

Riviera Holdings Corporation

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FOR IMMEDIATE RELEASE:

RIVIERA REPORTS SECOND QUARTER 2005 RESULTS

LAS VEGAS, NV – August 9, 2005 -- Riviera Holdings Corporation (AMEX: RIV) today reported financial results for the second quarter ended June 30, 2005. Net revenues for the quarter were \$53.3 million, up \$463,000 or 0.9 percent from the second quarter of 2004. Income from operations was \$5.6 million, down \$2.0 million from the second quarter of 2004. Adjusted EBITDA ⁽¹⁾ was \$10.6 million, down \$359,000 or 3.3 percent from the second quarter of 2004. Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, equity compensation, asset impairment, Sarbanes Oxley expenses and mergers, acquisitions and development costs, as shown in the reconciliation to net income in the tables of this release (See Notes 1 and 2 to the Financial Summary Table). The net loss for the quarter was \$1.0 million, or \$0.08 per diluted share, compared to net income of \$829,000, or \$0.08 per diluted share, in the second quarter of 2004.

Net revenues for the first six months of 2005 were \$105.7 million, up \$2.5 million or 2.4 percent from the first six months of 2004. Income from operations was \$14.4 million, down \$573,000 from the first half of 2004. Adjusted EBITDA ⁽¹⁾ was \$22.2 million, up \$554,000 or 2.6 percent from the first half of 2004, a record for any six-month period in the Company's history. Net income for the first six months of 2005 was \$1.1 million, or \$0.09 per diluted share, compared with net income of \$1.4 million, or \$0.13 per diluted share, in the first half of 2004.

Second Quarter 2005 Highlights

- Riviera Las Vegas revenues were up \$1.1 million or 2.7 percent
- Riviera Las Vegas occupancy was 94.5 percent compared to 95.3 percent in the second quarter of 2004, ADR (Average Daily Rate) increased \$10 to \$73 and RevPar (Revenue Per Available Room) increased \$9 to \$69
- Riviera Las Vegas EBITDA was down \$440,000 or 5.5 percent
- Riviera Black Hawk revenues were down \$601,000 or 4.5 percent
- Riviera Black Hawk EBITDA was down \$177,000 or 4.2 percent
- The Company has \$20.7 million in cash plus a \$30 million revolver, after making its semi-annual bond interest on June 15, 2005

Riviera Las Vegas

Robert Vannucci, President of Riviera Las Vegas, said, "Our Las Vegas property followed the surge of increased room rates on the Las Vegas Strip, as ADR was up 16.6 percent during the quarter and has continued to grow into the third quarter of 2005. In the past, the Riviera was not able to increase room rates as quickly as some of our competitors at the south end of the Strip. As new development moves north, we anticipate that we will be

able to accelerate our room rate increases with minimal impact to our high rate of hotel occupancy. During the quarter, conventions and groups occupied 41.5 percent of our rooms. While these guests pay higher room rates, their gaming profile is lower than that of our leisure customers. We initiated free slot play programs to attract slot players from our competitors and enhance the play of our in house guests. This resulted in higher gross slot revenues; however, after deducting the free slot play, slot revenues were down for the quarter. We are reviewing our marketing programs and efforts to obtain the best mix of hotel guests that will increase our overall bottom line. Entertainment tickets sold to cash customers were down 25 percent in the quarter. This impacts the volume of traffic in the casino and, as a result, slot win.

“During the second quarter of 2005 we incurred expenses of approximately \$500,000 related to our 50th anniversary promotions. We do not often engage in institutional advertising, but we believed that this event was important to keep our brand name in the media and for future benefit to the Company.

“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, which is less than \$1 million per acre.”

Riviera Black Hawk

Ron Johnson, President of Riviera Black Hawk, said, “Second quarter net revenue of \$12.8 million was down \$601,000 or 4.5 percent from last year’s second quarter. EBITDA for the quarter of \$4.1 million was down \$177,000 or 4.2 percent from last year’s second quarter. EBITDA margin of 32.0 percent was up slightly from the same period last year.

