
**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 2, 2011

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 2, 2011, Capital Senior Living Corporation (the “Company”) announced its financial results for the third quarter ended September 30, 2011 by issuing a press release. The full text of the press release issued in connection with the announcement is attached hereto as Exhibit 99.1.

The information being furnished under Item 2.02, Item 7.01, Exhibit 99.1 and Exhibit 99.2 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 and presentation referenced below contain, and may implicate, forward-looking statements regarding the Company and include cautionary statements identifying important factors that could cause actual results to differ materially from those anticipated.

In the press release and the presentation referenced below, the Company’s management utilized non-GAAP financial measures to describe the Company’s adjusted EBITDAR, adjusted CFFO, adjusted 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 presentation 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.

*99.1 Press Release dated November 2, 2011.

*99.2 Capital Senior Living Corporation Updated Slideshow Presentation

*These exhibits to this Current Report on Form 8-K are not being filed but are being furnished pursuant to Item 9.01.

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 2, 2011

Capital Senior Living Corporation

By: /s/ Ralph A. Beattie _____

Name: Ralph A. Beattie

Title: Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

*99.1 Press Release dated November 2, 2011.

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For Immediate Release

Contact:

Ralph A. Beattie
972-770-5600

**CAPITAL SENIOR LIVING CORPORATION
REPORTS THIRD QUARTER 2011 RESULTS;
CFFO INCREASES 85% VERSUS PRIOR YEAR**

DALLAS — (BUSINESS WIRE) — November 2, 2011 — 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 2011. Company highlights for the third quarter include:

Highlights

- Adjusted Cash From Facility Operations (“CFFO”) was \$5.7 million or \$0.21 per share in the third quarter of 2011. Excluding a tax refund from amending tax returns in the third quarter of the prior year, CFFO increased 85% from the third quarter of 2010.
- Revenue increased 27.2% to \$68.2 million in the third quarter of 2011, an increase of \$14.6 million from the third quarter of 2010.
- Average monthly rent increased 10.3% to \$2,924 per occupied unit in the third quarter of 2011, an increase of \$272 per occupied unit from the third quarter of 2010. Sequentially, average monthly rent increased 1.1% per occupied unit from the second quarter of 2011.
- Consolidated average occupancy including 112 units converted to higher levels of care that are in lease-up was 84.7% in the third quarter of 2011, equal to the third quarter of 2010 with approximately 1,000 additional consolidated units in the current period. Sequentially, consolidated average occupancy was up 80 basis points from the second quarter of 2011.
- Adjusted EBITDAR increased 42.9% to \$23.8 million in the third quarter of 2011, an increase of \$7.2 million from the third quarter of 2010. EBITDAR margin improved to 34.9% from 31.1% in the third quarter of the prior year.
- The Company completed the acquisition of four senior living communities for a combined purchase price of \$53 million.
- Subsequent to the end of the third quarter, the Company completed the acquisition of three additional senior living communities for a combined purchase price of approximately \$30 million.

“We are very pleased to report positive third quarter results from the implementation of our strategic plan that is focused on operations, marketing and accretive growth,” said Lawrence A. Cohen, Chief Executive Officer of the Company. “These initiatives have resulted in revenue growing 27% and EBITDAR increasing 43% versus the third quarter of the prior year. Average monthly rents increased by over 10% and EBITDAR margin improved 380 basis points. Excluding the effect of amending a tax return in the third quarter of last year, CFFO in the current quarter increased 85%. These results reflect the fundamental strength of our substantially all private-pay business as we benefit from need-driven demand and limited new supply. We are encouraged by our strong occupancy gains, with third quarter average occupancy growing by 80 basis points on a sequential basis. We are also excited about our acquisitions, which increase our ownership of high-quality senior living communities, enhance our geographic concentration and generate meaningful increases in CFFO and earnings.”

