

Riviera Holdings Corporation
2901 Las Vegas Boulevard South
Las Vegas NV 89109
Investor Relations: (800) 362-1460
TRADED: AMEX – RIV
www.rivierahotel.com

FOR FURTHER INFORMATION

AT THE COMPANY

Mark Lefever, Treasurer and CFO
(702) 794-9527 Voice
(702) 794-9442 Fax
Email: mlefever@theriviera.com

INVESTOR RELATIONS

Betsy Truax, Skorpus Consulting
(208) 241-3704 Voice
(208) 232-5317 Fax
Email: betsytruax_hartman@msn.com

FOR IMMEDIATE RELEASE

RIVIERA REPORTS RECORD RESULTS FOR 2006

LAS VEGAS, NV – March 2, 2007 -- Riviera Holdings Corporation (AMEX: RIV) today reported financial results for the three-month and the twelve-month periods ended December 31, 2006. The Company reported record Adjusted EBITDA, as defined below, and operating income for 2006.

Consolidated 2006 Results

Net revenues for the year ended December 31, 2006 were \$200.9 million, a decrease of \$1.3 million or less than one percent from the same period in 2005. The decrease in net revenue was primarily related to the leasing of the gift shops at Riviera Las Vegas to ABC Stores in February 2006. The gifts shops were previously owned and operated by the Company. In addition, Riviera Las Vegas discontinued two shows, in late 2005 and in the fall of 2006. These revenue declines in Las Vegas were offset by a \$2.8 million increase in Las Vegas gaming revenues and a \$1.5 million increase in cash room revenues. Improvements in the average daily rate and targeted slot marketing efforts contributed to these increases.

Income from operations was \$25.4 million, an increase of \$3.0 million or 13.5 percent from 2005, and a record for the Company. Included in income from operations for the years ended December 31, 2006 and 2005 was an expense of \$1.3 million and income of \$65,000 respectively in mergers, acquisitions and development costs, net of a non-refundable fee paid to the Company in 2005. Adjusted EBITDA⁽¹⁾ was \$41.1 million, an increase of \$1.0 million or 2.6 percent from the same period in 2005, and a record for the Company.

The net loss for the year ended December 31, 2006 was \$335,000, or \$0.03 per share, compared with a net loss of \$4.0 million, or \$0.34 per share, for the year ended December 31, 2005.

2006 Developments

- Riviera Las Vegas net revenue decreased \$1.5 million or 1.0 percent
- Riviera Las Vegas Property EBITDA was \$28.1 million, an increase of 4.8 percent
- Riviera Black Hawk net revenue was \$51.7 million, an increase of 0.4 percent
- Riviera Black Hawk Property EBITDA was \$16.8 million, a decrease of 2.6 percent

Fourth Quarter 2006

Net revenues for the three months ended December 31, 2006 were \$46.5 million, an increase of \$300,000 over the fourth quarter of 2005. The increase in net revenues were generated from increased casino and room revenues in Las Vegas offset by decreases in the entertainment and other revenues in Las Vegas and a decrease in casino revenues in Black Hawk, as a result of the effects of the snow storms in the Denver area during December 2006. The Colorado snow storms resulted in approximately \$1.0 million in lost casino revenues; however, this loss in Black Hawk was offset by the favorable effects of a new slot product and upgrades to the casino floor in 2006.

Income from operations was \$4.7 million for the fourth quarter of 2006, an increase of \$2.0 million or 75.4 percent from the fourth quarter of 2005. Included in income from operations in the fourth quarter of 2006 was \$3,000 in asset impairment costs compared to \$579,000 in 2005, which was related to a write off associated with a proposed walkway to a competitor's property. Net loss for the quarter of \$1.6 million, or \$0.13 per share, was an improvement of \$2.3 million from the fourth quarter of 2005 when the Company reported a net loss of \$3.9 million.

Adjusted EBITDA, as defined below, was \$8.6 million in the fourth quarter of 2006 compared to \$8.2 million in 2005, an improvement of 5.5 percent. Adjusted EBITDA⁽¹⁾ 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 to net income in the tables and notes of this release.

Fourth Quarter 2006 Developments

- Riviera Las Vegas net revenue increased \$530,000 or 1.6 percent
- Riviera Las Vegas Property EBITDA was \$5.5 million compared to \$4.5 million in 2005
- Riviera Black Hawk net revenue decreased \$230,000 or 1.8 percent
- Riviera Black Hawk Property EBITDA was \$4.1 million, a decrease of 10.7 percent
- The Company has \$25.3 million in cash plus a \$30 million revolver which was fully available as of December 31, 2006 compared to \$20.6 million at December 31, 2005

Riviera Las Vegas

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

“Our occupancy for the year ended December 31, 2006 was 92.2 percent and consistent with the same period in 2005. However, our revenue per available room rate (RevPar) for 2006 was \$72.37 compared to \$66.51 in 2005, an 8.8 percent increase. Our average daily win per slot unit increased for the fourth quarter of 2006 to \$131.67 compared to \$97.48 in the fourth quarter of 2005. We have upgraded our slot mix and reengineered the slot floor to cater to the demands of our customers. These changes have been very favorably received, and we will continue to provide capital for upgrades 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 significant weather issues encountered during the fourth quarter of 2006. Our strong EBITDA margin and a fair share of over 142 percent for the quarter and 134 percent for the year, are a testament to our team and the quality of our property within the Black Hawk market.”

