

Riviera Holdings Corporation

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FOR IMMEDIATE RELEASE:

RIVIERA REPORTS RECORD EBITDA RESULTS FOR SECOND QUARTER 2004

LAS VEGAS, NV – July 21, 2004 -- Riviera Holdings Corporation (AMEX: RIV) today reported financial results for the second quarter ended June 30, 2004. Net revenues for the quarter were \$52.8 million, up \$4.5 million or 9.2 percent from the second quarter of 2003. Income from operations was \$7.6 million, up \$3.1 million or 70.6 percent from the second quarter of 2003. EBITDA ⁽¹⁾ was \$10.9 million, up \$2.3 million from the second quarter of 2003 and a record for any quarter in the Company's history. Net income for the quarter was \$829,000 or \$0.23 per diluted share compared to a net loss of (\$2.4 million) or (\$0.70) per share in the second quarter of 2003.

Net revenues for the first half of 2004 were \$103.3 million, up \$7.4 million or 7.8 percent from the first half of 2003. Income from operations was \$14.9 million, up \$5.8 million or 63.4 percent from the first half of 2003. EBITDA was \$21.6 million, up \$4.1 million from the first half of 2003 and a record for any six month period in the Company's history. Net income for the first half was \$1.4 million or \$0.38 per diluted share compared to a net loss of (\$4.6 million) or (\$1.32) per share in the first half of 2003.

Second Quarter 2004 Highlights

- Second quarter net income of \$829,000 is a \$3.3 million improvement from second quarter of 2003
- Riviera Black Hawk revenues were up 8.6 percent
- Riviera Black Hawk EBITDA was up \$755,000 or 21.5 percent
- Riviera Las Vegas revenues were up \$3.4 million or 9.5 percent
- Riviera Las Vegas EBITDA was up \$1.7 million or 26.3 percent
- Riviera Las Vegas occupancy was 95.3 percent compared with 93.4 percent in the second quarter of 2003, ADR (Average Daily Rate) increased \$2.19 to \$62.63
- The Company has \$20 million in cash plus its \$30 million revolver available

Riviera Las Vegas

Robert Vannucci, President of Riviera Las Vegas, said, "We are following the trend on the Las Vegas Strip with revenues increasing \$3.4 million or 9.5 percent in the second quarter compared to the same period last year. EBITDA for the second quarter was up \$1.7 million as EBITDA margins ⁽²⁾ increased from 17.7 percent to 20.4 percent. We were able to bring almost 50 percent of our revenue increase to the EBITDA line.

"Casino revenues were up 8 percent over the second quarter of last year, as the business mix of customers in the hotel rooms and attending shows included more affinity groups (pool players and similar groups) with a

better gaming profile. We have invested \$2.8 million in new slot machines this year and we have our new slot monitoring system installed on approximately 80 percent of our machines as of the end of the quarter. We anticipate that the system will be connected to substantially all of our slot machines by the end of July 2004 and that we will have approximately 560 machines (40 percent) converted to ticket-in, ticket-out technology by the end of the year.

“Room occupancy was 95.3 percent up two percentage points from the same period last year. Average daily room rate (ADR) was \$62.63, up \$2.19, and revenue per available room (Rev Par) was \$59.70 for the quarter compared with \$56.43, for the second quarter last year. Convention rooms represented 34 percent of rooms sold for the quarter and 42 percent of the revenue, as the ADR was over \$80 for this sector of our business.

“Entertainment revenues increased 26.7 percent and we sold 50,000 more tickets this quarter than the same quarter last year. This additional traffic flow also enhanced casino revenues.

“Our location on the Las Vegas Strip will continue to see more foot traffic as the Hilton Grand Vacations Club time shares, Wynn Las Vegas and recently announced luxury condominium projects draw more people to the north end. Riviera Las Vegas is located on 26 acres of prime real estate on the north end of the Las Vegas Strip. Recent land transactions on the Las Vegas Strip are indicators that the land in our financial statements has a fair market value well in excess of its \$21 million recorded book value.”