Recent Investment Activity

- In the third quarter, the Company completed the acquisition of four senior living communities for a combined purchase price of approximately \$53 million. Three of these communities are in Indiana and one is in Ohio, enhancing the Company’s geographic concentration in these states. Highlights of these transactions include:
 - Additional CFFO of \$2.0 million, or \$0.08 per share.
 - Incremental earnings of \$0.8 million, or \$0.03 per share.
 - Increases annual revenue by \$13.0 million.
 - Occupancy exceeds 95%.
 - Average monthly rents are approximately \$3,200.
- These four communities were financed with approximately \$37.3 million of 10-year fixed rate debt that is non-recourse to the Company with a blended average interest rate of 5.20%.
- Subsequent to the end of the third quarter, the Company completed the acquisition of three senior living communities for a combined purchase price of approximately \$30 million. Two of these communities are in South Carolina and one is in North Carolina, enhancing the Company’s existing operations in these states. Highlights of this transaction include:
 - Additional CFFO of \$1.4 million, or \$0.05 per share.
 - Incremental earnings of \$0.7 million, or \$0.03 per share.
 - Increases annual revenue by \$8.0 million.
 - Average occupancy 92%.
 - Average monthly rents are approximately \$2,900.

These three communities were financed with approximately \$22 million of 10-year fixed rate debt that is non-recourse to the Company with an interest rate of 4.92%.

- The Company is conducting due diligence on a number of additional transactions consisting of high-quality senior living communities in locations with existing extensive operations. Subject to completion of due diligence and customary closing conditions, the Company expects to acquire additional communities near the end of the year and in the first quarter of 2012.

Financial Results

For the third quarter of 2011, the Company reported revenue of \$68.2 million, compared to revenue of \$53.6 million in the third quarter of 2010. Resident and healthcare revenue increased from the third quarter of the prior year by approximately \$16.5 million or 32.7%, largely as a result of converting the four Spring Meadows communities previously owned in joint ventures to leased communities and the acquisition of four communities in the current quarter. The number of consolidated communities increased from 70 in the third quarter of 2010 to 78 in the third quarter of 2011.

Average monthly rent was \$2,924 per occupied unit in the third quarter of 2011, an increase of \$272, or 10.3%, over the third quarter of 2010. Financial occupancy of the consolidated portfolio, including the recently converted 112 units that are in lease-up, averaged 84.7% in the third quarter of 2011, versus 83.9% in the second quarter of 2011, a sequential improvement of 80 basis points.

As a percentage of resident and healthcare revenue, operating expenses were 61.2% in the third quarter of 2011 compared to 61.9% in the third quarter of 2010, an improvement of 70 basis points. Operating expenses for the third quarter of 2011 were \$41.0 million, an increase of \$9.8 million from the third quarter of 2010, primarily due to 8 additional communities now being consolidated.

General and administrative expenses were \$3.3 million in the third quarter of 2011. Excluding transaction costs associated with the recent acquisitions, general and administrative expenses were \$0.1 million less than the third quarter of 2010 and 4.2% of revenues under management.

Adjusted EBITDAR for the third quarter of 2011 was approximately \$23.8 million, an increase of \$7.2 million or 42.9% from the third quarter of 2010. Adjusted EBITDAR margin was 34.9% for the period, an improvement of 3.8 percentage points from the third quarter of 2010.

Adjusted net income for the third quarter of 2011 was \$1.7 million or \$0.06 per share excluding non-recurring or non-operating items reconciled on the final page of this release. This compares to adjusted net income of \$0.7 million or \$0.03 per share in the third quarter of 2010.

Adjusted CFFO was \$5.7 million or \$0.21 per share in the third quarter of 2011. Over \$2.0 million of CFFO in the third quarter of 2010 was attributable to the Company amending prior year tax returns to recover refunds of taxes paid. Excluding this adjustment, CFFO in the third quarter of 2011 increased \$2.6 million from the third quarter of 2010.

For the first nine months of 2011, the Company reported revenue of \$192.4 million, compared to revenue of \$152.0 million for the first nine months of 2010. Resident and healthcare revenue increased 33.2% or \$46.5 million from the first nine months of the prior year.

Adjusted EBITDAR for the first nine months of 2011 was \$66.9 million, compared to \$47.7 million for the first nine months of 2010. The Company earned adjusted net income of \$4.8 million or \$0.18 per share in the first nine months of 2011, compared to adjusted net income of \$2.7 million or \$0.10 per share in the first nine months of 2010. CFFO was \$16.7 million or \$0.62 per share in the first nine months of 2011, compared to \$11.5 million or \$0.43 per share in the first nine months of 2010, excluding the adjustment for amending prior year tax returns.

Operating Activities

At communities under management, excluding one community that had a recent conversion, same-community revenue in the third quarter of 2011 increased 3.7% versus the third quarter of 2010. Same-community expenses increased 5.5% and net income increased 1.0% from the third quarter of the prior year. Expenses increased primarily due to higher utility costs related to the severe summer, the implementation of new care plan technology that is expected to result in higher future revenues and additional expenses associated with staffing recently converted units.