Consolidated Operations

Mr. Westerman said, “The Company recorded record results for 2006 as evidenced by our operating income and Adjusted EBITDA, which we believe are a result of capital improvements and targeted marketing efforts at both locations. We continue to evaluate our debt structure, and given the call premium reduction on our Senior Secured Notes in June of this year and the current rate environment, we believe that conditions may be favorable for a refinancing of our notes as a means to free up additional cash for the continued reinvestment in our properties. Our results for 2006 generated an all-time record for the Company. In light of the number of distractions during the past year related to the potential sale of the Company, I am very pleased with our team members and their performance.”

Conference Call Information

In conjunction with the release of fourth quarter 2006 financial results, Riviera will broadcast a conference call at 2 p.m. Eastern Standard Time today, Friday, March 2, 2007. 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, pass code 8426065.

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, financing requirements, refinancing opportunities and investment rates expansion and modernization objectives and timetables regulatory requirements and other risks and uncertainties detailed from time to time in our filing's 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 December 31</u>				<u>Twelve Months Ended December 31</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	\$ 34,227	\$33,697	\$ 530	1.6%	\$149,202	\$ 150,688	\$(1,486)	-1.0%
Riviera Black Hawk	12,242	12,472	(230)	-1.8%	51,742	51,539	203	0.4%
Total Net Revenues	46,469	46,169	300	0.6%	200,944	202,227	(1,283)	-0.6%
Operating Income								
Riviera Las Vegas	3,765	2,513	1,252	49.8%	21,000	19,065	1,935	10.1%
Riviera Black Hawk	2,595	2,981	(386)	-13.0%	11,209	10,941	268	2.4%
Mergers, Acquisitions and Development Costs, net	(159)	(311)	152	48.9%	(1,318)	65	(1,383)	-21.3%
Sarbanes-Oxley Act Expenses	(262)	(591)	329	55.7%	(820)	(1,233)	413	33.5%
Equity-Based Compensation	(224)	(421)	197	46.8%	(813)	(1,627)	814	50.0%
Asset Impairment	(3)	(579)	576	99.5%	(19)	(777)	758	97.6%
Corporate Expenses	(968)	(887)	(81)	-9.1%	(3,823)	(4,045)	222	5.5%
Total Operating Income	4,744	2,705	2,039	75.4%	25,416	22,389	3,027	13.5%
Adjusted EBITDA (1)								
Riviera Las Vegas	5,546	4,530	1,016	22.4%	28,075	26,789	1,286	4.8%
Riviera Black Hawk	4,051	4,534	(483)	-10.7%	16,825	17,282	(457)	-2.6%
Corporate Expenses	(968)	(887)	(81)	-9.1%	(3,823)	(4,045)	222	5.5%
Total Adjusted EBITDA	8,629	8,177	452	5.5%	41,077	40,026	1,051	2.6%
Adjusted EBITDA Margins (2)								
Riviera Las Vegas	16.2%	13.4%	2.8%		18.8%	17.8%	1.0%	
Riviera Black Hawk	33.1%	36.4%	-3.3%		32.5%	33.5%	-1.0%	
Consolidated	18.6%	17.7%	0.9%		20.4%	19.8%	0.6%	
Net loss	\$ (1,601)	\$ (3,861)	\$ 2,260		\$ (335)	\$ (3,999)	\$ 3,664	
EARNINGS PER SHARE DATA								
Weighted average basic shares outstanding	12,170	11,914	256		12,134	11,833	301	
Basic loss per share	\$ (0.13)	\$ (0.32)	\$ 0.19		\$ (0.03)	\$ (0.34)	\$ 0.31	
Weighted average diluted shares outstanding	12,170	11,914	256		12,134	11,833	301	
Diluted loss per share	\$ (0.13)	\$ (0.32)	\$ 0.19		\$ (0.03)	\$ (0.34)	\$ 0.31	

