplemental Information

| Selected Operating Results | Q3 10 | Q3 09 |
|--|--------------|--------------|
| I. Owned communities | | |
| Number of communities | 25 | 25 |
| Resident capacity | 4,058 | 4,058 |
| Unit capacity | 3,503 | 3,503 |
| Financial occupancy (1) | 84.0% | 85.8% |
| Revenue (in millions) | 20.3 | 20.7 |
| Operating expenses (in millions) (2) | 11.7 | 11.5 |
| Operating margin | 42% | 44% |
| Average monthly rent | 2,309 | 2,299 |
| II. Leased communities | | |
| Number of communities | 45 | 25 |
| Resident capacity | 5,395 | 3,892 |
| Unit capacity | 4,374 | 3,104 |
| Financial occupancy (1) | 85.3% | 81.7% |
| Revenue (in millions) | 30.0 | 22.2 |
| Operating expenses (in millions) (2) | 16.4 | 12.3 |
| Operating margin | 45% | 45% |
| Average monthly rent | 2,948 | 2,830 |
| III. Consolidated communities | | |
| Number of communities | 70 | 50 |
| Resident capacity | 9,453 | 7,950 |
| Unit capacity | 7,877 | 6,607 |
| Financial occupancy (1) | 84.7% | 83.9% |
| Revenue (in millions) | 50.3 | 42.9 |
| Operating expenses (in millions) (2) | 28.1 | 23.8 |
| Operating margin | 44% | 45% |
| Average monthly rent | 2,652 | 2,546 |
| IV. Communities under management | | |
| Number of communities | 78 | 66 |
| Resident capacity | 10,948 | 10,184 |
| Unit capacity | 9,053 | 8,376 |
| Financial occupancy (1) | 82.1% | 80.7% |
| Revenue (in millions) | 58.7 | 55.7 |
| Operating expenses (in millions) (2) | 32.5 | 30.6 |
| Operating margin | 45% | 45% |
| Average monthly rent | 2,758 | 2,720 |
| 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) | 85.0% | 85.3% |
| Revenue (in millions) | 53.0 | 52.9 |
| Operating expenses (in millions) (2) | 29.0 | 28.2 |
| Operating margin | 45% | 47% |
| Average monthly rent | 2,727 | 2,716 |
| VI. General and Administrative expenses as a percent of Total Revenues under Management | | |
| Third Quarter (3) | 5.3% | 4.4% |
| First Nine Months (3) | 5.1% | 5.3% |
| VII. Consolidated Debt Information (in thousands, except for interest rates) | | |
| Excludes insurance premium financing | | |
| Total fixed rate debt | 174,920 | 183,212 |
| 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.

(3) Excludes acquisition costs incurred for the Midwest and Signature transactions.