Same-community occupancies were 30 basis points higher than the third quarter of 2010 and 60 basis points higher than the second quarter of 2011. Average rents were 3.1% higher than the third quarter of 2010 and 0.5% higher than last quarter.

Capital expenditures for the third quarter of 2011 were approximately \$3.5 million, representing \$2.1 million of investment spending and \$1.4 million of recurring capital expenditures. If annualized, spending for recurring capital expenditures equaled approximately \$600 per unit.

Balance Sheet

The Company ended the quarter with \$39.8 million of cash and cash equivalents, including restricted cash. In furtherance of the Company's strategic plan, \$16.1 million of cash was invested as equity to acquire four communities for \$53.4 million with returns on investment expected to be in the mid-teens. In addition, a \$5.2 million tax payment was made that related to a gain on the Spring Meadows transaction in the second quarter.

As of September 30, 2011, the Company financed its 29 owned communities with 28 mortgages totaling \$208.3 million at fixed interest rates averaging 5.9% with no mortgage maturities prior to the third quarter of 2015.

Q3 2011 CONFERENCE CALL INFORMATION

Capital Senior Living Corporation (NYSE:CSU) will host a conference call with senior management to discuss the Company's third quarter 2011 financial results. The call will be held on Thursday, November 3, 2011 at 11:00 a.m. Eastern Time.

The call-in number is 913-312-1487, confirmation code 3471921. 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 3, 2011 at 2:00 p.m. Eastern Time, until November 12, 2011 at 8:00 p.m. Eastern Time. To access the conference call replay, call 719-457-0820, confirmation code 3471921. 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 84 senior living communities in 23 states with an aggregate capacity of approximately 12,000 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 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, 2011 (unaudited)	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,714	\$ 31,248
Restricted cash	9,093	6,334
Accounts receivable, net	4,640	3,777
Accounts receivable from affiliates	551	911
Federal and state income taxes receivable	3,406	3,962
Deferred taxes	1,375	1,290
Assets held for sale	354	354
Property tax and insurance deposits	9,803	11,059
Prepaid expenses and other	4,030	4,896
Total current assets	63,966	63,831
Property and equipment, net	340,056	295,095
Deferred taxes	8,101	3,478
Investments in unconsolidated joint ventures	881	2,224
Other assets, net	24,832	18,153
Total assets	<u>\$ 437,836</u>	<u>\$ 382,781</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 2,022	\$ 1,951
Accrued expenses	18,595	16,125
Current portion of notes payable	5,192	5,645
Current portion of deferred income	8,750	7,242
Current portion of capital lease obligations	67	135
Customer deposits	1,658	1,299
Total current liabilities	36,284	32,397
Deferred income	27,202	14,493
Capital lease obligations, net of current portion	42	83
Other long-term liabilities	1,859	1,959
Notes payable, net of current portion	203,820	170,026
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 — 27,633 and 27,083 in 2011 and 2010, respectively	280	274
Additional paid-in capital	135,135	133,014
Retained earnings	34,148	31,469
Treasury stock, at cost — 350 shares	(934)	(934)
Total shareholders' equity	168,629	163,823
Total liabilities and shareholders' equity	<u>\$ 437,836</u>	<u>\$ 382,781</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,	
	2011	2010	2011	2010
Revenues:				
Resident and health care revenue	\$ 66,928	\$ 50,451	\$ 186,773	\$ 140,253
Unaffiliated management services revenue	—	18	—	54
Affiliated management services revenue	141	418	738	1,625
Community reimbursement revenue	1,122	2,713	4,839	10,089
Total revenues	68,191	53,600	192,350	152,021
Expenses:				
Operating expenses (exclusive of facility lease expense and depreciation and amortization expense shown below)	40,975	31,209	112,714	85,904
General and administrative expenses	3,270	3,246	9,557	9,001
Facility lease expense	13,723	8,910	38,767	23,217
Stock-based compensation expense	430	226	1,020	783
Depreciation and amortization	4,775	3,536	11,916	10,487
Community reimbursement expense	1,122	2,713	4,839	10,089
Total expenses	64,295	49,840	178,813	139,481
Income from operations	3,896	3,760	13,537	12,540
Other income (expense):				
Interest income	18	13	82	32
Interest expense	(2,978)	(2,815)	(8,429)	(8,440)
Gain on settlement of debt	—	—	—	684
Gain on disposition of assets, net	187	—	181	—
Equity in (loss) earnings of unconsolidated joint ventures	(223)	(9)	(619)	8
Income before provision for income taxes	900	949	4,752	4,824
Provision for income taxes	(390)	(468)	(2,073)	(2,160)
Net income	\$ 510	\$ 481	\$ 2,679	\$ 2,664
Per share data:				
Basic net income per share	\$ 0.02	\$ 0.02	\$ 0.10	\$ 0.10
Diluted net income per share	\$ 0.02	\$ 0.02	\$ 0.10	\$ 0.10
Weighted average shares outstanding — basic	27,026	26,607	26,971	26,574
Weighted average shares outstanding — diluted	27,072	26,703	27,050	26,671

