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FOR IMMEDIATE RELEASE:

RIVIERA REPORTS RESULTS FOR SECOND QUARTER 2006

LAS VEGAS, NV – July 28, 2006 -- Riviera Holdings Corporation (AMEX: RIV) today reported financial results for the three month and six month periods ended June 30, 2006. Net revenues for the quarter were \$52.4 million, down \$820,000 or 1.5 percent from the second quarter of 2005. Income from operations was \$6.9 million, up \$1.3 million or 23 percent from the second quarter of 2005. Included in operating income in the second quarter of 2006 was \$190,000 in equity-based compensation costs related to stock option expense compared to \$932,000 in 2005. Adjusted EBITDA ⁽¹⁾ was \$11.1 million in the second quarter of 2006 compared to \$10.6 million in 2005. Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, equity-based compensation, asset impairments, Sarbanes-Oxley Act expenses and mergers, acquisitions and development costs, as shown in the reconciliation with net income in the tables of this release (See Notes 1 and 2 to the Financial Summary table). Net income for the quarter was \$418,000, or \$0.03 per share, up \$1.4 million from the second quarter of 2005 when the Company had a net loss of \$1.0 million.

Second Quarter 2006 Developments

Riviera Black Hawk net revenue was consistent with 2005
Riviera Black Hawk EBITDA was down \$372,000 or 9.1 percent
Riviera Las Vegas net revenue was down \$839,000 or 2.1 percent
Riviera Las Vegas EBITDA was up \$734,000 or 9.6 percent
The Company has \$25 million in cash plus a \$30 million revolver

Six Months Ended June 30, 2006

Net revenues for the six months ended June 30, 2006 were \$104.1 million, down \$1.6 million or 1.5 percent from the same period in 2005. Income from operations was \$14.7 million, up \$320,000 or 2.2 percent from the 2005 period. Adjusted EBITDA ⁽¹⁾ was \$22.7 million, up \$485,000 or 2.2 percent from the 2005 period.

Net income for the six months ended June 30, 2006 was \$1.7 million, or \$0.14 per share, compared to net income of \$1.1 million, or \$0.09 per share for the six months ended June 30, 2005.

First Six Months of 2006 Developments

Riviera Black Hawk net revenue was up \$165,000 or 0.6 percent
Riviera Black Hawk EBITDA was down \$123,000 or 1.5 percent
Riviera Las Vegas net revenue was down \$1.8 million or 2.2 percent
Riviera Las Vegas EBITDA was up \$348,000 or 2.1 percent

Riviera Las Vegas

“Our Las Vegas property had a solid second quarter. Although revenue comparisons to the same period in the prior year are down 2.1 percent, EBITDA increased \$734,000, or 9.6 percent. Second quarter slot revenues increased \$914,000 or 7.2 percent over the same quarter in 2005. Slot revenues increased due to revised marketing programs and the success of our aggressive marketing of Westward Ho customers,” commented Robert Vannucci, President of Riviera Las Vegas.

Room revenue increases were attributable to increases in the ADR (Average Daily Rate). ADR for the second quarter of 2006 was \$75.99, an increase of \$2.95, or 4.0 percent over 2005. RevPar (Revenue Per Available Room) increased \$3.18, or 4.6 percent. “EBITDA in Las Vegas increased \$734,000, or 9.6 percent. Revenue increases in our slots and room divisions combined with revisions in our gaming marketing, entertainment operations and other controlled operating costs produced an EBITDA margin of 21.1 percent compared to 18.8 percent in the same quarter of 2005,” said Mr. Vannucci.

Riviera Black Hawk

William L. Westerman, the Company’s Chief Executive Officer, said, “We are pleased with the second quarter results in Black Hawk given the competitive pressures in that market. Our EBITDA margin of 29.1 percent remains competitive and provides a good return for the Company. After many delays, the extension of Main Street to Route 119 reopened at the end of June. This means we are the first property on the right-hand side of the road when drivers enter the City of Black Hawk through Main Street.

“We believe the delayed reopening of the Main Street expansion until the end of June and the increase in gas prices affected our second quarter earnings. The additional capacity in the market has not generated additional coin-in. As a result, the competitive environment has already intensified. However, with the reopening of the Main Street expansion, which enhances our excellent location, we expect to continue our strong market position.”

Consolidated Operations

Mr. Westerman, said, “I am pleased that despite the attention that has been devoted to our merger agreement and the upcoming shareholder vote, our team has remained focused on the day-to-day operations of running our Company, enabling, us to achieve financial results consistent with those in 2005.”