Riviera Black Hawk

Ron Johnson, President of Riviera Black Hawk, said, “The second quarter was another record breaking quarter for Riviera Black Hawk. We were able to achieve all time highs for gaming revenue, total revenue, EBITDA and market share. Net revenues reached a record \$13.4 million during the quarter. EBITDA for the quarter grew by 21.5 percent to a record \$4.3 million. EBITDA margin on net revenues increased to 31.9 percent.

“The second quarter benefited from the continued strength of our marketing programs. We continue to invest our marketing dollars in areas that profitably build slot revenues and market share. We have also increased customer service by reducing the processing time for transactions in several key areas. Going forward we expect to see additional benefits as we take advantage of ticket-in, ticket-out technology.

”We are also encouraged that gaming revenue in the Black Hawk/Central City Market continued to grow in the second quarter. Year-to-date the market has grown 3.7 percent over the first half of last year. Improved economic conditions in the Denver Metro area appear to be a driving force behind this growth. We are looking forward to the new access road expected to be open before yearend. This new road will provide additional access to the Black Hawk/Central City Market, expanding the capabilities of the market to handle additional weekend traffic.”

Consolidated Operations

William L. Westerman, Chairman of the Board, said, “We are pleased the trend of increasing earnings continued and actually accelerated in the second quarter of 2004. Consolidated EBITDA increased by 27.2 percent for the second quarter and 23.5 percent for the first six months of 2004, respectively, as compared with 2003. The second quarter EBITDA of \$10.9 million and first six months EBITDA of \$21.6 million both set records for any quarter and semi-annual periods. Our cash flow for 2004 has been greater than budget and we are using the additional funds for investments in slot machines to accelerate our conversion to cashless operations.

“The Missouri Gaming commission has indicated that it will need more time to evaluate the competing proposals for additional casino licenses in the St. Louis area and to render a decision on whether to select one or more applications as a priority for investigation. We believe that a more thorough evaluation of all current proposals will further differentiate our project from the other proposals. Studies have consistently shown that a casino entertainment complex in Jefferson County would provide the most incremental benefit to the State of

Missouri and to the local host community. We are encouraged by the overwhelming support we continue to receive from Jefferson County residents and local government officials.”

Conference Call Information

In conjunction with the release of second quarter 2004 financial results, Riviera will broadcast a conference call at 2 p.m. Eastern Daylight Time on Wednesday, July 21, 2004. Investors can listen to the call via the Internet at <http://phx.corporate-ir.net/playerlink.zhtml?c=96408&s=wm&e=90476> or www.rivierahotel.com or by dialing 800-289-0487. A rebroadcast of the conference is available through July 27, 2004 by dialing 719-457-0820; pass code 621872.

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 risks and uncertainties including expansion objectives and timetables, hotel and casino market conditions, financing requirements, regulatory approvals and other risks and uncertainties detailed from time to time in the Company's filings with the Securities and Exchange Commission, including the Report on Form 10-K for December 31, 2003. 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 (“AMEX”) under the symbol RIV. Informal discussions with AMEX staff indicate that the Company may meet the standards of AMEX policy Sec. 1003(a). According to that policy, AMEX will not normally consider suspending dealings in or delisting the securities of a company, which is below the earnings or net worth standards if the Company is in compliance with the following:

- (1) Total value of market capitalization of at least \$50,000,000; or total assets and revenue of \$50,000,000 each in its last fiscal year, or in two of its last three fiscal years; and
- (2) The company has at least 1,000,000 shares publicly held, a market value of publicly held shares of at least \$15,000,000 and at least 400 round lot shareholders.