CAPITAL SENIOR LIVING CORPORATION
NON-GAAP RECONCILIATIONS

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|-------------------------------------|------------------|------------------------------------|------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Adjusted EBITDAR | | | | |
| Net income from operations | \$ 3,760 | \$ 4,219 | \$ 12,540 | \$ 12,264 |
| Depreciation and amortization expense | 3,536 | 3,334 | 10,487 | 9,862 |
| Stock-based compensation expense | 226 | 282 | 783 | 902 |
| Facility lease expense | 8,910 | 6,502 | 23,217 | 19,441 |
| Provision for bad debts | 8 | — | 139 | 257 |
| Casualty losses | — | — | 161 | — |
| Transaction costs | 223 | — | 369 | — |
| Adjusted EBITDAR | <u>\$ 16,663</u> | <u>\$ 14,337</u> | <u>\$ 47,696</u> | <u>\$ 42,726</u> |
| Adjusted EBITDAR Margin | | | | |
| Adjusted EBITDAR | \$ 16,663 | \$ 14,337 | \$ 47,696 | \$ 42,726 |
| Total revenues | <u>53,600</u> | <u>48,114</u> | <u>152,021</u> | <u>143,294</u> |
| Adjusted EBITDAR margin | <u>31.1%</u> | <u>29.8%</u> | <u>31.4%</u> | <u>29.8%</u> |
| Adjusted net income and net income per share | | | | |
| Net income | \$ 481 | \$ 750 | \$ 2,664 | \$ 1,999 |
| Casualty losses, net of tax | — | — | 101 | — |
| Transaction costs, net of tax | 140 | — | 232 | — |
| Gain on settlement of debt, net of tax | — | — | (431) | — |
| Resident lease amortization, net of tax | 88 | — | 88 | — |
| Adjusted net income | <u>\$ 709</u> | <u>\$ 750</u> | <u>\$ 2,654</u> | <u>\$ 1,999</u> |
| Adjusted net income per share | <u>\$ 0.03</u> | <u>\$ 0.03</u> | <u>\$ 0.10</u> | <u>\$ 0.08</u> |
| Diluted shares outstanding | 26,703 | 26,351 | 26,671 | 26,339 |
| Adjusted CFFO and Adjusted CFFO per share | | | | |
| Net cash provided by operating activities | \$ 2,724 | \$ 5,096 | \$ 13,483 | \$ 16,472 |
| Changes in operating assets and liabilities | 3,358 | (1,268) | 1,916 | (4,022) |
| Recurring capital expenditures | (601) | (505) | (1,667) | (1,515) |
| CFFO | <u>\$ 5,481</u> | <u>\$ 3,323</u> | <u>\$ 13,732</u> | <u>\$ 10,935</u> |
| Casualty losses, net of tax | — | — | 101 | — |
| Transaction costs, net of tax | 140 | — | 232 | — |
| Adjusted CFFO | <u>\$ 5,621</u> | <u>\$ 3,323</u> | <u>\$ 14,065</u> | <u>\$ 10,935</u> |
| Adjusted CFFO per share | <u>\$ 0.21</u> | <u>\$ 0.13</u> | <u>\$ 0.53</u> | <u>\$ 0.42</u> |

 Capital Senior Living Corporation





Forward-Looking Statements

- *The forward-looking statements in this presentation 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 complete the refinancing of certain of our wholly owned communities, realize the anticipated savings related to such financing, 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 licensures, 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*
- *The Company assumes no obligation to update or supplement forward-looking statements in this presentation that become untrue because of new information, subsequent events or otherwise.*

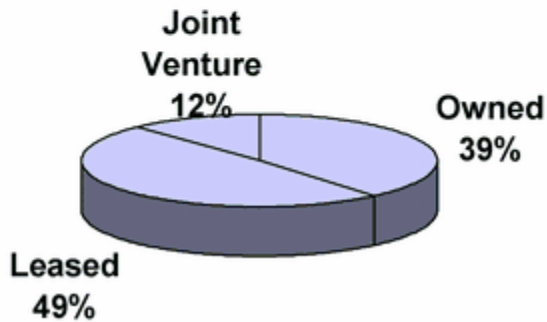




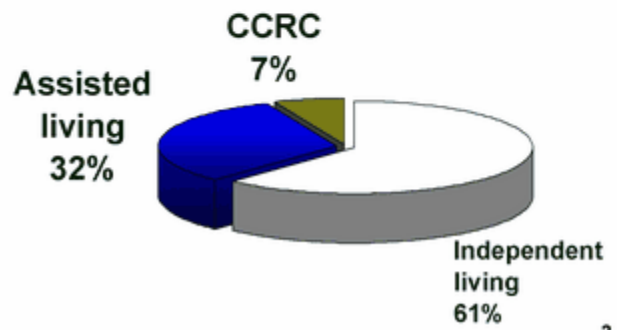
Company Overview

- Capital Senior Living owns and/or operates 77 communities in 23 states with the ability to serve 11,000 residents
- 70 of these communities are owned or leased with resident capacity of 9,453
- Achieved 95% approval rating in 2009 residents' satisfaction survey

