

**Riviera Holdings Corporation**

2901 Las Vegas Boulevard South  
Las Vegas, NV 89109

Investor Relations: (800) 362-1460

**TRADED: AMEX – RIV**

**www.theriviera.com**

FOR FURTHER INFORMATION:

**AT THE COMPANY:**

Duane Krohn, Treasurer and CFO  
(702) 794-9527 Voice  
(702) 794-9442 Fax  
Email: dkrohn@theriviera.com

**INVESTOR RELATIONS CONTACT:**

Betsy Truax, Skorpus Consulting  
(208) 241-3704 Voice  
(208) 232-5317 Fax  
Email: etruax@aol.com

**FOR IMMEDIATE RELEASE:**

**RIVIERA REPORTS FOURTH QUARTER 2001 RESULTS**

**LAS VEGAS, NV – February 12, 2002** -- Riviera Holdings Corporation (AMEX: RIV) today reported financial results for the fourth quarter of 2001. Net revenues for the quarter were \$44.0 million, down from revenues of \$49.5 million in the fourth quarter of 2000. Income from operations for the quarter was \$2.2 million, down \$1.3 million from the fourth quarter of 2000. EBITDA (Earnings Before Interest, Income Taxes, Depreciation, Amortization, pre-opening expenses, and other income and expense, net) for the quarter was \$11.6 million, down \$1.6 million from the fourth quarter of 2000. The net loss was (\$3.2) million or (\$0.92) per share compared to a net loss of (\$2.0) million or (\$0.53) per share in the fourth quarter of 2000.

For the year ended December 31, 2001, net revenues were \$202.0 million, comparable to net revenues of \$202.0 million in 2000. Income from operations for the year ended December 31, 2001 was \$17.0 million compared to \$16.9 million for 2000. Income from operations at Riviera Black Hawk for 2001 was \$9 million and exceeded Riviera Las Vegas by \$1.0 million. EBITDA for the year ended December 31, 2001 was \$34.2 million, or 4.8 percent compared to EBITDA of \$35.9 million for 2000. The net loss increased from (\$4.0) million or (\$1.05) per share in 2000 to (\$6.4) million or (\$1.79) per share in the year ended December 31, 2001.

Riviera Holdings Corporation had cash and short-term investments of \$46.6 million, working capital of \$9.0 million and shareholders' equity of \$9.0 million at December 31, 2001.

**Fourth Quarter 2001 Highlights**

- Riviera Black Hawk contributed \$3.7 million in EBITDA, an increase of \$1.8 million from the fourth quarter of 2000
- The September 11 terrorist attacks, the slowing of the national economy and rising marketing costs resulted in a \$3.4 million decrease in Riviera Las Vegas EBITDA
- Riviera Las Vegas occupancy decreased from 91.6 percent in the fourth quarter of 2000 to 78.4 percent in the fourth quarter of 2001
- Riviera Las Vegas ADR (Average Daily Rate) increased \$1.11 to \$64.00 during the fourth quarter of 2001
- Cash and short-term investments totaled \$46.6 million at December 31, 2001
- Management explores other gaming venues to further expand revenue base

**Riviera Las Vegas**

Bob Vannucci, President of Riviera Las Vegas, said, "Net revenues in Las Vegas were down \$8.5 million, or 13.2 percent for the quarter across all departments. For the quarter, the average daily rate increased \$1.11 to \$111.11; however, occupancy decreased 13.2 percent to 78.4 percent. Slot machine coin-in or volume decreased 13.2 percent for the quarter and win decreased a corresponding 15.5 percent. Our margins in Las Vegas were pressured by the slow down in the economy even before the September 11 terrorist attack. We are spending more market to increase demand and we believe we will have to continue to focus on our incentive programs through the year and into 2003.

"The booking window for most of our business segments is 60 to 120 days out. As a result, the period after September 11 resulted in significantly lower bookings for November and December 2001. Our customers are primarily by air, as our southern California base is less than 15 percent of our occupancy. Our primary market after September 11 was on customers living in the eastern United States. We increased our gaming marketing expenditures to protect and to continue to grow our loyal slot customer base. We increased our room marketing efforts to concentrate on customers in the western United States, and we believe these efforts will be successful beginning in February 2002, based on the pace of advance bookings. Call volumes, booking patterns and occupancy began to normalize in mid January. We had an excellent Super Bowl and expect occupancy to be strong for February and March. Although we see recovery on the weekends, the midweek occupancy rates vary significantly from day to day primarily due to competitive pressures," said Mr. Vannucci.