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

	Nine Months Ended September 30,	
	2011	2010
Operating Activities		
Net income	\$ 2,679	\$ 2,664
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	11,917	10,487
Amortization of deferred financing charges	252	248
Amortization of deferred lease costs and lease intangibles	1,615	422
Deferred income	(1,632)	(2,232)
Deferred income taxes	(4,708)	3,580
Equity in loss (earnings) of unconsolidated joint ventures	619	(8)
Gain on settlement of debt	—	(684)
Gain on disposition of assets, net	(181)	—
Provision for bad debts	123	139
Stock based compensation expense	1,020	783
Changes in operating assets and liabilities:		
Accounts receivable	(986)	(828)
Accounts receivable from affiliates	360	78
Property tax and insurance deposits	1,256	(1,653)
Prepaid expenses and other	866	135
Other assets	(4,485)	(2,719)
Accounts payable	71	(507)
Accrued expenses	2,470	5,234
Federal and state income taxes receivable/payable	556	(1,749)
Customer deposits	359	93
Net cash provided by operating activities	12,171	13,483
Investing Activities		
Capital expenditures	(7,137)	(6,370)
Proceeds from Spring Meadows Transaction	15,844	—
Cash paid for acquisitions	(53,450)	(2,000)
Distributions from joint ventures, net	971	5,117
Net cash used in investing activities	(43,772)	(3,253)
Financing Activities		
Increase in restricted cash	(2,759)	(4,160)
Proceeds from notes payable	38,464	3,591
Repayments of notes payable	(5,123)	(8,220)
Lease incentive from Signature Transaction	—	2,000
Increase in capital lease obligations	—	240
Cash payments for capital lease obligations	(109)	—
Cash proceeds from the issuance of common stock	985	350
Deferred financing charges paid	(513)	—
Excess tax benefits on stock option exercised	122	52
Net cash provided by (used in) financing activities	31,067	(6,147)
Increase in cash and cash equivalents	(534)	4,083
Cash and cash equivalents at beginning of period	31,248	28,972
Cash and cash equivalents at end of period	<u>\$ 30,714</u>	<u>\$ 33,055</u>
Supplemental Disclosures		
Cash paid during the period for:		
Interest	<u>\$ 8,136</u>	<u>\$ 8,261</u>
Income taxes	<u>\$ 6,255</u>	<u>\$ 1,094</u>

Capital Senior Living Corporation
Supplemental Information

	Communities		Resident Capacity		Units	
	Q3 11	Q3 10	Q3 11	Q3 10	Q3 11	Q3 10
Portfolio Data						
I. Community Ownership / Management						
Consolidated communities						
Owned	29	25	4,524	4,058	3,854	3,503
Leased	49	45	6,318	5,395	5,050	4,374
Joint Venture communities (equity method)						
	3	7	674	1,347	433	1,061
Third party communities managed						
	—	1	—	148	—	115
Total	81	78	11,516	10,948	9,337	9,053
Independent living						
			6,743	6,784	5,615	5,695
Assisted living						
			4,058	3,449	3,104	2,740
Continuing Care Retirement Communities						
			715	715	618	618
Total			11,516	10,948	9,337	9,053
II. Percentage of Operating Portfolio						
Consolidated communities						
Owned	35.8%	32.1%	39.3%	37.1%	41.3%	38.7%
Leased	60.5%	57.7%	54.9%	49.3%	54.1%	48.3%
Joint venture communities (equity method)						
	3.7%	9.0%	5.9%	12.3%	4.6%	11.7%
Third party communities managed						
	—	1.3%	—	1.4%	—	1.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Independent living						
			58.6%	62.0%	60.1%	62.9%
Assisted living						
			35.2%	31.5%	33.2%	30.3%
Continuing Care Retirement Communities						
			6.2%	6.5%	6.6%	6.8%
Total			100.0%	100.0%	100.0%	100.0%