Units by Ownership Type



Resident Capacity Mix



The Capital Advantage: Senior Living Options

Independent Living – 61% of Portfolio

- Average 131 units per IL community with large common areas and amenities
- Supportive services, wellness programs, social, recreational, and educational events
- Average monthly rate of \$2,200
- 100% private pay
- Average length of resident stay is 34 months





The Capital Advantage: Senior Living Options

Assisted Living – 32% of Portfolio

- Average 66 units per AL community
- Assistance with activities of daily living such as medication reminders, bathing, dressing and grooming
- Average monthly rate of \$3,400
- 96% private pay
- Average length of resident stay is 26 months





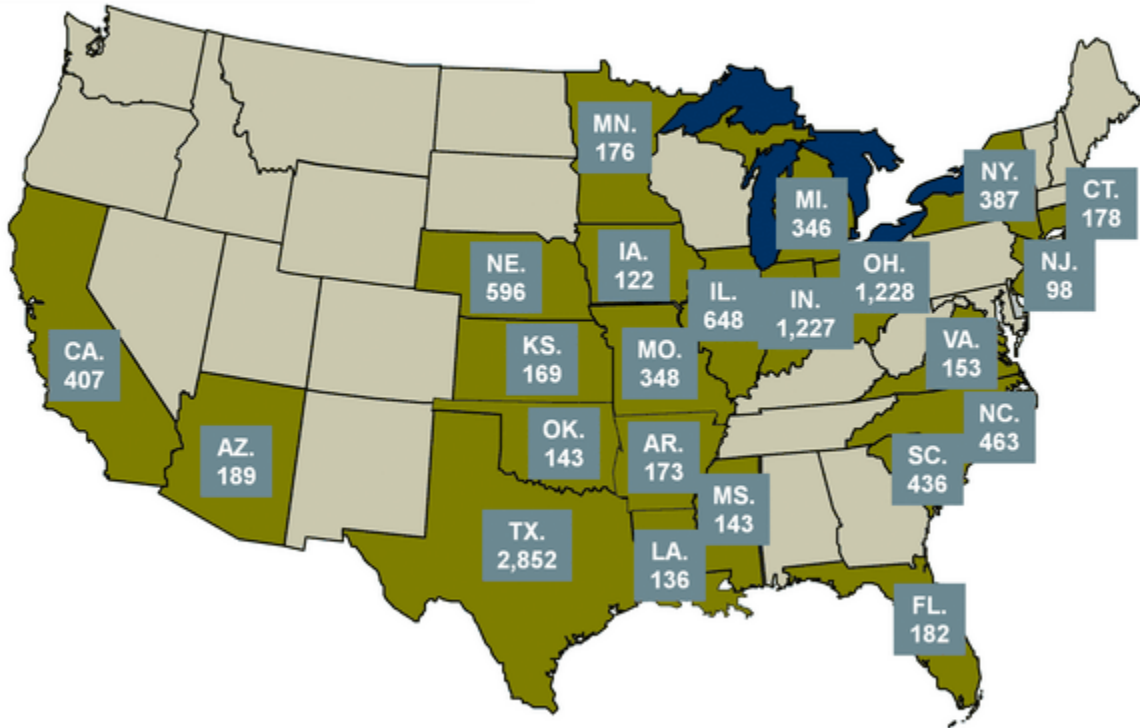
Resident Demographics at CSU Communities

- Average age of resident: **85 years**
- Average age of resident moving in: **82 years**
- Average stay period: **2-3 years**
- Percent of female residents: **80%**
- *Resident turnover is primarily attributed to death or need for higher care*