### **Riviera Black Hawk**

Ron Johnson, President of Riviera Black Hawk, said, "Fourth quarter 2001 revenues for Riviera Black Hawk were \$12.6 million, \$3.0 million higher than fourth quarter 2000 revenues. Since Riviera Black Hawk serves a local market, the terrorist attacks of September 11 did not significantly affect our quarterly performance. Fourth quarter EBITDA was a record \$3.7 million, up \$1.8 million from last year's fourth quarter. EBITDA margin for the fourth quarter was 29.4 percent.

"Our share of the Black Hawk slot market has been increasing steadily from 9.7 percent for the 11 months ending December 31, 2000, to 11.4 percent for the 12 months of 2001. Gains in market share have also come from improvements in operating margins. EBITDA margins increased from 18.7 percent for the 11 months ending December 31, 2000, to 25.9 percent in the 12 months ending December 31, 2001.

"Black Hawk Casino by Hyatt opened in December 2001 helping to increase the Black Hawk market gaming revenue by 17.2 percent over December 2000. The December increase was the largest monthly increase over the previous year. Gaming revenue in December, historically one of the slowest months of the year, was the fifth highest in the Black Hawk market history. Riviera Black Hawk gaming revenue continued to grow in December 2001, up 11.9 percent over December 2000.

"We continue to refine our marketing efforts. We are attempting to strike a balance between player incentive programs, gaming product, food offerings and entertainment as our primary marketing programs. We are particularly impressed with the popularity of our remodeled buffet and the impact it is having on casino traffic and player loyalty," said Mr. Johnson.

William L. Westerman, Chairman of the Board and CEO, said, "The importance of diversifying our earnings through our investment in Black Hawk was substantiated by 2001's results. Before the events of September 11, the increase in Black Hawk's EBITDA was offsetting declines in Las Vegas attributable to the stagnant economy and competitive pressures. Black Hawk's increase in EBITDA of almost 100 percent ameliorated Las Vegas' precipitous drop in the fourth quarter.

"We continue to explore projects that would further diversify our holdings. We recently filed a proposal

Jefferson County, Missouri, seeking their endorsement for a casino/hotel development project to be located approximately 22 miles south of downtown St. Louis. If we gain the support of the Jefferson County Commission, we will file a formal application with the Missouri Gaming Commission. State gaming regulators have indicated, however, that the site selection process would not begin again until late summer or early fall of 2002.

“I personally want to commend Bob Vannucci and the Las Vegas team for their cost-cutting efforts in Las Vegas, which minimized the effect of the slump in revenues, especially in our most profitable departments. It was necessary to reduce our staff in response to the decline in business and look forward to bringing our employees back to full time status,” said Mr. Westerman.

**Safe Harbor Statement:**

The forward-looking statements included in this news release, which reflect management's best judgment of the factors currently known, involve risks and uncertainties including expansion timetables, hotel and casino operating conditions and other risks detailed from time to time in the Company's SEC reports, including the Report 10-K for December 31, 2000. Actual results may differ.

**About Riviera Holdings:**

Riviera Holdings Corporation owns and operates the Riviera Hotel and Casino on the Las Vegas Strip at the Riviera Black Hawk Casino in Black Hawk, Colorado. Riviera is traded on the American Stock Exchange under the symbol RIV.

--Tables Follow--

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Riviera Holdings Corporation  
 Financial Summary  
 Periods Ended December 31  
 (\$ in 000's except per share data)

	<u>Fourth Quarter</u>		<u>Year Ended</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
<b>Net Revenues:</b>				
Riviera Las Vegas	\$31,351	\$39,898	\$152,985	\$166,037
Riviera Black Hawk	12,608	9,592	49,046	35,262
Riviera Gaming Management	-	-	-	232
Total Net Revenues	43,959	49,490	202,031	201,531
<b>Income (loss) from Operations:</b>				
Riviera Las Vegas	(138)	2,596	7,996	14,353
Riviera Black Hawk	2,371	921	8,976	2,438
Riviera Gaming Management	-	-	(1)	88
Total Income from Operations	2,233	3,517	16,971	16,879
<b>EBITDA<sup>(1)</sup>:</b>				
Riviera Las Vegas	2,833	6,234	21,493	29,243
Riviera Black Hawk	3,713	1,867	12,722	6,597
Riviera Gaming Management	-	-	(1)	88
Total EBITDA	6,546	8,101	34,214	35,928
EBITDA Margin:				
Riviera Las Vegas	9.0%	15.6%	14.0%	17.6%
Riviera Black Hawk	29.4%	19.5%	25.9%	18.7%
Riviera Gaming Management				37.9%
Total EBITDA Margin	14.9%	16.4%	16.9%	17.8%
Net Loss	(\$3,179)	(\$1,981)	(\$6,407)	(\$4,215)
Weighted average basic and diluted shares outstanding	3,437	3,768	3,573	4,013
Basic and diluted earnings per share	(\$0.92)	(\$0.53)	(\$1.79)	(\$1.05)

