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**FOR IMMEDIATE RELEASE:**

**RIVIERA REPORTS RECORD RESULTS FOR THIRD QUARTER 2006**

**LAS VEGAS, NV – November 1, 2006** -- Riviera Holdings Corporation (AMEX: RIV) today reported record financial results for the three-month and nine-month periods ended September 30, 2006. Net revenues for the quarter were \$50.3 million, consistent with the net revenues for third quarter of 2005. Income from operations was \$6.0 million, up \$668,000 or 12.6 percent from the third quarter of 2005. Included in income from operations in the third quarter of 2006 was \$281,000 in merger related costs compared to \$126,000 in 2005. Net loss for the quarter was \$432,000 or \$0.04 per share, an improvement of \$841,000 from the third quarter of 2005 when the Company had a net loss of \$1.3 million. Adjusted EBITDA <sup>(1)</sup> was \$9.8 million in the third quarter of 2006 compared to \$9.7 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 and notes of this release.

**Third Quarter 2006 Developments**

Riviera Las Vegas net revenue decreased \$250,000 or less than 1.0 percent  
Riviera Las Vegas Adjusted EBITDA was \$5.7 million compared to \$5.8 million in 2005  
Riviera Black Hawk net revenue increased \$300,000 or 2.0 percent  
Riviera Black Hawk Adjusted EBITDA was \$4.9 million, an increase of 3.2 percent  
The Company has \$32 million in cash plus a \$30 million revolver which is fully available as of September 30, 2006

## **Nine Months Ended September 30, 2006**

Net revenues for the nine months ended September 30, 2006 were \$154.5 million, a decrease of \$1.6 million or 1.0 percent from the same period in 2005. The decrease in net revenue was related to the leasing of the gift shops at Riviera Las Vegas to ABC Stores in February 2006. The gift shops were previously owned and operated by the Company. In addition, in 2005 Riviera Las Vegas discontinued one show, which generated \$1.2 million in revenue but produced no profit during the year. Income from operations was \$20.7 million, an increase of \$1.0 million or 5.0 percent from the 2005 nine month period. Included in income from operations for the nine months ended September 30, 2006 and 2005 was an expense of \$1.2 million and income of \$400,000 respectively in mergers, acquisitions and development costs, net of a non-refundable fee paid to the Company in 2005. Adjusted EBITDA <sup>(1)</sup> was \$32.4 million, an increase of \$600,000 or 1.9 percent from the same period in 2005.

Net income for the nine months ended September 30, 2006 was \$1.3 million, or \$0.10 per share, compared to net loss of \$138,000, or \$0.01 per share, for the nine months ended September 30, 2005.

## **Nine Months of 2006 Developments**

Riviera Las Vegas net revenue decreased \$2.0 million or 1.7 percent  
Riviera Las Vegas Adjusted EBITDA was \$22.5 million an increase of 1.2 percent  
Riviera Black Hawk net revenue was \$39.5 million an increase of 1.1 percent  
Riviera Black Hawk Adjusted EBITDA was \$12.8 million and consistent with 2005

## **Riviera Las Vegas**

“At the Riviera, we continue to focus on providing our customers great value for their Las Vegas experience. We are investing in upgrades to our facility and slot mix, as well as continuing to implement key marketing programs for value-oriented customers,” said Robert Vannucci, President of Riviera Las Vegas.

“Our occupancy for the three months ended September 30, 2006 increased to 94.9 percent compared to 93.8 percent for the same period in 2005. Additionally we had an average daily room rate of \$74.28 compared to \$69.17 in 2005. We continue to evaluate our revenue streams and focus our efforts on the revenues that add increased profitability to the property,” said Mr. Vannucci.

## **Riviera Black Hawk**

William L. Westerman, the Company’s Chief Executive Officer, said, “We are pleased with the performance of our Black Hawk property given the increase in competition and gaming capacity in the Black Hawk market. Our strong Adjusted EBITDA margin and a fair share of over 130 percent for the quarter and nine months, is a testament to our team and the quality of our property within the Black Hawk market.”

## **Consolidated Operations**

Mr. Westerman, said, “The Company is focused on increasing operating margins, as evidenced by our recent results and current plans to have both slot floors one hundred percent “ticket - in ticket - out” by February 2007. Both markets have had challenges, including lower walk in traffic in Las Vegas, and the competitive pressures in Black Hawk; however our teams have provided record results for the third quarter and the first nine months of 2006. We are currently evaluating our debt structure, given the call premiums on our bonds and the current rate environment as a way to free up additional cash to reinvest in our properties”.