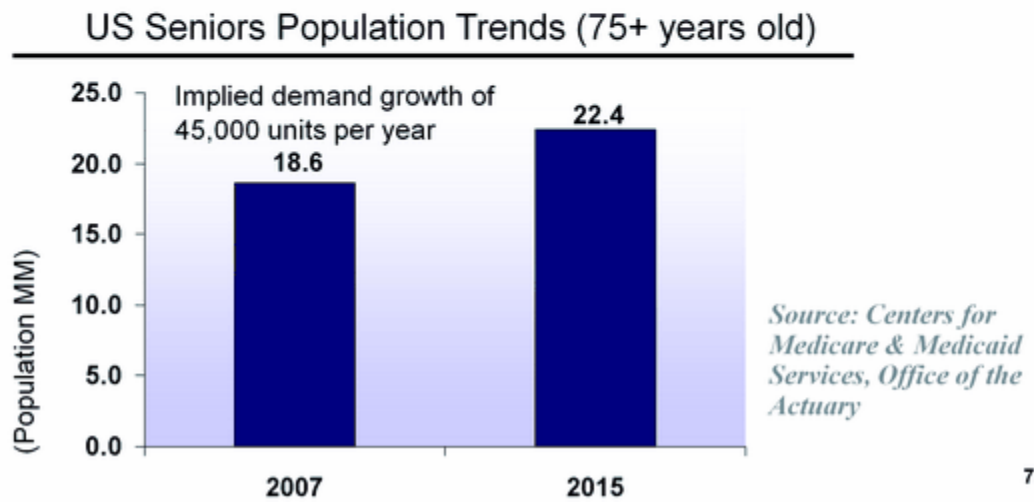
The Capital Advantage: Established Operating Platform (Resident Capacity by State)





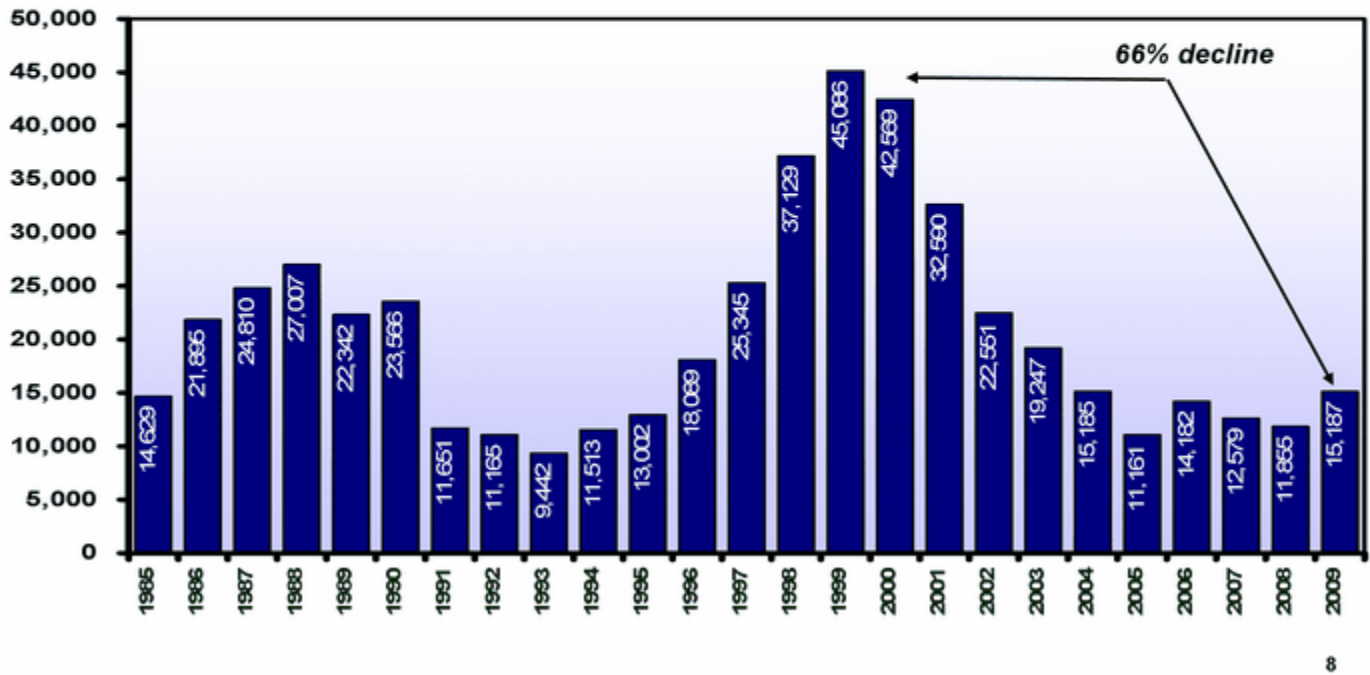
The Capital Advantage: Favorable Demographics