**Balance Sheet Summary**  
 (\$ in 000's)

	<b>Dec 31, 2001</b>	<b>Dec 31, 2000</b>
Cash and short term investments	\$46,606	\$52,174
Total current assets	55,470	65,663
Property and equipment, net	200,531	207,030
Total assets	267,818	283,710
Total current liabilities	34,175	37,060
Long-term debt, net of current portion	217,288	223,172
Total shareholders' equity	8,964	16,945

<sup>1</sup> EBITDA consists of earnings before interest, income taxes, depreciation, amortization, preopening expenses, and Other, net. While EBITDA should not be construed as a substitute for operating income or a better indicator of Liquidity than cash flow from operating activities, which are determined in accordance with generally accepted accounting principles ("GAAP"), it is included in herein to provide additional

# Riviera Holdings Corporation

information with respect to the ability of the Company to meet its future debt service, capital expenditures and working capital requirements. Although EBITDA is not necessarily a measure of the Company's ability to fund its cash needs, management believes that certain investors find EBITDA to be a useful tool for measuring the ability of the Company to service its debt. EBITDA margin is EBITDA as a percent of net revenues. The Company's definition of EBITDA may not be comparable to other companies' definitions.

## RIVIERA HOLDINGS CORPORATION Condensed Consolidated Statements of Operations

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2001	2000	2001	2000
<i>(In thousands, except per share amounts)</i>				
Casino	\$ 25,846	\$ 26,352	\$114,039	\$107,692
Rooms	9,797	11,405	44,255	43,820
Food and beverage	7,032	7,078	31,256	30,756
Entertainment	3,445	5,955	20,692	24,526
Other	1,981	2,549	9,119	10,538
Total	48,101	53,339	219,361	217,332
Less promotional allowances	4,142	3,849	17,330	15,801
Net revenues	43,959	49,490	202,031	201,531
<b>COSTS AND EXPENSES:</b>				
Direct costs and expenses of operating departments:				
Casino	14,275	14,472	62,845	57,647
Rooms	5,191	5,739	23,339	23,364
Food and beverage	4,798	5,240	21,426	21,432
Entertainment	2,589	4,643	14,900	18,959
Other	648	730	3,068	3,146
Other operating expenses:				
General and administrative	9,912	10,565	42,239	41,055
Preopening Expenses - Riviera Black Hawk	-	-	-	1,222
Depreciation and amortization	4,313	4,584	17,243	17,827
Total costs and expenses	41,726	45,973	185,060	184,652
<b>INCOME FROM OPERATIONS</b>	<b>2,233</b>	<b>3,517</b>	<b>16,971</b>	<b>16,879</b>
<b>OTHER INCOME (EXPENSE):</b>				
Interest expense	(6,685)	(7,041)	(26,864)	(27,805)
Interest income	212	508	1,274	2,429
Interest capitalized	-	-	-	616
Other, net	(5)	21	(28)	1,171
Total other income (expense)	(6,478)	(6,512)	(25,618)	(23,589)
<b>LOSS BEFORE BENEFIT FOR TAXES</b>	<b>(4,245)</b>	<b>(2,995)</b>	<b>(8,647)</b>	<b>(6,710)</b>
<b>BENEFIT FOR INCOME TAXES</b>	<b>(1,066)</b>	<b>(1,014)</b>	<b>(2,240)</b>	<b>(2,495)</b>
<b>NET LOSS</b>	<b>\$ (3,179)</b>	<b>\$ (1,981)</b>	<b>\$ (6,407)</b>	<b>\$ (4,215)</b>
<b>LOSS PER SHARE DATA:</b>				

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Loss per share, basic and diluted	<u>\$ (0.92)</u>	<u>\$ (0.53)</u>	<u>\$ (1.79)</u>	<u>\$ (1.05)</u>
Weighted average common shares outstanding, basic and diluted	<u>3,437</u>	<u>3,768</u>	<u>3,573</u>	<u>4,013</u>

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