--Tables Follow--

Riviera Holdings Corporation

Financial Summary

(\$ in 000's except per share data)	Three Months Ended June 30				Six Months Ended June 30			
	2004	2003	Var	% Var	2004	2003	Var	% Var
Net Revenues:								
Riviera Las Vegas	\$39,437	\$36,027	\$3,410	9.5%	\$76,760	\$71,762	\$4,998	7.0%
Riviera Black Hawk	13,357	12,301	1,056	8.6%	26,494	24,057	2,437	10.1%
Total Net Revenues	52,794	48,328	4,466	9.2%	103,254	95,819	7,435	7.8%
Operating Income:								
Riviera Las Vegas	6,171	3,703	2,468	66.6%	11,843	7,953	3,890	48.9%
Riviera Black Hawk	2,796	2,034	762	37.5%	5,606	3,604	2,002	55.5%
Corporate Expenses	(1,404)	(1,305)	(99)	-7.6%	(2,512)	(2,416)	(96)	-4.0%
Total Operating Income	7,563	4,432	3,131	70.6%	14,937	9,141	5,796	63.4%
EBITDA (1):								
Riviera Las Vegas	8,056	6,378	1,678	26.3%	15,643	13,403	2,240	16.7%
Riviera Black Hawk	4,265	3,510	755	21.5%	8,508	6,535	1,973	30.2%
Corporate Expenses	(1,404)	(1,305)	(99)	-7.6%	(2,512)	(2,416)	(96)	-4.0%
Total EBITDA	10,917	8,583	2,334	27.2%	21,639	17,522	4,117	23.5%
EBITDA Margins (2):								
Riviera Las Vegas	20.4%	17.7%	2.7%		20.4%	18.7%	1.7%	
Riviera Black Hawk	31.9%	28.5%	3.4%		32.1%	27.2%	4.9%	
Consolidated	20.7%	17.8%	2.9%		21.0%	18.3%	2.7%	
Net Income (Loss)	\$ 829	\$ (2,436)	\$3,265		\$ 1,369	\$ (4,595)	\$5,964	
EARNINGS (LOSS) PER SHARE DATA:								
Shares used in calculating net income (loss) per common share:								
Basic	3,488	3,474	14		3,487	3,471	16	
Diluted	3,672	3,474	198		3,610	3,471	139	
Net Income (loss) per common share								
Basic	\$ 0.24	\$ (0.70)	\$ 0.94		\$ 0.39	\$ (1.32)	\$ 1.71	
Diluted	\$ 0.23	\$ (0.70)	\$ 0.93		\$ 0.38	\$ (1.32)	\$ 1.70	

- (1) EBITDA consists of earnings before interest, income taxes, depreciation, and amortization, as shown in the reconciliation to net income (loss) in the tables of this release. EBITDA is presented solely as a supplemental disclosure because management believes that it is 1) a widely used measure of operating performance in the gaming industry, and 2) a principal basis for valuation of gaming companies by certain investors. Management uses property-level EBITDA (EBITDA before corporate expense) as the primary measure of the Company's business segment properties' performance, including the evaluation of operating personnel. EBITDA should not be construed as an alternative to operating income as an indicator of the Company's operating performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as any other measure determined in accordance with generally accepted accounting principles. The Company has significant uses of cash flows, including capital expenditures, interest payments and debt principal repayments, which are not reflected in EBITDA. Also, other gaming companies that report EBITDA information may calculate EBITDA in a different manner than the Company. A reconciliation of EBITDA to net income (loss) is included in the financial schedules accompanying this release.
- (2) EBITDA margins represent EBITDA divided by Net Revenues

Riviera Holdings Corporation

Reconciliation of Operating Income (Loss) to EBITDA:

000's	Income (Loss)	Income Tax	Interest (Income) & Expense	Operating Income	Depreciation	Management Fee	EBITDA
Second Quarter 2004:							
Riviera Las Vegas	\$ 4,006	\$ 2,130	\$ 35	\$ 6,171	\$ 2,357	\$ (472)	\$ 8,056
Riviera Black Hawk	805	-	1,991	2,796	997	472	\$ 4,265
Corporate	<u>(3,982)</u>	<u>(2,130)</u>	<u>4,708</u>	<u>(1,404)</u>	<u>-</u>	<u>-</u>	<u>(1,404)</u>
	\$ 829	\$ -	\$ 6,734	\$ 7,563	\$ 3,354	\$ -	\$ 10,917

Second Quarter 2003:

Riviera Las Vegas	\$ 2,317	\$ 1,343	\$ 43	\$ 3,703	\$ 3,059	\$ (384)	\$ 6,378
Riviera Black Hawk	(22)	-	2,056	2,034	1,092	384	3,510
Corporate	<u>(4,731)</u>	<u>(1,343)</u>	<u>4,769</u>	<u>(1,305)</u>	<u>-</u>	<u>-</u>	<u>(1,305)</u>
	\$ (2,436)	\$ -	\$ 6,868	\$ 4,432	\$ 4,151	\$ -	\$ 8,583

Six Months Ended June 30, 2004:

Riviera Las Vegas	\$ 7,642	\$ 4,114	\$ 87	\$ 11,843	\$ 4,724	\$ (924)	\$ 15,643
Riviera Black Hawk	1,608	-	3,998	5,606	1,978	924	8,508
Corporate	<u>(7,881)</u>	<u>(4,114)</u>	<u>9,483</u>	<u>(2,512)</u>	<u>-</u>	<u>-</u>	<u>(2,512)</u>
	\$ 1,369	\$ -	\$ 13,568	\$ 14,937	\$ 6,702	\$ -	\$ 21,639

Six Months Ended June 30, 2003:

Riviera Las Vegas	\$ 4,980	\$ 2,888	\$ 85	\$ 7,953	\$ 6,180	\$ (730)	\$ 13,403
Riviera Black Hawk	(512)	-	4,116	3,604	2,201	730	6,535
Corporate	<u>(9,063)</u>	<u>(2,888)</u>	<u>9,535</u>	<u>(2,416)</u>	<u>-</u>	<u>-</u>	<u>(2,416)</u>
	\$ (4,595)	\$ -	\$ 13,736	\$ 9,141	\$ 8,381	\$ -	\$ 17,522

Balance Sheet Summary
(\$ in 000's)

	June 30, 2004	Dec. 31, 2003
Cash and short term investments	\$19,679	\$ 19,344
Total current assets	28,495	27,361
Property and equipment, net	179,151	180,293
Total assets	220,887	221,538
Total current liabilities	28,701	29,788
Long-term debt, net of current portion	215,547	215,875
Total shareholders' (deficiency) equity	(28,613)	(30,037)

RIVIERA HOLDINGS CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ In 000's except per share data)	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2004	2003	2004	2003
Revenues:				
Casino	\$ 29,550	\$ 27,091	\$ 56,629	\$ 53,468
Rooms	11,679	11,229	24,217	22,454
Food and beverage	9,066	8,529	17,866	16,542
Entertainment	5,571	4,471	10,227	8,870
Other	2,119	2,059	4,166	4,010
Total	57,985	53,379	113,105	105,344
Less promotional allowances	5,191	5,051	9,851	9,525
Net revenues	52,794	48,328	103,254	95,819
COSTS AND EXPENSES:				
Direct costs and expenses of operating departments:				
Casino	13,782	13,897	27,336	27,967
Rooms	6,656	6,491	13,020	12,344
Food and beverage	6,166	5,749	11,967	11,053
Entertainment	3,725	2,919	6,777	5,875
Other	724	709	1,439	1,358
Other operating expenses:				
General and administrative	10,824	9,980	21,076	19,700
Depreciation and amortization	3,354	4,151	6,702	8,381
Total costs and expenses	45,231	43,896	88,317	86,678
INCOME FROM OPERATIONS	7,563	4,432	14,937	9,141
OTHER INCOME (EXPENSE):				
Interest expense	(6,738)	(6,879)	(13,578)	(13,760)
Interest income	4	11	10	24
Other, net	-	-	-	-
Total other income (expense)	(6,734)	(6,868)	(13,568)	(13,736)
NET INCOME (LOSS)	\$ 829	\$ (2,436)	\$ 1,369	\$ (4,595)
EARNINGS PER SHARE DATA:				
Shares used in calculating net income (loss) per common share:				
Basic	3,488	3,474	3,487	3,471
Diluted	3,672	3,474	3,610	3,471
Net Income (loss) per common share				
Basic	\$ 0.24	\$ (0.70)	\$ 0.39	\$ (1.32)
Diluted	\$ 0.23	\$ (0.70)	\$ 0.38	\$ (1.32)

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