- US population 75+ years old is estimated to grow by 3.8 million through 2015
 - Only 1.8 million units serving a population of 18.6 million seniors
 - Current 9.6% penetration rate implies demand growth of 45,000 units per year



The Capital Advantage: Favorable Supply Trends

- Net Growth in Units – Private Pay Seniors Housing (IL/AL)



Source: 2010 ASHA/NIC Seniors Housing Construction Trends Report



The Capital Advantage: Competitive Strengths

- Experienced on-site, regional, and corporate management
- Larger company economies of scale and systems that yield operating efficiencies in highly fragmented industry
- Strong institutional relationships (debt and equity) with flexible ownership structures
- Nimble platform and organizational structure with regional operating centers in geographically concentrated markets
- Solid reputation in industry and 95% resident satisfaction
- Disciplined underwriting and successful execution of transactions
- Operate multiple levels of care
- Solid balance sheet



The Capital Advantage: Strategy

- Maximize the value of our operations.
- Enhance geographic concentration and maximize competitive strengths within each of our markets
- Increase levels of care through conversions to AL or MC units, acquisition of communities with levels of care and expansion of ancillary services
- Capitalize on the fragmented nature of the senior living industry with its limited access to capital, demographic demand and constrained supply to strategically expand operations
- Leverage our existing base of operations, strong institutional relationships and proven track record.



2010 Business Plan

This 2010 Business Plan is focused on operations, growth and enhancing shareholder value.

1. Increase occupancy and rate
2. Expense Management
3. External Growth
 - a. JV Acquisitions
 - b. Leases
 - c. Direct acquisitions into Company



Growth Initiatives: *Joint Venture Acquisitions*

- Joint venture partners
 - Blackstone Real Estate Advisors
 - GE Healthcare Financial Services
 - Prudential Real Estate Investors
- Seven communities are owned with joint venture partners
- Co-invest with joint venture partners to participate in economics:
 - 10% Capital Senior Living
 - 90% JV Partners
- Earn management fees, return on equity investment and potential for additional incentives



Example of Joint Venture Economics

| | <u>Venture</u> | <u>CSU</u> | <u>Partner</u> |
|--------------------------------|----------------|-------------|----------------|
| NOI | \$ 8,000,000 | | |
| Cap Rate | 8.0% | | |
| Purchase Price | \$100,000,000 | | |
| Debt | \$ 70,000,000 | | |
| Equity | \$ 30,000,000 | \$3,000,000 | \$27,000,000 |
| Revenues | \$ 24,000,000 | | |
| Mgt. Fees (5%) | | \$1,200,000 | |
| ROE (14.8%) | | \$ 445,000 | \$ 4,005,000 |
| Total First Year Return | | \$1,645,000 | \$ 4,005,000 |
| Total Return % | | 54.8% | 14.8% |

