

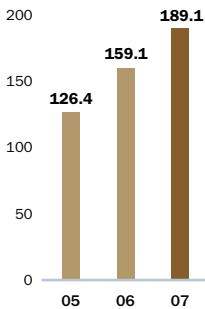


CAPITAL SENIOR LIVING CORPORATION

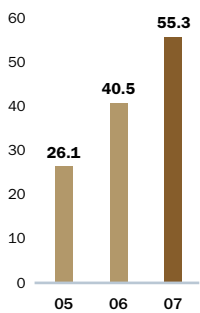


TO OUR FELLOW SHAREHOLDERS

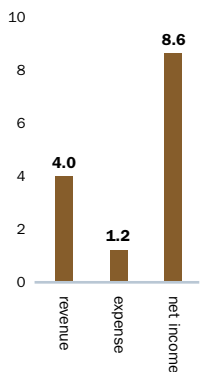
Total Revenue (in \$ millions)



EBITDAR Comparison (in \$ millions)



Same Store Comparison 2006-2007 (percentage change)



Our 2007 business plan was focused on increasing shareholder value by providing income and asset growth, strengthening our balance sheet and increasing the Company's profitability. Our 2007 results demonstrate the significant progress we made toward those important goals.

Our revenues, EBITDAR and net income all increased significantly as a result of our management focus on improving our operating results. Total revenue for 2007 increased \$30 million, or 19 percent, to \$189.1 million and adjusted EBITDAR was \$55.3 million, an increase of 37 percent compared to 2006 results. Our net income for the year was \$4.4 million, versus a loss of \$2.6 million in 2006. In addition, at communities under management, same-community revenues increased 4.0 percent over 2006 results, while expenses only increased 1.2 percent. This resulted in same-community net income growth of 8.6 percent compared to 2006.

Our 2007 business plan included external growth through acquisitions and new development. During 2007 and the first quarter of 2008, we consummated three joint ventures that are currently developing three senior housing communities totaling 299 independent living and 135 assisted living units. We anticipate further external growth in 2008 including acquisitions and additional development with strong capital partners that provide the operational benefits of regional clustering.

We strengthened our balance sheet in 2007 by further reducing our debt and average borrowing costs, a continuation of an important initiative undertaken in 2006. Further, we were able to leverage our national platform and reduce expenses through the rollout of a national group purchasing program that is designed to provide ongoing expense efficiencies.

At the end of 2007, we operated 64 senior living communities in 23 states with an aggregate capacity of approximately 9,400 residents, including 37 senior living communities which we own or have an ownership interest, 25 leased communities, and two communities we manage for third parties. In the communities we operated in 2007, 70 percent of residents lived independently, 23 percent of residents required assistance with activities of daily living and 7 percent of residents lived in continuing care retirement communities.

We believe that we are well positioned to take advantage of emerging opportunities in 2008. We have a successful record of operations as well as a strong balance sheet, a national operating platform and a talented, experienced management team. We have therefore structured our 2008 annual business plan to build shareholder value by delivering internal growth and expanding our external growth by pursuing acquisition and development opportunities.

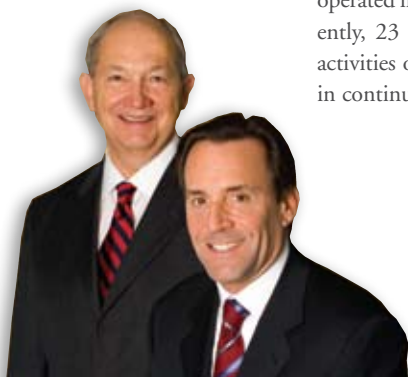
The focus of our 2008 plan is on increasing capacity and levels of care to meet the needs of our residents with an average age of 85. The key elements of this plan are to increase levels of care and capacity through expansions, conversions and new developments and to acquire home care agencies in clustered markets to provide home health and ancillary services. These investments typically produce excellent returns on invested capital.