Conference Call Information

In conjunction with the release of second quarter 2006 financial results, Riviera will broadcast a conference call at 2 p.m. Eastern Daylight Time today, Friday, July 28, 2006. Investors can listen to the call via the Internet at www.rivierahotel.com or by dialing (888) 889-5345. The conference call rebroadcast will be available at (877) 519-4471, code 7592523.

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 our merger agreement and the upcoming vote on it by our shareholders, hotel and casino market conditions, increases in energy costs, general economic and political conditions, regulatory requirements and other risks and uncertainties detailed from time to time in our filings with the Securities and Exchange Commission. 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 Corporation

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 under the symbol RIV.

— Tables Follow —

Riviera Holdings Corporation and Subsidiaries

Financial Summary

(Amounts in thousands except per share amounts)

	<u>Three Months Ended June 30</u>				<u>Six Months Ended June 30</u>			
	<u>2006</u>	<u>2005</u>	<u>Var</u>	<u>%Var</u>	<u>2006</u>	<u>2005</u>	<u>Var</u>	<u>%Var</u>
Net Revenues:								
Riviera Las Vegas	\$ 39,662	\$40,501	\$ (839)	-2.1%	\$ 78,088	\$ 79,848	\$(1,760)	-2.2%
Riviera Black Hawk	12,775	12,756	19	0.1%	26,038	25,873	165	0.6%
Total Net Revenues	52,437	53,257	(820)	-1.5%	104,126	105,721	(1,595)	-1.5%
Operating Income:								
Riviera Las Vegas	6,567	5,647	920	16.3%	13,209	12,755	454	3.6%
Riviera Black Hawk	2,340	2,473	(133)	-5.4%	5,093	4,863	230	4.7%
Mergers, Acquisitions and Development Costs, net	(761)	(165)	(596)	361.2%	(878)	502	(1,380)	-274.9%
Sarbanes-Oxley Act Expenses	(47)	(270)	223	-82.6%	(275)	(270)	(5)	1.9%
Equity-based Compensation	(190)	(932)	742	-79.6%	(406)	(985)	579	-58.8%
Asset Impairment	(3)	0	(3)	N/A	(16)	(198)	182	-91.9%
Corporate Expenses	(1,011)	(1,146)	135	11.8%	(2,043)	(2,303)	260	11.3%
Total Operating Income	6,895	5,607	1,288	23.0%	14,684	14,364	320	2.2%
Adjusted EBITDA (1):								
Riviera Las Vegas	8,350	7,616	734	9.6%	16,817	16,469	348	2.1%
Riviera Black Hawk	3,716	4,088	(372)	-9.1%	7,904	8,027	(123)	-1.5%
Corporate Expenses	(1,011)	(1,146)	135	11.8%	(2,043)	(2,303)	260	11.3%
Total EBITDA	11,055	10,558	497	4.7%	22,678	22,193	485	2.2%
Adjusted EBITDA Margin (2):								
Riviera Las Vegas	21.1%	18.8%	2.2%		21.5%	20.6%	0.9%	
Riviera Black Hawk	29.1%	32.0%	-3.0%		30.4%	31.0%	-0.7%	
Consolidated	21.1%	19.8%	1.3%		21.8%	21.0%	0.8%	
Net income (loss)	\$ 418	\$ (1,003)	\$ 1,421		\$ 1,698	\$ 1,135	\$ 563	
EARNINGS PER SHARE DATA:								
Weighted average basic shares outstanding	12,040	12,182	(142)		12,001	11,986	15	
Basic earnings (loss) per share	\$ 0.03	\$ (0.08)	\$ 0.11		\$ 0.14	\$ 0.09	\$ 0.05	
Weighted average diluted shares outstanding	12,326	12,182	144		12,271	12,267	4	
Diluted earnings (loss) per share	\$ 0.03	\$ (0.08)	\$ 0.11		\$ 0.14	\$ 0.09	\$ 0.05	

- (1) Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, equity-based compensation, asset impairment, Sarbanes-Oxley Act expenses and mergers, acquisitions and development costs, net, as shown in the reconciliation with net income (loss) in the tables below in this release. In 2004, we entered into confidential discussions regarding a potential sale of our company. Discussions with one potential buyer, 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, for the second quarter of 2005. 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 our business segment properties' performance, including the evaluation of our 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 net income (loss) to Adjusted EBITDA is included in the tables below in this release.
- (2) Adjusted EBITDA margins represent Adjusted EBITDA divided by Net Revenues