Growth Initiatives: Acquisition/Lease Transactions

Example of \$100 million acquisition/lease transaction:

| | Year 1 | Year 2 | \$ Increase | % Increase |
|--------------------------|---------------|---------------|--------------------|-------------------|
| Revenue | \$25,000,000 | \$26,000,000 | \$1,000,000 | 4.0% |
| Operating Expense | \$15,000,000 | \$15,300,000 | \$300,000 | 2.0% |
| EBITDAR | \$10,000,000 | \$10,700,000 | \$700,000 | 7.0% |
| Lease Expense | \$7,500,000 | \$7,687,500 | \$187,500 | 2.5% |
| EBITDA | \$2,500,000 | \$3,012,500 | \$512,500 | 20.5% |

Recent Significant Transactions Incremental Impact

(in millions, except number of properties)

| | Midwest I | Midwest II | Signature Senior Living | Total |
|-----------------------------|-----------|------------|-------------------------|--------|
| Number of Properties | 5 | 3 | 12 | 20 |
| Revenue | \$10.5 | \$11.1 | \$31.1 | \$52.7 |
| EBITDAR | \$5.0 | \$3.6 | \$14.2 | \$22.8 |
| CFFO | \$0.3 | \$0.1 | \$2.8 | \$3.2 |
| CFFO per share | | | | \$0.12 |

Income Statement: Q3 Comparison

As adjusted in press release

| (in millions, except per share) | 2010 | 2009 |
|--|---------------|---------------|
| Resident & Health Care Revenue | \$50.5 | \$42.8 |
| Other Revenue | <u>3.1</u> | <u>5.3</u> |
| Total Revenues | \$53.6 | \$48.1 |
| Operating Expenses | 31.2 | 26.7 |
| General & Administrative Expenses | 3.0 | 2.5 |
| Other Expense | <u>2.7</u> | <u>4.6</u> |
| EBITDAR | \$16.7 | \$14.3 |
| Lease Expense | 8.9 | 6.5 |
| Depreciation & Amortization | 3.5 | 3.3 |
| Other Expense | <u>0.2</u> | <u>0.3</u> |
| Income from Operations | \$4.1 | \$4.2 |
| Other Income / (Expense) | (2.8) | (2.9) |
| Taxes & Minority Interests | <u>(0.6)</u> | <u>(0.5)</u> |
| Net Income | \$0.7 | \$0.8 |
| Earnings Per Share | \$0.03 | \$0.03 |
| CFFO Per Share | \$0.21 | \$0.13 |



Balance Sheet Strength

- Since 2006, CSU has significantly strengthened its balance sheet
 - Reduced total mortgage debt by \$75.0 million
 - Refinanced or retired \$162 million of variable rate debt
 - Reduced average interest rate from 7.5% to 6.0% fixed
- No mortgage maturities through July 2015 on all fixed rate debt



Balance Sheet

- As of September 30, 2010 (*in millions*)

| ASSETS | |
|----------------------|----------------|
| Cash and Securities | \$ 39.4 |
| Other Current Assets | 23.1 |
| Total Current Assets | 62.5 |
| Fixed Assets | 296.6 |
| Other Assets | 25.7 |
| TOTAL ASSETS | \$384.8 |

| LIABILITIES & EQUITY | |
|---------------------------------------|----------------|
| Current Liabilities | \$ 34.3 |
| Long-Term Debt | 171.0 |
| Other Liabilities | 17.5 |
| Total Liabilities | 222.8 |
| Stockholders' Equity | 162.0 |
| TOTAL LIABILITIES & EQUITY | \$384.8 |



Investment Highlights

- **Favorable demographics** and **attractive industry fundamentals**
- **Experienced management team** with demonstrated ability to operate, acquire and develop
- Predominately private pay with **minimal federal regulation**
- Strong same-store community **net income growth**
- **Acquisition opportunities** in highly fragmented industry
- Existing infrastructure results in **low marginal integration cost**
- **Financial leverage** through joint venture partners and REITS
- **Conversion initiatives with significant revenue and margin growth**

 Capital Senior Living Corporation