Capital Senior Living Corporation
Supplemental Information

	Q3 11	Q3 10
Selected Operating Results		
I. Owned communities		
Number of communities	29	25
Resident capacity	4,524	4,058
Unit capacity	3,854	3,503
Financial occupancy (1)	86.7%	84.0%
Revenue (in millions)	23.9	20.3
Operating expenses (in millions) (2)	13.3	11.7
Operating margin	44%	42%
Average monthly rent	2,427	2,309
II. Leased communities		
Number of communities	49	45
Resident capacity	6,318	5,395
Unit capacity	5,050	4,374
Financial occupancy (1)	83.2%	85.3%
Revenue (in millions)	43.0	30.0
Operating expenses (in millions) (2)	23.2	16.4
Operating margin	46%	45%
Average monthly rent	3,298	2,948
III. Consolidated communities		
Number of communities	78	70
Resident capacity	10,842	9,453
Unit capacity	8,904	7,877
Financial occupancy (1)	84.7%	84.7%
Revenue (in millions)	66.8	50.3
Operating expenses (in millions) (2)	36.5	28.1
Operating margin	45%	44%
Average monthly rent	2,924	2,652
IV. Communities under management		
Number of communities	81	78
Resident capacity	11,516	10,948
Unit capacity	9,337	9,053
Financial occupancy (1)	83.7%	82.1%
Revenue (in millions)	69.6	58.7
Operating expenses (in millions) (2)	38.3	32.5
Operating margin	45%	45%
Average monthly rent	2,939	2,758
V. Same Store communities under management (excluding 1 community with a conversion)		
Number of communities	61	61
Resident capacity	9,262	9,265
Unit capacity	7,688	7,687
Financial occupancy (1)	84.6%	84.3%
Revenue (in millions)	55.9	53.9
Operating expenses (in millions) (2)	30.7	29.6
Operating margin	45%	45%
Average monthly rent	2,823	2,737
VI. General and Administrative expenses as a percent of Total Revenues under Management		
Third Quarter (3)	4.2%	5.3%
First nine months (3)	4.4%	5.1%
VII. Consolidated Debt Information (in thousands, except for interest rates) Excludes insurance premium financing		
Total fixed rate debt	208,409	174,920
Weighted average interest rate	5.9%	6.0%

(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 transaction costs incurred by the Company.

CAPITAL SENIOR LIVING CORPORATION
NON-GAAP RECONCILIATIONS
(in thousands, except per share data)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Adjusted EBITDAR				
Net income from operations	\$ 3,896	\$ 3,760	\$ 13,537	\$ 12,540
Depreciation and amortization expense	4,775	3,536	11,916	10,487
Stock-based compensation expense	430	226	1,020	783
Facility lease expense	13,723	8,910	38,767	23,217
Provision for bad debts	123	8	217	139
Casualty losses	368	—	599	161
Transaction costs	500	223	844	369
Adjusted EBITDAR	<u>\$ 23,815</u>	<u>\$ 16,663</u>	<u>\$ 66,900</u>	<u>\$ 47,696</u>
Adjusted EBITDAR Margin				
Adjusted EBITDAR	\$ 23,815	\$ 16,663	\$ 66,900	\$ 47,696
Total revenues	68,191	53,600	192,350	152,021
Adjusted EBITDAR margin	<u>34.9%</u>	<u>31.1%</u>	<u>34.8%</u>	<u>31.4%</u>
Adjusted net income and net income per share				
Net income	\$ 510	\$ 481	\$ 2,679	\$ 2,664
Casualty losses, net of tax	232	—	377	101
Transaction costs, net of tax	315	140	532	232
Resident lease amortization, net of tax	738	88	1,368	88
Gain on settlement of debt, net of tax	—	—	—	(431)
Gain on disposition of assets, net of tax	(118)	—	(114)	—
Adjusted net income	<u>\$ 1,677</u>	<u>\$ 709</u>	<u>\$ 4,842</u>	<u>\$ 2,654</u>
Adjusted net income per share	<u>\$ 0.06</u>	<u>\$ 0.03</u>	<u>\$ 0.18</u>	<u>\$ 0.10</u>
Diluted shares outstanding	27,072	26,703	27,050	26,671
Adjusted CFFO and CFFO per share				
Net cash provided by operating activities	\$ 454	\$ 2,724	\$ 12,171	\$ 13,483
Changes in operating assets and liabilities	5,577	3,358	(467)	1,916
Recurring capital expenditures	(766)	(601)	(2,172)	(1,667)
Casualty losses, net of tax	232	—	377	101
Transaction costs, net of tax	315	140	532	232
Tax impact of Spring Meadows transaction	(106)	—	6,248	—
Tax refund from amended returns	—	(2,536)	—	(2,536)
Adjusted CFFO	<u>\$ 5,706</u>	<u>\$ 3,085</u>	<u>\$ 16,689</u>	<u>\$ 11,529</u>
Adjusted CFFO per share	<u>\$ 0.21</u>	<u>\$ 0.12</u>	<u>\$ 0.62</u>	<u>\$ 0.43</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.*

