

Riviera Holdings Corporation

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FOR IMMEDIATE RELEASE:

RIVIERA REPORTS FOURTH QUARTER 2002 RESULTS

LAS VEGAS, NV – February 11, 2003 -- Riviera Holdings Corporation (AMEX: RIV) today reported financial results for the fourth quarter ended December 31, 2002. EBITDA, as adjusted (Earnings Before Interest, Income Taxes, Depreciation, Amortization, loss on extinguishment of debt, and other, net) was \$7.3 million, up \$753,000 or 12 percent from the fourth quarter of 2001. Net revenues for the quarter were \$43.3 million, comparable to net revenues of \$44.0 million in the fourth quarter of 2001. Income from operations was \$2.9 million, up \$712,000 or 32 percent from the fourth quarter of 2001. Income from operations varies from EBITDA, as adjusted, due to depreciation. The net loss for the quarter was (\$3.9 million) or (\$1.13) per share compared with a net loss of (\$3.2 million) or (\$0.92) per share in the fourth quarter of 2001. The company recorded a tax benefit of \$1.1 million in the fourth quarter of 2001, while no tax benefits have been recorded in 2002.

For the year ended December 31, 2002, EBITDA, as adjusted, was \$33.6 million, down 2 percent from \$34.2 million in 2001. Net revenues were \$188.3 million, down 7 percent from net revenues of \$202.0 million a year ago. Income from operations was \$15.9 million, down \$1.1 million from a year ago. Income from operations varies from EBITDA, as adjusted, due to depreciation. The net loss for the year was (\$24.7 million) or (\$7.17) per share compared with a net loss of (\$6.4 million) or (\$1.79) per share in 2001. Fiscal 2002 results were affected by the loss on extinguishment of debt totaling \$11.2 million or \$3.25 per share. The costs included the call premium on the company's refinanced 10 percent bonds and Riviera Black Hawk's refinanced 13 percent bonds, the write off of unamortized deferred loan costs associated with the refinanced bonds and the balance of the original issue discount on the 10 percent bonds. Furthermore, the results were affected by approximately \$2.7 million or \$0.78 per share of additional interest expense, net incurred as a result of the defeasance / retirement of the debt. Finally, the company recorded a tax benefit of \$2.2 million in 2001, while no tax benefits have been recorded in 2002.

Fourth Quarter 2002 Highlights

- Consolidated EBITDA, as adjusted, increased by 12 percent to \$7.3 million
- Consolidated income from operations increased by 32 percent to \$2.9 million
- Riviera Las Vegas EBITDA, as adjusted, increased \$531,000 or 13 percent to \$4.5 million
- Riviera Las Vegas income from operations increased \$604,000 or 37 percent to \$1.6 million
- Riviera Las Vegas occupancy was 82 percent compared with 78 percent in the fourth quarter of 2001, ADR (Average Daily Rate) decreased \$2.89 to \$61.11
- Riviera Black Hawk contributed \$3.4 million in EBITDA, as adjusted, a decrease of \$318,000 or 9 percent from the fourth quarter of 2001
- Riviera Black Hawk contributed \$1.9 million of income from operations, a decrease of \$432,000 or 18 percent from the fourth quarter of 2001

Riviera Las Vegas

Robert Vannucci, President of Riviera Las Vegas said "We are pleased that the positive trend of improving quarterly results beginning in the first quarter of 2002 continued through the fourth quarter, with EBITDA increasing by 13 percent over the fourth quarter of the previous year. Most importantly, we saw an improvement in net revenue in the fourth quarter, the first since 9/11. Net revenues increased by \$298,000, 1 percent over prior year.

"Slot volume (coin-in) equaled prior year levels. Convention room nights declined 10.9 percent or 4,300 room nights for the quarter compared to the fourth quarter of 2001 due to poor attendance at the November Comdex show. This was more than offset by an increase of 15,700 room nights, 19.7 percent, in leisure room nights. Room occupancy for the fourth quarter was 82.2 percent, up from last years 78.4 percent. The additional leisure room nights reduced our ADR by \$2.89. Total room revenue, because of the increase in occupied room nights, equaled last year. The change in our occupancy mix stimulated increases in entertainment and food and beverage revenues.

"The Las Vegas market continues to recover from the impacts of 9/11 and the soft economy. The November 2002 year-to-date Las Vegas Convention and Visitors Authority (LVCVA) report indicates that visitor volumes were equal to 2001 levels. Citywide Hotel occupancy was 89.6 percent compared to 90 percent in 2001. Riviera occupancy for the 11 months ended November 30, 2002 was 91.1 percent compared to 93.6 percent in 2001. Convention attendance is up 3.4 percent; California drive in traffic is up 6.5 percent while air passenger counts are down 1.6 percent.

