

Riviera Holdings Corporation

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FOR IMMEDIATE RELEASE:

RIVIERA REPORTS 300% INCREASE IN NET INCOME FOR FIRST QUARTER 2005

LAS VEGAS, NV – April 26, 2005 -- Riviera Holdings Corporation (AMEX: RIV) today reported record financial results for the first quarter ended March 31, 2005. Net revenues for the quarter were \$52.5 million, up \$2.0 million or 4.0 percent from the first quarter of 2004. Income from operations was \$8.8 million, up \$1.4 million from the first quarter of 2004. Adjusted EBITDA ⁽¹⁾ was \$11.6 million, up \$913,000 or 8.5 percent from the first quarter of 2004 and a record for any quarter in the Company's history. Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, equity compensation, asset impairment and mergers, acquisitions and development costs, as shown in the reconciliation to net income in the tables of this release (See also Notes 1 and 2 to the Financial Summary Table). Net income for the quarter was up 300 percent to \$2.1 million or \$0.18 per diluted share compared with net income of \$540,000 or \$0.05 per diluted share in the first quarter of 2004.

First Quarter 2005 Highlights

- Riviera Las Vegas revenues were up \$2.0 million or 5.4 percent
- Riviera Las Vegas EBITDA was up \$1.3 million or 16.7 percent
- Riviera Black Hawk revenues were comparable to the first quarter of 2004
- Riviera Black Hawk EBITDA was down \$304,000 or 7.2 percent
- Riviera Las Vegas occupancy was 94 percent compared to 95 percent in the first quarter of 2004, ADR (Average Daily Rate) increased \$6 to \$73 and RevPar (Revenue Per Available Room) increased \$5 to \$68
- The Company has \$24.8 million in cash plus a \$30 million revolver

Riviera Las Vegas

Robert Vannucci, President of Riviera Las Vegas, said, "Our Las Vegas property had an excellent first quarter. Our first quarter revenue increases were driven by a 7.1 percent increase in room revenues, a 5.5 percent increase in gross gaming revenues and a 4.9 percent increase in entertainment revenues.

"Room revenue increases were attributable to overall ADR increases of 8.8 percent. Tour and travel room rates increased 10 percent, convention occupancy increased from 29.5 percent in the first quarter of last year to 32.5 percent this quarter. We anticipate that demand will continue to increase with the opening of the new Wynn property on April 28, 2005, the Las Vegas centennial celebrations and our own 50th anniversary celebration in April.

“Entertainment revenues increased due to a 15 percent increase in average show ticket price from \$30 in the first quarter of 2004 to \$35 in the first quarter of 2005.

“EBITDA in Las Vegas increased by \$1.3 million or 16.7 percent as we achieved double-digit growth for the second straight quarter. Revenue increases combined with controlled increases in marketing and operating costs produced an EBITDA margin of 22.5 percent versus 20.3 percent for the same period last year.

“As we have stated in the past, Riviera Las Vegas is located on 26 acres of prime real estate on the north end of the Las Vegas Strip. We anticipate that our location will benefit from the continued expansion of the Las Vegas Convention Center and the development of new casinos, hotels and luxury condominiums in the near term. Recent land transactions on or near the Las Vegas Strip are indicators that our land 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, “First quarter net revenue of \$13.1 million was essentially the same as last year’s first quarter. EBITDA for the quarter of \$3.9 million was down \$304,000 from last year’s first quarter. EBITDA margin of 30.0 percent was down 2.3 percentage points from the same period last year.

“First quarter gaming revenue increases were offset by increased marketing and promotional expense, resulting in the flat net revenues experienced in the first quarter. We increased our promotional expense in an effort to counter the increased promotional expense associated with the opening of a major expansion by one of our competitors in Black Hawk and the opening of two new casinos in Central City.

“Although the Black Hawk/Central City market’s gaming revenues grew by 3.7 percent in the first quarter, all of the growth came from Central City. Central City continues to benefit from the new access road, which opened in late February of last year, and from the opening of two new casinos. New casino openings tend to temporarily have a negative impact on existing casinos as established casino customers try their luck at the new casinos in the short term. Consequently, we expect that market conditions will return to normal in the second quarter.”