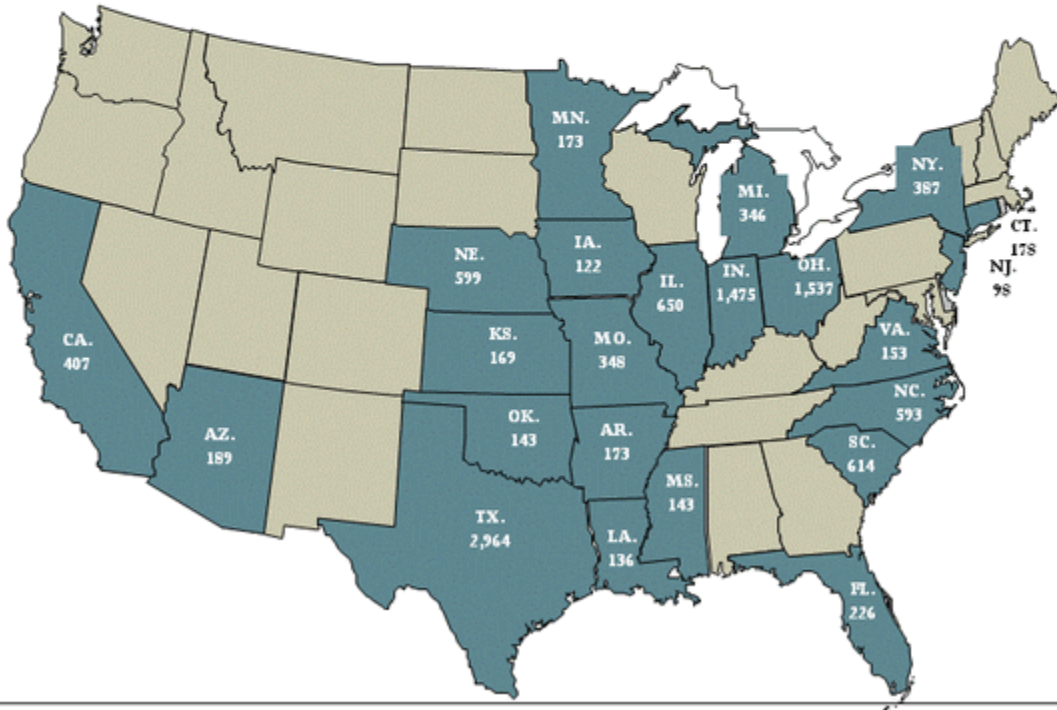
Company Overview

- Capital Senior Living is one of the nation's largest operators of senior living communities
- Industry enjoys favorable demographic and supply/demand trends
- Substantially all private pay and need-driven business with strong cash flow generation
- Executing on accretive growth initiatives through acquisitions and conversions to higher levels of care
- Solid Balance Sheet



Company Overview

- Capital Senior Living operates 84 communities in 23 states with the ability to serve 12,000 residents
- Operates in geographically concentrated regions



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: Senior Living Options

Independent Living – 60% of Units Operated

- Average 121 units per IL community with large common areas and amenities
- Supportive services, wellness programs, social, recreational, and educational events
- Average monthly rate of \$2,350
- 100% private pay
- Average length of resident stay is 34 months