## **Conference Call Information**

In conjunction with the release of third quarter 2006 financial results, Riviera will broadcast a conference call at 2 p.m. Eastern Daylight Time today, Wednesday, November 1, 2006. Investors can listen to the call via the Internet at [www.rivierahotel.com](http://www.rivierahotel.com) or <http://www.videonewswire.com/event.asp?id=36217> or by dialing (888) 889-5345. The conference call rebroadcast will be available at (877) 519-4471, code 8001922.

## **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 hotel and casino market conditions, increases in energy costs, general economic and political conditions, interest rates, financing requirements, expansion and modernization objectives and timetables 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 September 30</u>				<u>Nine Months Ended September 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>
<b>Net Revenues:</b>								
Riviera Las Vegas	\$ 36,887	\$37,143	\$ (256)	-0.7%	\$114,975	\$ 116,991	\$(2,016)	-1.7%
Riviera Black Hawk	13,462	13,194	268	2.0%	39,500	39,067	433	1.1%
Total Net Revenues	50,349	50,337	12	0.0%	154,475	156,058	(1,583)	-1.0%
<b>Operating Income:</b>								
Riviera Las Vegas	4,026	3,797	229	6.0%	17,235	16,552	683	4.1%
Riviera Black Hawk	3,521	3,097	424	13.7%	8,614	7,960	654	8.2%
Mergers, Acquisitions and Development Costs, net	(281)	(126)	(155)	123.0%	(1,159)	376	(1,535)	-408.2%
Sarbanes-Oxley Act Expenses	(283)	(371)	88	-23.7%	(558)	(641)	83	-12.9%
Equity Based Compensation	(183)	(222)	39	-17.6%	(589)	(1,207)	618	-51.2%
Asset Impairment	0	0	0	0.0%	(16)	(198)	182	-91.9%
Corporate Expenses	(812)	(855)	43	5.0%	(2,855)	(3,158)	303	9.6%
Total Operating Income	5,988	5,320	668	12.6%	20,672	19,684	988	5.0%
<b>Adjusted EBITDA (1):</b>								
Riviera Las Vegas	5,712	5,790	(78)	-1.3%	22,529	22,259	270	1.2%
Riviera Black Hawk	4,870	4,721	149	3.2%	12,774	12,748	26	0.2%
Corporate Expenses	(812)	(855)	43	5.0%	(2,855)	(3,158)	303	9.6%
Total Adjusted EBITDA	9,770	9,656	114	1.2%	32,448	31,849	599	1.9%
<b>Adjusted EBITDA Margin (2):</b>								
Riviera Las Vegas	15.5%	15.6%	-0.1%		19.6%	19.0%	0.6%	
Riviera Black Hawk	36.2%	35.8%	0.4%		32.3%	32.6%	-0.3%	
Consolidated	19.4%	19.2%	0.2%		21.0%	20.4%	0.6%	
Net income (loss)	\$ (432)	\$ (1,273)	\$ 841		\$ 1,266	\$ (138)	\$ 1,404	
<b>EARNINGS PER SHARE DATA:</b>								
Weighted average basic shares outstanding	12,170	11,848	322		12,122	11,795	327	
Basic earnings (loss) per share	\$ (0.04)	\$ (0.11)	\$ 0.07		\$ 0.10	\$ (0.01)	\$ 0.11	
Weighted average diluted shares outstanding	12,170	11,848	322		12,374	11,795	579	
Diluted earnings (loss) per share	\$ (0.04)	\$ (0.11)	\$ 0.07		\$ 0.10	\$ (0.01)	\$ 0.11	