"The new convention space at the Las Vegas and Mandalay Bay Convention centers should attract additional multi-property conventions. The additional capacity will enable the LVCVA to book new conventions that had date and exhibit space conflicts in the past. The Riviera's flexibility of meeting space and proximity to the Las Vegas convention center positions us to capitalize on both the recent growth in small meetings and conventions and future multi hotel conventions that will be booked into the Las Vegas convention center."

Riviera Black Hawk

Ron Johnson, President of Riviera Black Hawk said, "Net revenues for the fourth quarter were down \$929,000 from the fourth quarter of 2001, resulting in a decrease in EBITDA of \$318,000. Fourth quarter gaming revenues in the Black Hawk Market increased by 3.1 percent, substantially below the historical growth rate in this market. The supply of gaming machines grew 7.8 percent with the opening of the Hyatt in December of 2001. The Denver area economy continued to show weakness in the fourth quarter. In addition, construction on Highway 119, the main access route to Black Hawk, continues to disrupt traffic on weekdays. In spite of the negative factors affecting this market, we are encouraged that the weakness in the beginning of the fourth quarter was mitigated by positive growth in gaming revenues and EBITDA in December of 2002 compared to December 2001. We believe our recent growth is due to several marketing changes that were implemented in the early part of the quarter. We continue to monitor market conditions and are prepared to make adjustments accordingly."

Consolidated Operations and New Venues

William L. Westerman, Chairman of the Board and CEO, said, "We are pleased that in the fourth quarter we were able to increase consolidated EBITDA by 12 percent with essentially flat revenues. Also, the fact that we were able to hold our EBITDA decline for the year to 2 percent with a 7 percent decline in revenues is a credit to our management team.

"The wisdom of diversifying our earnings base was again illustrated by 2002's second half results when the improvements in Las Vegas more than offset the decline in Black Hawk. We are continuing our efforts to obtain approval of gaming projects in Missouri and New Mexico.

"With our \$20 million in cash and \$30 million line of credit, we are satisfied with our liquidity, our ability to maintain our existing properties in competitive position and to finance our diversification activities."

American Stock Exchange (AMEX) Listing

The company has been informed that it does not meet certain AMEX listing requirements, (due to among other things, the company's negative equity and losses) and that, consequently, the AMEX intends to initiate steps that could ultimately result in the delisting of the company's common stock from the American Stock Exchange.

Safe Harbor Statement:

The forward-looking statements included in this news release, which reflect management's best judgment based on factors currently known to it, involve significant risks and uncertainties including expansion timetables, hotel and casino market conditions, financing requirements, regulatory approvals and other risks detailed from time to time in the Company's SEC reports, including the Report on Form 10-K for December 31, 2001 and Forms 10Q, S-4 and 8K filed during 2002. Actual results may differ materially.

About Riviera Holdings:

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

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Riviera Holdings Corporation

Financial Summary

(\$ in 000's)	<u>Three Months Ended Dec. 31,</u>				<u>Year Ended December 31</u>			
	<u>2002</u>	<u>2001</u>	<u>Var</u>	<u>% Var</u>	<u>2002</u>	<u>2001</u>	<u>Var</u>	<u>% Var</u>
Net Revenues:								
Riviera Las Vegas	\$ 31,649	\$ 31,351	\$ 298	1.0%	\$ 139,159	\$ 152,985	\$ (13,826)	-9.0%
Riviera Black Hawk	11,679	12,608	(929)	-7.4%	49,133	49,046	87	0.2%
Total Net Revenues	43,328	43,959	(631)	-1.4%	188,292	202,031	(13,739)	-6.8%
Operating Income:								
Riviera Las Vegas	1,572	968	604	36.7%	12,265	13,512	(1,247)	-7.7%
Riviera Black Hawk	1,939	2,371	(432)	-18.2%	7,350	7,622	(272)	-3.6%
Corporate Expenses	(567)	(1,107)	540	-31.5%	(3,762)	4,163	401	-5.8%
Total Operating Income	2,944	2,232	712	31.9%	15,853	16,971	(1,118)	-6.6%
EBITDA:								
Riviera Las Vegas	4,470	3,939	531	13.5%	23,951	25,655	(1,704)	-6.6%
Riviera Black Hawk	3,395	3,713	(318)	-8.6%	13,400	12,722	678	5.3%
Corporate Expenses	(567)	(1,107)	540	-48.8%	(3,762)	(4,163)	401	-9.6%
Total EBITDA	7,298	6,545	753	11.5%	33,589	34,214	(625)	-1.8%
EBITDA Margins:								
Riviera Las Vegas	14.1%	12.6%			17.2%	16.8%		
Riviera Black Hawk	29.1%	29.5%			27.3%	25.9%		
Consolidated	16.8%	14.9%			17.8%	16.9%		
\$								
Net income (loss)	\$ (3,906)	(3,179)			\$ (24,722)	\$ (6,407)		
\$								
Weighted average basic and diluted shares outstanding	3,456	3,437			3,450	3,573		
\$								
Basic and diluted earnings (loss) per share	\$ (1.13)	(0.92)			\$ (7.17)	\$ (1.79)		