The Capital Advantage: Senior Living Options

Assisted Living – 34% of Units Operated

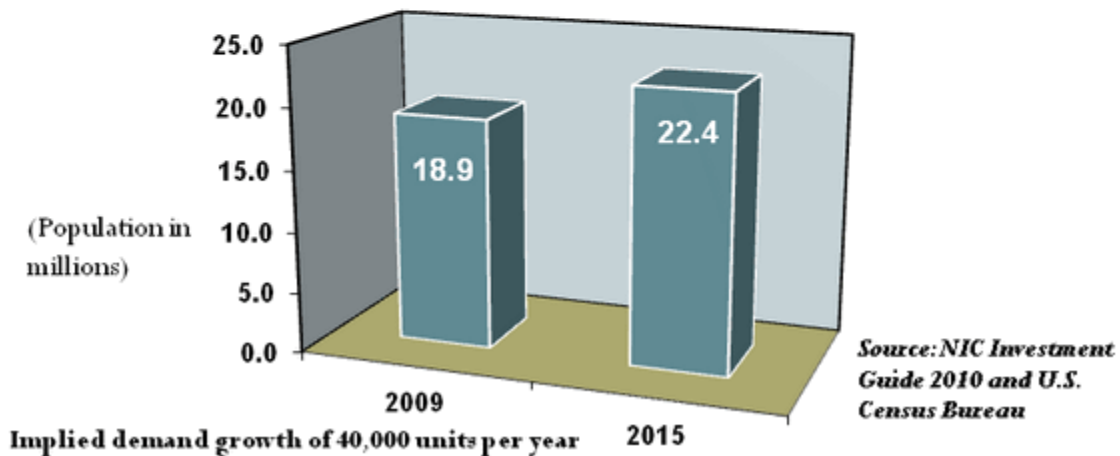
- Average 59 units per AL community
- 70% of communities offer AL units
- Assistance with activities of daily living such as medication reminders, bathing, dressing and grooming
- Average monthly rate of \$3,600
- Substantially all private pay
- Average length of resident stay is 26 months



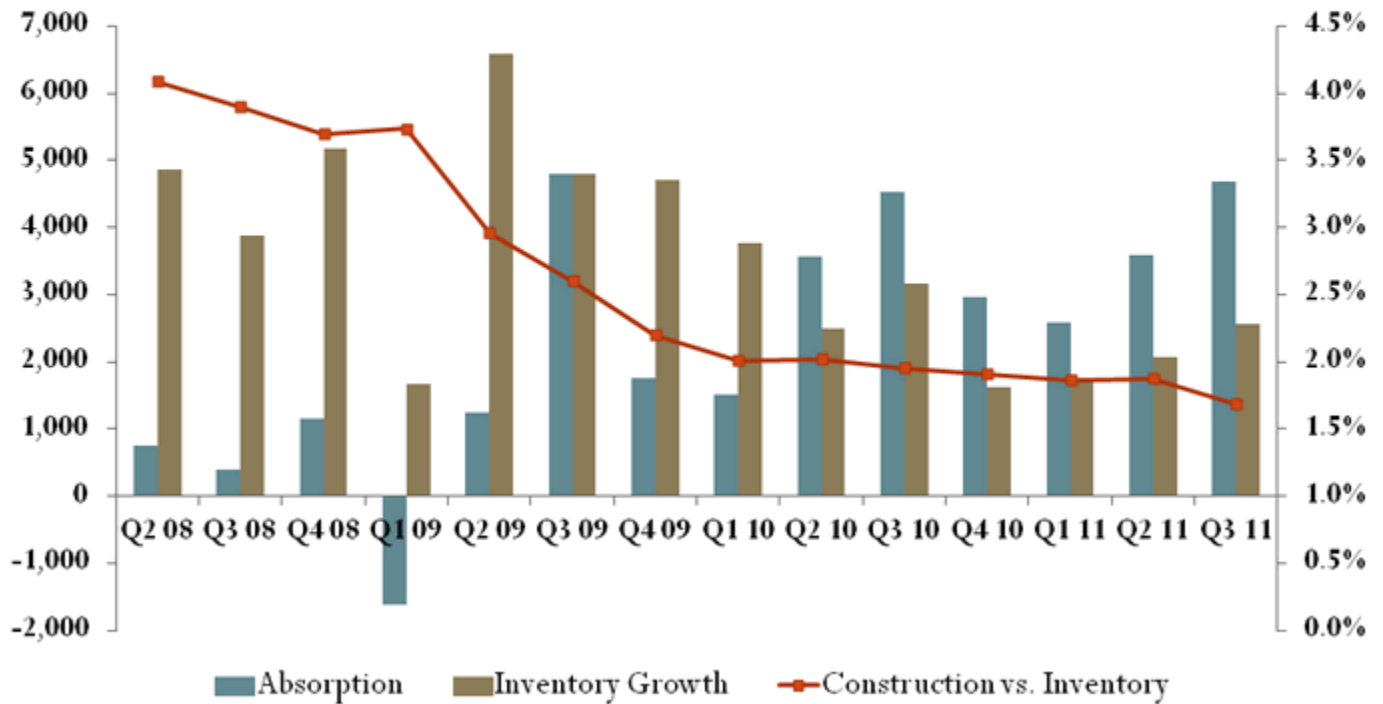
The Capital Advantage: Favorable Demographics