In addition, our 2008 plan includes the goals to create organic growth from rental rate increases, cost savings and occupancy growth, and to complete accretive, geographically desirable acquisitions that are becoming available in our highly fragmented industry.

We have already made progress on these initiatives. Specifically, we intend to convert 256 independent living units in eight communities to units of assisted living and dementia care by the second quarter of 2008. We had already completed 70 of these conversions by the end of 2007. In addition, we are planning to expand three communities, adding a total of 180 assisted living, 60 dementia care, and 30 independent living units. The expansions are planned to begin in the second half of 2008.

We are proud of the positive results we achieved in 2007 and we believe that our plan for 2008, supported by positive industry dynamics, holds the potential for increasing shareholder value. Throughout 2008, we will assess the viability of acquisition and development prospects while we seek to maximize internal growth and operating metrics.

We thank you for your support.



James A. Stroud
James A. Stroud
Chairman of the Board

Lawrence A. Cohen
Lawrence A. Cohen
Chief Executive Officer

Company Management

LAWRENCE A. COHEN
Chief Executive Officer

JAMES A. STROUD
Chairman of the Company

KEITH N. JOHANNESSEN
President and Chief Operating Officer

RALPH A. BEATTIE
*Executive Vice President and
Chief Financial Officer*

ROB L. GOODPASTER
Vice President, National Marketing

DAVID W. BEATHARD
Vice President, Operations

GLEN H. CAMPBELL
Vice President, Development

DAVID R. BRICKMAN
*Vice President, General Counsel
and Secretary*

GLORIA M. HOLLAND
Vice President, Finance

JERRY D. LEE
Corporate Controller

ROBERT F. HOLLISTER
Property Controller

Shareholder Information

STOCK EXCHANGE LISTING

Capital Senior Living Corporation Common Stock is listed on the New York Stock Exchange and trades under the symbol CSU.

TRANSFER AGENT AND REGISTRAR

BNY Mellon Shareowner Services
P.O. Box 358015
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or
480 Washington Boulevard
Jersey City, New Jersey 07310-1900
(800) 635-9270
TDD for hearing impaired: (800) 231-5469
Foreign shareowners: (201) 680-6578
TDD foreign shareowners: (201) 680-6610
www.bnymellon.com/shareowner/isd

AUDITORS

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Board of Directors

JAMES A. STROUD
*Chairman of the Board
Capital Senior Living Corporation
Dallas, Texas*

LAWRENCE A. COHEN
*Vice Chairman of the Board
Capital Senior Living Corporation
New York, New York*

KEITH N. JOHANNESSEN
*President and Chief Operating Officer
Capital Senior Living Corporation
Dallas, Texas*

CRAIG F. HARTBERG^{1,2,3}
*Retired First Vice President
Bank One, Texas, N.A.
Baton Rouge, Louisiana*

JILL M. KRUEGER²
*President and CEO
Health Resources Alliance, Inc.
Oakbrook, Illinois*

JAMES A. MOORE^{1,2,3}
*President
Moore Diversified Services, Inc.
Fort Worth, Texas*

VICTOR W. NEE, PH.D.^{1,3}
*Professor Emeritus
Department of Aerospace & Mechanical Engineering
University of Notre Dame
Scottsdale, Arizona*

1 Member of the Board's Compensation Committee

2 Member of the Board's Audit Committee

3 Member of the Board's Nominating Committee

Corporate Information

CORPORATE HEADQUARTERS

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Form 10-K

A copy of Capital Senior Living Corporation's 2007 annual report to the SEC on Form 10-K is included herein and is available without charge upon written request to the Investor Relations Department at corporate headquarters. It can also be found on the Company's web site, www.capitalsenior.com.

Annual Shareholders Meeting

May 15, 2008 at 10:00 am, Eastern Time
Waldorf Astoria Hotel
301 Park Avenue
New York, New York 10022-6897
(212) 355-3000

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