(1) EBITDA, as adjusted consists of earnings before interest, income taxes, depreciation, amortization, loss on extinguishment of debt, 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 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 percent of net revenues. The Company's definition of EBITDA may not be comparable to other companies' definitions.

Riviera Holdings Corporation

Reconciliation of Income from Operations to EBITDA

(\$ in 000's)	<u>Three Months Ended Dec 31,</u>		<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Operating Income	\$2,944	\$2,232	\$15,853	\$16,971
Depreciation	<u>4,354</u>	<u>4,313</u>	<u>17,736</u>	<u>17,243</u>
EBITDA	<u>\$7,298</u>	<u>\$6,545</u>	<u>\$33,589</u>	<u>\$34,214</u>

Balance Sheet Summary
(\$ in 000's)

	<u>Dec 31,</u> <u>2002</u>	<u>Dec 31,</u> <u>2001</u>
Cash and short term investments	\$ 20,220	\$ 46,606
Total current assets	30,065	55,470
Property and equipment, net	188,233	200,531
Total assets (a)	235,939	267,818
Total current liabilities	27,454	34,175
Long-term debt, net of current portion	216,694	217,288
Total shareholders' (deficiency) equity (b)	(15,674)	8,964

(a) Includes capitalized costs associated with the Missouri venture of \$1.2 million and the New Mexico venture of \$1.1 million in 2002.

(b) Includes loss on extinguishments of debt of \$11.2 million and net interest expense due to defeasance of \$2.7 million in 2002.

RIVIERA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended December 31,		Years ended December 31,	
	2002	2001	2002	2001
Casino	\$ 24,390	\$ 25,845	\$ 106,122	\$ 114,039
Rooms	9,937	9,797	42,343	44,255
Food and beverage	7,534	7,032	32,367	31,256
Entertainment	4,640	3,446	17,918	20,692
Other	1,663	1,981	7,945	9,119
Total	48,164	48,101	206,695	219,361
Less promotional allowances	4,836	4,142	18,403	17,330
Net revenues	43,328	43,959	188,292	202,031
COSTS AND EXPENSES:				
Direct costs and expenses of operating departments:				
Casino	14,123	14,161	58,061	62,731
Rooms	5,366	5,191	23,127	23,339
Food and beverage	4,950	4,798	21,207	21,426
Entertainment	3,370	2,703	12,324	15,014
Other	640	648	2,771	3,068
Other operating expenses:				
General and administrative	7,581	9,913	37,213	42,239
Depreciation and amortization	4,354	4,313	17,736	17,243
Total costs and expenses	40,384	41,727	172,439	185,060
INCOME FROM OPERATIONS	2,944	2,232	15,853	16,971
OTHER INCOME (EXPENSE):				
Interest expense	(6,867)	(6,684)	(26,842)	(26,864)
Interest expense - net Due to Defeasance	0	0	(2,692)	0
Loss on extinguishment of debt	0	0	(11,211)	0
Interest income	24	212	200	1,274
Other, net	(7)	(5)	(30)	(28)
Total other income (expense)	(6,850)	(6,477)	(40,575)	(25,618)
INCOME BEFORE PROVISION FOR TAXES	(3,906)	(4,245)	(24,722)	(8,647)
PROVISION FOR INCOME TAXES (BENEFITS)	0	(1,066)	0	(2,240)
NET INCOME (LOSS)	\$ (3,906)	\$ (3,179)	\$ (24,722)	\$ (6,407)
EARNINGS PER SHARE DATA:				
Weighted average common & common equivalent shares	3,456	3,437	3,450	3,573
Diluted earnings per share	\$ (1.13)	\$ (0.92)	\$ (7.17)	\$ (1.79)

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