Consolidated Operations

William L. Westerman, Chairman of the Board, said, “We are pleased that our financial performance continued to increase in the first quarter of 2005. The Las Vegas market continues to grow beyond most analysts’ expectations and Strip land values are appreciating at a rapid rate.

“Last week saw a full array of celebrations commemorating the opening of Riviera Las Vegas on April 20, 1955. The property’s excellent first quarter operating results provided a great exclamation point to the conclusion of our festivities.

“In Black Hawk, we chose to invest the necessary marketing dollars to maintain our competitive position in that market, responding to the promotional activity undertaken as the result of a major expansion by one of our key competitors. This adversely affected Black Hawk’s performance in the first quarter, but was a necessary investment in our future.

“With our financial advisor, Jefferies & Company, we continue to explore strategies to maximize shareholder value.”

Conference Call Information

In conjunction with the release of first quarter 2005 financial results, Riviera will broadcast a conference call at 2 p.m. Eastern Standard Time on Tuesday, April 26, 2005. Investors can listen to the call via the Internet at <http://phx.corporate-ir.net/playerlink.zhtml?c=96408&s=wm&e=1035338> or www.theriviera.com, or by dialing 800-481-7713. The conference call rebroadcast will be available by dialing 888-203-1112, code 4062073.

Safe Harbor Statement

The forward-looking statements included in this news release, which reflect our best judgment based on factors currently known to it, involve risks and uncertainties including the results of our previously announced strategic plan to maximize shareholder value, expansion and modernization objectives and timetables, hotel and casino market conditions, financing requirements, interest rates, regulatory requirements and other risks and uncertainties detailed from time to time in filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the year ended December 31, 2004. 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’s stock is listed on the American Stock Exchange (“AMEX”) under the symbol RIV.

— Tables Follow —

Riviera Holdings Corporation and Subsidiaries

Financial Summary

(\$ in 000's, except per share amounts)	<u>Three Months Ended March 31</u>			
	<u>2005</u>	<u>2004</u>	<u>Var</u>	<u>%Var</u>
Net Revenues:				
Riviera Las Vegas	\$ 39,347	\$ 37,323	\$ 2,024	5.4%
Riviera Black Hawk	13,117	13,137	(20)	-0.2%
Total Net Revenues	52,464	50,460	2,004	4.0%
Operating Income:				
Riviera Las Vegas	7,108	5,672	1,436	24.8%
Riviera Black Hawk	2,390	2,810	(420)	-14.9%
Mergers, acquisitions and development costs, net	667	0	667	
Equity Compensation - Restricted Stock	(53)	0	(53)	
Asset Impairment - Monorail	(198)	0	(198)	
Corporate Expenses	(1,157)	(1,108)	(49)	-4.4%
Total Operating Income	8,757	7,374	1,383	18.8%
Adjusted EBITDA (1):				
Riviera Las Vegas	8,853	7,587	1,266	16.7%
Riviera Black Hawk	3,939	4,243	(304)	-7.2%
Corporate Expenses	(1,157)	(1,108)	(49)	-4.4%
Total EBITDA	11,635	10,722	913	8.5%
Adjusted EBITDA Margins (2):				
Riviera Las Vegas	22.5%	20.3%	2.2%	
Riviera Black Hawk	30.0%	32.3%	-2.3%	
Consolidated	22.2%	21.2%	0.9%	
Net income	\$ 2,138	\$ 540	\$ 1,598	300%
Weighted average basic shares outstanding (3)	11,781	10,455	1,326	13%
Basic earnings per share (3)	\$ 0.18	\$ 0.05	\$ 0.13	251%
Weighted average diluted shares outstanding (3)	12,070	10,644	1,426	13%
Diluted earnings per share (3)	\$ 0.18	\$ 0.05	\$ 0.13	251%

- (1) Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, equity compensation, asset impairment and mergers, acquisitions and development costs, net, as shown in the reconciliation to net income (loss) in the tables of this release. In 2004, we entered into confidential discussions regarding a potential sale of our company to a third party. Discussions with one third party, which commenced in 2004, ended in 2005 and we retained a one million dollar fee paid to us by that third party. Such amount is reflected in mergers, acquisitions and developments costs, net. Adjusted 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 (earnings before interest, income taxes, depreciation, amortization and corporate expense) as the primary measure of the Company's business segment properties' performance, including the evaluation of operating personnel. Adjusted 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 Adjusted EBITDA. Also, other gaming companies that report Adjusted EBITDA information may calculate Adjusted EBITDA in a different manner than the Company. A reconciliation of Adjusted EBITDA to net income (loss) is included in the financial schedules accompanying this release.