“Second quarter results were negatively impacted by a rock slide in June that closed Highway 6 between the city of Golden and the intersection of Highway 119 and Highway 6, approximately 10 miles east of Black Hawk. Although there are four routes to the Black Hawk/Central City area, Highway 6-119 through Golden is the preferred route taken by most gaming patrons. A portion of Highway 6 remains closed and is not expected to reopen until sometime in late September.

“Net revenues for the first six months of 2005 were \$25.9 million, down \$621,000 or 2.3 percent from the first six months last year. EBITDA for the first six months of 2005 was \$8.0 million, down \$481,000 or 5.7 percent from the first six months in 2004. EBITDA margin for the first six months was 31.0 percent or 1.1 percentage points lower than the first six months last year.”

Consolidated Operations

William L. Westerman, Chairman of the Board, said, “We are disappointed that in the second quarter we did not maintain our trend of reporting record results. However, we are pleased that, thanks to our great first quarter performance, we still achieved a record for the first six months of 2005.

“Prior to the rockslide in June, Black Hawk’s EBITDA for the second quarter was running ahead of last year. The Black Hawk team is working aggressively to minimize the effect of the closing of a portion of Highway 6, but we must be realistic and expect the situation to adversely affect Black Hawk’s earnings in the third quarter. As we move through the third quarter, our team members are working hard to mitigate the situation in Colorado and take advantage of the continuing strong market in Las Vegas and to sustain our revenue and cash flow.

“In April, Riviera Las Vegas celebrated its 50th anniversary. We undertook a special promotional effort, which was well received by our long-time customers, our employees and the community. We incurred expenses of approximately \$500,000, which were not offset by additional revenues. Las Vegas would have been even or a little ahead of last year, except for this special one-time expense.

“Development of the north end of the Las Vegas Strip continues unabated. Since our last earnings release, ground has been broken on three new condominium projects in our neighborhood.

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

Conference Call Information

In conjunction with the release of second quarter 2005 financial results, Riviera will broadcast a conference call at 2 p.m. Eastern Daylight Time on Tuesday, August 9, 2005. Investors can listen to the call via the Internet at <http://phx.corporate-ir.net/playerlink.zhtml?c=96408&s=wm&e=1092096> or www.theriviera.com or by dialing 800-500-3170. The conference call rebroadcast is available at 888-203-1112, code 3866405.

Forward –Looking Statements

The forward-looking statements in this news release, which reflect our best judgment based on factors currently known to us, involve significant 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 reports on Form 10-K and quarterly reports on Form 10-Q. Our actual results may differ materially from what is expressed or implied in our forward-looking statements. We do not plan to update our forward-looking statements even though our situation or plans may change in the future, unless applicable law requires us to do so.