- U.S. population 75+ years old is estimated to grow by 3.5 million through 2015
 - Only 1.3 million units serving a population of 18.9 million seniors
 - Current 6.9% penetration rate implies demand growth of 40,000 units per year

U.S. Seniors Population Trends (75+ years old)



The Capital Advantage: Favorable Supply – Demand Trends



Source: Seniors NIC MAP100 Trends

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)
- Nimble platform and organizational structure with regional operating centers in geographically concentrated markets
- Solid reputation in industry and 95% resident satisfaction
- Solid balance sheet
- Strong Board of Directors



The Capital Advantage: Strategy

- Focus on our core strengths
- Maximize the cash flow generated by our communities and 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 and acquisition of communities with levels of care
- Employ technology to enhance marketing, operations and care
- Capitalize on the fragmented nature of the senior living industry to strategically aggregate local and regional operators
- Leverage our existing base of operations, strong institutional relationships and proven track record

2011 Business Plan

- Focused on operations, marketing and growth to enhance shareholder value through:
 - Organic growth
 - Proactive expense management
 - Accretive acquisitions and conversions
 - Utilization of technology



2011 Business Plan : Organic Growth

- Increase average rents
- Improve occupancies
 - Each 1% generates \$3M of revenue, \$2M of EBITDAR and \$0.05 per share of CFFO
- Convert 170 units to higher levels of care
 - Incremental \$5M of revenue and \$3M of EBITDAR
- Cash flow enhancing renovations and refurbishments
- Internet marketing and web-site enhancements
- Implement software programs to optimize care plans and levels of care charges

2011 Business Plan : External Growth

- Strategic acquisitions of primarily AL communities to enhance geographic concentrations

- Economics of \$83.4 million of recently completed acquisitions
(in millions)

Debt	\$59.3
Equity	\$24.1
Revenue	\$21.4
EBITDAR	\$7.8
Cash Flow From Operations	\$3.5
CFFO per Share	\$0.13

Income Statement: Q3 11 Comparison

(in millions, except per share)

As adjusted in press releases

	2011	2010	% Increase
Total Revenues	\$ 68.2	\$ 53.6	27.2%
Operating Expenses	(40.4)	(31.2)	
General & Administrative Expenses	(2.9)	(3.0)	
Other Expense	<u>(1.1)</u>	<u>(2.7)</u>	
EBITDAR	\$ 23.8	\$ 16.7	42.9%
% Margin	34.9%	31.1%	
Lease Expense	(13.3)	(8.9)	
Interest, Taxes and Other	<u>(8.8)</u>	<u>(7.1)</u>	
Net Income	\$ 1.7	\$ 0.7	136.5%
Earnings Per Share	\$ 0.06	\$ 0.03	
CFFO	\$ 5.7	\$ 3.1	85.0%
CFFO Per Share	\$ 0.21	\$ 0.12	

Balance Sheet

- As of September 30, 2011 (*in millions*)

ASSETS	
Cash and Securities	\$ 39.8
Other Current Assets	24.2
Total Current Assets	64.0
Fixed Assets	340.1
Other Assets	33.7
TOTAL ASSETS	\$437.8

LIABILITIES & EQUITY	
Current Liabilities	\$ 36.3
Long-Term Debt	203.8
Other Liabilities	29.1
Total Liabilities	269.2
Stockholders' Equity	168.6
TOTAL LIABILITIES & EQUITY	\$437.8

Investment Highlights

- Favorable demographics and attractive industry fundamentals
- Experienced management team with demonstrated ability to operate, acquire and create value
- Substantially all private pay with minimal federal regulation
- Accretive acquisitions in highly fragmented industry
- Conversions to higher levels of care with significant revenue and cash flow growth
- Strong cash flow generation
- Solid Balance Sheet





Capital Senior Living Corporation