- (2) Adjusted EBITDA margins represent Adjusted EBITDA divided by Net Revenues
- (3) These amounts have been adjusted to reflect the Company's three-for-one common stock split on March 11, 2005.

Riviera Holdings Corporation and Subsidiaries

Reconciliation of Operating Income (Loss) to Adjusted EBITDA:

Mergers,

(\$ In 000's)	Net Income <u>(Loss)</u>	Interest Income & <u>(Expense, net)</u>	Operating Income <u>(Loss)</u>	Depr- ciation	Asset Impairment <u>Monorail</u>	Equity Compen- sation	Acquisitions & Development <u>Costs, net</u>	Manage- ment <u>Fee</u>	Adjusted <u>EBITDA</u>
First Quarter 2005:									
Riviera Las Vegas	\$ 7,109	\$ 1	\$ 7,108	\$ 2,256				\$ (511)	\$ 8,853
Riviera Black Hawk	453	(1,937)	2,390	1,038				511	3,939
Corporate	<u>(5,424)</u>	<u>(4,683)</u>	<u>(741)</u>	-	198	53	(667)	-	<u>(1,157)</u>
	\$ 2,138	\$ (6,619)	\$ 8,757	\$ 3,294	\$ 198	\$ 53	\$ (667)	\$ -	\$ 11,635
First Quarter 2004:									
Riviera Las Vegas	\$ 5,620	\$ (52)	\$ 5,672	\$ 2,367				\$ (452)	\$ 7,587
Riviera Black Hawk	803	(2,007)	2,810	981				452	4,243
Corporate	<u>(5,883)</u>	<u>(4,775)</u>	<u>(1,108)</u>	-	-	-	-	-	<u>(1,108)</u>
	\$ 540	\$ (6,834)	\$ 7,374	\$ 3,348	\$ -	\$ -	\$ -	\$ -	\$ 10,722

Balance Sheet Summary

(\$ in 000's)	Mar 31, 2005	Dec 31, 2004
Cash and short term investments	\$24,785	\$18,886
Total current assets	35,481	28,933
Property and equipment, net	176,291	177,115
Total assets	222,854	217,536
Total current liabilities	30,876	27,596
Long-term debt, net of current portion	214,896	215,026
Total shareholders' equity (deficiency)	(26,813)	(29,293)

RIVIERA HOLDINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ In 000's except per share amounts)	Three Months Ended	
	March 31	
	2005	2004
Revenues:		
Casino	\$ 27,483	\$ 27,079
Rooms	13,425	12,538
Food and beverage	8,843	8,800
Entertainment	4,882	4,656
Other	2,037	2,047
Total	56,670	55,120
Less promotional allowances	4,206	4,660
Net revenues	52,464	50,460
COSTS AND EXPENSES:		
Direct costs and expenses of operating departments:		
Casino	14,442	13,554
Rooms	6,558	6,364
Food and beverage	6,053	5,801
Entertainment	3,669	3,052
Other	680	715
Other operating expenses:		
General and administrative	9,427	10,252
Mergers, acquisitions and development costs, net	(667)	0
Equity Compensation - Restricted Stock	53	0
Asset Impairment - Monorail	198	0
Depreciation and amortization	3,294	3,348
Total costs and expenses	43,707	43,086
INCOME FROM OPERATIONS	8,757	7,374
OTHER INCOME (EXPENSE):		
Interest expense	(6,659)	(6,840)
Interest income	40	6
Total other income (expense)	(6,619)	(6,834)
NET INCOME (LOSS)	\$ 2,138	\$ 540
EARNINGS PER SHARE DATA:		
Weighted average common shares	11,781	10,455
Basic earnings per share	\$ 0.18	\$ 0.05
Weighted average common & common equivalent shares	12,070	10,644
Diluted earnings per share	\$ 0.18	\$ 0.05

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