- (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 nine months ended September 30, 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 Income	Income	Operating	Depre-	Asset	Sarbanes	Equity	Mergers,	Adjusted	
	<u>(Loss)</u>	<u>&amp; (Exp)</u>	<u>Income</u>	<u>ciation</u>	<u>Impairment</u>	<u>Oxley Exp.</u>	<u>Based</u>	Acquisitions,	Adjusted	
							<u>Comp</u>	Development	Management	EBITDA
								<u>&amp; Costs, net</u>	<u>Fee</u>	
<b>Third Quarter 2006:</b>										
Riviera Las Vegas	\$ 4,051	\$ 25	\$ 4,026	\$ 2,231					\$ (545)	\$ 5,712
Riviera Black Hawk	1,606	(1,915)	3,521	804					545	\$ 4,870
Corporate	<u>(6,089)</u>	<u>(4,530)</u>	<u>(1,559)</u>	<u>-</u>	<u>-</u>	<u>283</u>	<u>183</u>	<u>281</u>	<u>-</u>	<u>(812)</u>
	\$ (432)	\$ (6,420)	\$ 5,988	\$ 3,035	\$ -	\$ 283	\$ 183	\$ 281	\$ -	\$ 9,770
<b>Third Quarter 2005:</b>										
Riviera Las Vegas	\$ 3,807	\$ 10	\$ 3,797	\$ 2,496					\$ (503)	\$ 5,790
Riviera Black Hawk	1,171	(1,926)	3,097	1,121					503	4,721
Corporate	<u>(6,251)</u>	<u>(4,677)</u>	<u>(1,574)</u>	<u>-</u>	<u>-</u>	<u>371</u>	<u>222</u>	<u>126</u>	<u>-</u>	<u>(855)</u>
	\$ (1,273)	\$ (6,593)	\$ 5,320	\$ 3,617	\$ -	\$ 371	\$ 222	\$ 126	\$ -	\$ 9,656
<b>Nine Months Ended September 30, 2006:</b>										
Riviera Las Vegas	\$17,315	\$ 80	\$ 17,235	\$ 6,772					\$ (1,478)	\$ 22,529
Riviera Black Hawk	2,867	(5,747)	8,614	2,682					1,478	12,774
Corporate	<u>(18,916)</u>	<u>(13,739)</u>	<u>(5,177)</u>	<u>-</u>	<u>16</u>	<u>558</u>	<u>589</u>	<u>1,159</u>	<u>-</u>	<u>(2,855)</u>
	\$ 1,266	\$ (19,406)	\$ 20,672	\$ 9,454	\$ 16	\$ 558	\$ 589	\$ 1,159	\$ -	\$ 32,448
<b>Nine Months Ended September 30, 2005:</b>										
Riviera Las Vegas	\$16,565	\$ 13	\$ 16,552	\$ 7,233					\$ (1,526)	\$ 22,259
Riviera Black Hawk	2,167	(5,793)	7,960	3,262					1,526	12,748
Corporate	<u>(18,870)</u>	<u>(14,042)</u>	<u>(4,828)</u>	<u>-</u>	<u>198</u>	<u>641</u>	<u>1,207</u>	<u>(376)</u>	<u>-</u>	<u>(3,158)</u>
	\$ (138)	\$ (19,822)	\$ 19,684	\$ 10,495	\$ 198	\$ 641	\$ 1,207	\$ (376)	\$ -	\$ 31,849

**Balance Sheet Summary**

(\$ in 000's)

	Sept 30,	Dec 31,
	2006	2005
Cash and short term investments	\$31,576	\$20,571
Total current assets	41,278	30,797
Property and equipment, net	172,506	171,130
Total assets	222,358	211,769
Total current liabilities	30,894	25,305
Long-term debt, net of current portion	214,270	214,607
Total shareholders' (deficiency) equity	(29,157)	(31,269)

RIVIERA HOLDINGS CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Amounts in thousands, except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
<b>REVENUES:</b>				
Casino	\$ 28,262	\$ 26,695	\$ 85,206	\$ 82,755
Rooms	13,996	12,872	43,085	40,067
Food and beverage	8,110	8,434	25,754	26,645
Entertainment	3,625	4,470	11,166	13,582
Other	1,534	2,219	4,970	6,504
Total	55,527	54,690	170,181	169,553
Minus promotional allowances	5,178	4,353	15,706	13,495
Net revenues	50,349	50,337	154,475	156,058
<b>COSTS AND EXPENSES:</b>				
Direct costs and expenses of operating departments:				
Casino	14,457	13,816	43,499	42,676
Rooms	7,003	7,056	20,687	20,810
Food and beverage	6,222	6,354	18,709	18,988
Entertainment	2,426	3,295	7,861	10,490
Other	338	774	1,137	2,267
Other operating expenses:				
General and administrative	10,133	9,386	30,134	28,978
Mergers, acquisitions and development costs, net	281	126	1,159	(376)
Sarbanes-Oxley act expenses	283	371	558	641
Equity based compensation	183	222	589	1,207
Asset impairment	-	-	16	198
Depreciation and amortization	3,035	3,617	9,454	10,495
Total costs and expenses	44,361	45,017	133,803	136,374
INCOME FROM OPERATIONS	5,988	5,320	20,672	19,684
Interest expense, net	(6,420)	(6,593)	(19,406)	(19,822)
NET INCOME (LOSS)	\$ (432)	\$ (1,273)	\$ 1,266	\$ (138)
Basic	12,170	11,848	12,122	11,795
Diluted	12,170	11,848	12,374	11,795
Net Income (loss) per common share				
Basic	\$ (0.04)	\$ (0.11)	\$ 0.10	\$ (0.01)
Diluted	\$ (0.04)	\$ (0.11)	\$ 0.10	\$ (0.01)