- (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, 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 twelve months ended December 31, 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 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	Interest					Equity	Mergers,		
	Income	Income	Operating	Depre-	Asset	Sarbanes	Based	Acquisitions,	Management	Adjusted
	<u>(Loss)</u>	<u>& (Exp.)</u>	<u>Income</u>	<u>ciation</u>	<u>Impairment</u>	<u>Oxley Exp.</u>	<u>Comp.</u>	<u>& Costs, net</u>	<u>Fee</u>	<u>EBITDA</u>
Fourth Quarter 2006:										
Riviera Las Vegas	\$ 3,803	\$ 38	\$ 3,765	\$ 2,260	\$ -	\$ -	\$ -	\$ -	\$ (479)	\$ 5,546
Riviera Black Hawk	697	(1,898)	2,595	977	-	-	-	-	479	\$ 4,051
Corporate	<u>(6,101)</u>	<u>(4,485)</u>	<u>(1,616)</u>	<u>-</u>	<u>3</u>	<u>262</u>	<u>224</u>	<u>159</u>	<u>-</u>	<u>(968)</u>
	\$ (1,601)	\$ (6,345)	\$ 4,744	\$ 3,237	\$ 3	\$ 262	\$ 224	\$ 159	\$ -	\$ 8,629
Fourth Quarter 2005:										
Riviera Las Vegas	\$ 2,532	\$ 19	\$ 2,513	\$ 2,479	\$ -	\$ -	\$ -	\$ -	\$ (462)	\$ 4,530
Riviera Black Hawk	597	(1,917)	2,514	1,091	467	-	-	-	462	4,534
Corporate	<u>(6,990)</u>	<u>(4,668)</u>	<u>(2,322)</u>	<u>-</u>	<u>112</u>	<u>591</u>	<u>421</u>	<u>311</u>	<u>-</u>	<u>(887)</u>
	\$ (3,861)	\$ (6,566)	\$ 2,705	\$ 3,570	\$ 579	\$ 591	\$ 421	\$ 311	\$ -	\$ 8,177
Twelve Months Ended December 31, 2006:										
Riviera Las Vegas	\$21,118	\$ 118	\$ 21,000	\$ 9,032	\$ -	\$ -	\$ -	\$ -	\$ (1,957)	\$ 28,075
Riviera Black Hawk	3,564	(7,645)	11,209	3,659	-	-	-	-	1,957	16,825
Corporate	<u>(25,017)</u>	<u>(18,224)</u>	<u>(6,793)</u>	<u>-</u>	<u>19</u>	<u>820</u>	<u>813</u>	<u>1,318</u>	<u>-</u>	<u>(3,823)</u>
	\$ (335)	\$ (25,751)	\$ 25,416	\$ 12,691	\$ 19	\$ 820	\$ 813	\$ 1,318	\$ -	\$ 41,077
Twelve Months Ended December 31, 2005:										
Riviera Las Vegas	\$19,097	\$ 32	\$ 19,065	\$ 9,712	\$ -	\$ -	\$ -	\$ -	\$ (1,988)	\$ 26,789
Riviera Black Hawk	2,764	(7,710)	10,474	4,353	467	-	-	-	1,988	17,282
Corporate	<u>(25,860)</u>	<u>(18,710)</u>	<u>(7,150)</u>	<u>-</u>	<u>310</u>	<u>1,233</u>	<u>1,627</u>	<u>(65)</u>	<u>-</u>	<u>(4,045)</u>
	\$ (3,999)	\$ (26,388)	\$ 22,389	\$ 14,065	\$ 777	\$ 1,233	\$ 1,627	\$ (65)	\$ -	\$ 40,026

Balance Sheet Summary

	December 31	December 31
	2006	2005
Cash and short term investments	\$25,285	\$20,571
Total current assets	34,142	30,797
Property and equipment, net	171,320	171,130
Total assets	213,682	211,769
Total current liabilities	25,235	25,305
Long-term debt, net of current portion	214,124	214,607
Total shareholders' deficiency	(30,534)	(31,269)

RIVIERA HOLDINGS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share amounts)

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2006	2005	2006	2005
REVENUES				
Casino	\$ 26,253	\$ 25,375	\$ 111,459	\$ 108,130
Rooms	13,615	11,954	56,700	52,021
Food and beverage	7,371	7,487	33,125	34,132
Entertainment	2,506	3,789	13,672	17,371
Other	1,461	1,808	6,431	8,312
Total Revenues	51,206	50,413	221,387	219,966
Less - promotional allowances	4,737	4,244	20,443	17,739
Net revenues	46,469	46,169	200,944	202,227
COSTS AND EXPENSES				
Direct costs and expenses of operating departments				
Casino	14,501	13,416	58,000	56,092
Rooms	6,498	6,323	27,185	27,133
Food and beverage	5,515	5,657	24,224	24,645
Entertainment	1,675	2,724	9,536	13,214
Other	300	639	1,437	2,906
Other operating expenses				
General and administrative	9,351	9,233	39,485	38,211
Mergers, acquisitions and development costs, net	159	311	1,318	(65)
Sarbanes-Oxley Act expenses	262	591	820	1,233
Equity-based compensation	224	421	813	1,627
Asset impairment	3	579	19	777
Depreciation and amortization	3,237	3,570	12,691	14,065
Total costs and expenses	41,725	43,464	175,528	179,838
INCOME FROM OPERATIONS	4,744	2,705	25,416	22,389
Interest expense, net	(6,345)	(6,566)	(25,751)	(26,388)
NET LOSS	\$ (1,601)	\$ (3,861)	\$ (335)	\$ (3,999)
Shares Outstanding				
Basic	12,170	11,914	12,134	11,833
Diluted	12,170	11,914	12,134	11,833
Net loss per common share				
Basic	\$ (0.13)	\$ (0.32)	\$ (0.03)	\$ (0.34)
Diluted	\$ (0.13)	\$ (0.32)	\$ (0.03)	\$ (0.34)