Riviera Holdings Corporation and Subsidiaries

Reconciliation of Net Income to Adjusted EBITDA

(Amounts in thousands)

Net					Sarbanes	Equity	Mergers,		
Income	Interest	Operating		Asset	Oxley Act	Based	Acq. & Dev.	Mgmt.	Adjusted
(Loss)	Expense	Income	Deprec.	Impairment	Expense	Comp	Costs, net	Fee	EBITDA

Second Quarter 2006:

Riviera Las Vegas	\$ 6,608	\$ 41	\$ 6,567	\$ 2,209				\$ (426)	\$ 8,350	
Riviera Black Hawk	420	(1,920)	2,340	950				426	3,716	
Corporate	<u>(6,610)</u>	<u>(4,598)</u>	<u>(2,012)</u>	<u>-</u>	<u>3</u>	<u>47</u>	<u>190</u>	<u>761</u>	<u>-</u>	<u>(1,011)</u>
	\$ 418	\$ (6,477)	\$ 6,895	\$ 3,159	\$ 3	\$ 47	\$ 190	\$ 761	\$ -	\$ 11,055

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>(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

Six Months Ended June 30, 2006:

Riviera Las Vegas	\$13,264	\$ 55	\$ 13,209	\$ 4,541				\$ (933)	\$ 16,817	
Riviera Black Hawk	1,261	(3,832)	5,093	1,878				933	7,904	
Corporate	<u>(12,827)</u>	<u>(9,209)</u>	<u>(3,618)</u>	<u>-</u>	<u>16</u>	<u>275</u>	<u>406</u>	<u>878</u>	<u>-</u>	<u>(2,043)</u>
	\$ 1,698	\$ (12,986)	\$ 14,684	\$ 6,419	\$ 16	\$ 275	\$ 406	\$ 878	\$ -	\$ 22,678

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>(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

Balance Sheet Summary

	June 30,	Dec 31,
	2006	2005
Cash and short term investments	\$25,260	\$20,571
Total current assets	32,949	30,797
Property and equipment, net	169,812	171,130
Total assets	211,764	211,769
Total current liabilities	23,696	25,305
Long-term debt, net of current portion	214,369	214,607
Total shareholders' deficiency	(28,908)	(31,269)

RIVIERA HOLDINGS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2006	2005	2006	2005
Revenues:				
Casino	\$ 29,862	\$ 28,577	\$ 56,944	\$ 56,060
Rooms	14,246	13,770	29,089	27,195
Food and beverage	8,746	9,368	17,644	18,211
Entertainment	3,860	4,230	7,541	9,112
Other	1,733	2,248	3,436	4,285
Total	58,447	58,193	114,654	114,863
Less promotional allowances	6,010	4,936	10,528	9,142
Net revenues	52,437	53,257	104,126	105,721
COSTS AND EXPENSES:				
Direct costs and expenses of operating departments:				
Casino	15,222	14,996	29,042	28,860
Rooms	6,895	7,196	13,684	13,754
Food and beverage	6,155	6,581	12,487	12,634
Entertainment	2,793	3,525	5,435	7,195
Other	333	814	799	1,493
Other operating expenses:				
General and administrative	9,984	9,587	20,001	19,592
Mergers, Acquisitions and Development Costs, net	761	165	878	(502)
Sarbanes-Oxley Act Expenses	47	270	275	270
Equity Based Compensation	190	932	406	985
Asset Impairment	3	-	16	198
Depreciation and amortization	3,159	3,584	6,419	6,878
Total costs and expenses	45,542	47,650	89,442	91,357
INCOME FROM OPERATIONS	6,895	5,607	14,684	14,364
Net interest expense	(6,477)	(6,610)	(12,986)	(13,229)
NET INCOME (LOSS)	\$ 418	\$ (1,003)	\$ 1,698	\$ 1,135
EARNINGS PER SHARE DATA:				
Shares used in calculating net income (loss) per common share:				
Basic	12,040	12,182	12,001	11,986
Diluted	12,326	12,182	12,271	12,267
Net Income (loss) per common share				
Basic	\$ 0.03	\$ (0.08)	\$ 0.14	\$ 0.09
Diluted	\$ 0.03	\$ (0.08)	\$ 0.14	\$ 0.09