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

Financial Summary

(\$ in 000s except per share amounts)	Three Months Ended June 30				Six Months Ended June 30			
	2005	2004	Var	%Var	2005	2004	Var	%Var
Net Revenues:								
Riviera Las Vegas	\$ 40,501	\$39,437	\$ 1,064	2.7%	\$ 79,848	\$ 76,760	\$3,088	4.0%
Riviera Black Hawk	12,756	13,357	(601)	-4.5%	25,873	26,494	(621)	-2.3%
Total Net Revenues	53,257	52,794	463	0.9%	105,721	103,254	2,467	2.4%
Operating Income:								
Riviera Las Vegas	5,647	6,171	(524)	-8.5%	12,755	11,843	912	7.7%
Riviera Black Hawk	2,473	2,796	(323)	-11.6%	4,863	5,606	(743)	-13.3%
Corporate Expenses								
Equity Compensation	(932)	0	(932)		(985)	0	(985)	
Other Corporate Expenses	(1,146)	(1,404)	258	18.4%	(2,303)	(2,512)	209	8.3%
Mergers, Acquisitions and Development Costs, net	(165)	0	(165)		502	0	502	
Sarbanes Oxley Expenses	(270)	0	(270)		(270)	0	(270)	
Asset Impairment	0	0	0		(198)	0	(198)	
Total Operating Income	5,607	7,563	(1,956)	-25.9%	14,364	14,937	(573)	-3.8%
Adjusted EBITDA (1):								
Riviera Las Vegas	7,616	8,056	(440)	-5.5%	16,469	15,643	826	5.3%
Riviera Black Hawk	4,088	4,265	(177)	-4.2%	8,027	8,508	(481)	-5.7%
Corporate Expenses	(1,146)	(1,404)	258	18.4%	(2,303)	(2,512)	209	8.3%
Total EBITDA	10,558	10,917	(359)	-3.3%	22,193	21,639	554	2.6%
Adjusted EBITDA Margins (2):								
Riviera Las Vegas	18.8%	20.4%	-1.6%		20.6%	20.4%	0.2%	
Riviera Black Hawk	32.0%	31.9%	0.1%		31.0%	32.1%	-1.1%	
Consolidated	19.8%	20.7%	-0.9%		21.0%	21.0%	0.0%	
Net income	\$ (1,003)	\$ 829	\$(1,832)		\$ 1,135	\$ 1,369	\$(234)	
EARNINGS PER SHARE DATA:								
Weighted average basic shares outstanding	12,182	10,464	1,718		11,986	10,461	1,525	
Basic earnings per share	\$ (0.08)	\$ 0.08	\$(0.16)		\$ 0.09	\$ 0.13	\$(0.04)	
Weighted average diluted shares outstanding	12,456	11,016	1,440		12,267	10,830	1,437	
Diluted earnings per share	\$ (0.08)	\$ 0.08	\$(0.16)		\$ 0.09	\$ 0.13	\$(0.03)	

- (1) Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, equity compensation, asset impairment, Sarbanes Oxley expenses 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 such party, which commenced in 2004, ended in 2005, and we retained a \$1 million fee paid to us by that party. Such amount is reflected in mergers, acquisitions and developments costs, net. Adjusted EBITDA is presented solely as a supplemental disclosure because we believe 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. We use 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 our 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. We have 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 EBITDA or Adjusted EBITDA information may calculate it in a different manner than we do. 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 our three-for-one common stock split on March 11, 2005.

Riviera Holdings Corporation

Reconciliation of Net Income (Loss) to Adjusted EBITDA:

	Income (Loss)	Income Tax	Net Interest (Expense)	Operating Income	Deprec- iation	Asset Impairment	Sarbanes Oxley Expenses	Equity Compen- sation	Development & Project Costs, net	Manage- ment Fee	Adjusted EBITDA
Second Quarter 2005:											
Riviera Las Vegas	\$ 5,649	\$ -	\$ 2	\$ 5,647	\$ 2,481					\$ (512)	\$ 7,616
Riviera Black Hawk	543	-	(1,930)	2,473	1,103					512	\$ 4,088
Corporate	<u>(7,195)</u>	<u>-</u>	<u>(4,682)</u>	<u>(2,513)</u>	<u>-</u>	<u>-</u>	<u>270</u>	<u>932</u>	<u>165</u>	<u>-</u>	<u>(1,146)</u>
	\$ (1,003)	\$ -	\$ (6,610)	\$ 5,607	\$ 3,584	\$ -	\$ 270	\$ 932	\$ 165	\$ -	\$ 10,558

Second Quarter 2004:

Riviera Las Vegas	\$ 6,136	\$ -	\$ (35)	\$ 6,171	\$ 2,357					\$ (472)	\$ 8,056
Riviera Black Hawk	805	-	(1,991)	2,796	997					472	4,265
Corporate	<u>(6,112)</u>	<u>-</u>	<u>(4,708)</u>	<u>(1,404)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,404)</u>
	\$ 829	\$ -	\$ (6,734)	\$ 7,563	\$ 3,354	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,917

Six Months Ended June 30, 2005:

Riviera Las Vegas	\$12,758	\$ -	\$ 3	\$ 12,755	\$ 4,737					\$ (1,023)	\$ 16,469
Riviera Black Hawk	996	-	(3,867)	4,863	2,141					1,023	8,027
Corporate	<u>(12,619)</u>	<u>-</u>	<u>(9,365)</u>	<u>(3,254)</u>	<u>-</u>	<u>198</u>	<u>270</u>	<u>985</u>	<u>(502)</u>	<u>-</u>	<u>(2,303)</u>
	\$ 1,135	\$ -	\$ (13,229)	\$ 14,364	\$ 6,878	\$ 198	\$ 270	\$ 985	\$ (502)	\$ -	\$ 22,193

Six Months Ended June 30, 2004:

Riviera Las Vegas	\$11,756	\$ -	\$ (87)	\$ 11,843	\$ 4,724					\$ (924)	\$ 15,643
Riviera Black Hawk	1,608	-	(3,998)	5,606	1,978					924	8,508
Corporate	<u>(11,995)</u>	<u>-</u>	<u>(9,483)</u>	<u>(2,512)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,512)</u>
	\$ 1,369	\$ -	\$ (13,568)	\$ 14,937	\$ 6,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 21,639

Balance Sheet Summary (\$ in 000's)

	June 30, 2005	Dec 31, 2004
Cash and short term investments	\$20,723	\$18,886
Total current assets	29,511	28,932
Property and equipment, net	176,128	177,115
Total assets	216,290	217,536
Total current liabilities	24,625	27,599
Long-term debt, net of current portion	214,822	215,026
Total shareholders' equity (deficiency)	(26,796)	(29,292)

RIVIERA HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

<i>(In thousands, except per share amounts)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
REVENUES:	2005	2004	2005	2004
Casino	28,577	29,550	56,060	56,629
Rooms	13,770	11,679	27,195	24,217
Food and Beverage	9,368	9,066	18,211	17,866
Entertainment	4,230	5,571	9,112	10,227
Other	2,248	2,119	4,285	4,166
Total Revenues	58,193	57,985	114,863	113,105
Less Promotional Allowances	4,936	5,191	9,142	9,851
Net Revenues	53,257	52,794	105,721	103,254
COSTS AND EXPENSES:				
Direct Costs and Expenses of Operating Departments:				
Casino	14,996	13,782	28,860	27,336
Rooms	7,196	6,656	13,754	13,020
Food and Beverage	6,581	6,166	12,634	11,967
Entertainment	3,525	3,725	7,195	6,777
Other	814	724	1,493	1,439
Other Operating Expenses:				
General and Administrative:				
Equity Compensation	932	0	985	0
Other General and Administrative	9,587	10,476	19,592	20,728
Mergers, Acquisitions and Development Costs, Net	165	348	(502)	348
Sarbanes Oxley Expenses	270	0	270	0
Asset Impairment	0	0	198	0
Depreciation and Amortization	3,584	3,354	6,878	6,702
Total Costs and Expenses	47,650	45,231	91,357	88,317
INCOME FROM OPERATIONS	5,607	7,563	14,364	14,937
OTHER (EXPENSES) INCOME :				
Interest Expense	(6,654)	(6,738)	(13,313)	(13,578)
Interest Income	44	4	84	10
Total Other Expenses	(6,610)	(6,734)	(13,229)	(13,568)
(LOSS) BEFORE PROVISION (BENEFIT) FOR INCOME TAXES	(1,003)	829	1,135	1,369
(BENEFIT) FOR INCOME TAXES	0	0	0	0
NET (LOSS)	\$ (1,003)	\$ 829	\$ 1,135	\$ 1,369
INCOME (LOSS) PER SHARE DATA:				
Income (Loss) Per Share:				
Basic	\$ (0.08)	\$ 0.08	\$ 0.09	\$ 0.13
Diluted	\$ (0.08)	\$ 0.08	\$ 0.09	\$ 0.13
Weighted-Average Common Shares Outstanding	12,182	10,464	11,986	10,461
Weighted-Average Common and Common Equivalent Shares	12,182	11,016	12,267	10,830

See notes to condensed consolidated financial statements

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