

Riviera Holdings Corporation

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FOR IMMEDIATE RELEASE

RIVIERA REPORTS RESULTS FOR SECOND QUARTER 2007

LAS VEGAS, NV – August 3, 2007 -- Riviera Holdings Corporation (AMEX: RIV) today reported financial results for the three and six-month periods ended June 30, 2007. The Company reported record net income, Adjusted EBITDA ⁽¹⁾, as defined below, and operating income for the second quarter and six months ended June 30, 2007.

Second Quarter 2007

Net revenues for the quarter were \$53.7 million, an increase of \$1.2 million or 2.3 percent from the second quarter of 2006. Income from operations was \$9.4 million, up \$2.5 million or 36.9 percent from the second quarter of 2006. Included in income from operations in the second quarter of 2007 was \$354,000 in equity-based compensation costs related to stock option expense compared with \$190,000 in 2006, and \$238,000 of mergers, acquisitions and development costs in 2007 compared with \$761,000 in 2006. Adjusted EBITDA ⁽¹⁾ was \$13.3 million in the second quarter of 2007 compared with \$11.0 million in 2006. Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, equity-based compensation, asset impairments, 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 a record \$3.6 million, or \$0.28 per share on a diluted basis, an increase of \$3.2 million from the second quarter of 2006. Net income included the effects of the increase in interest expense, offset by the favorable effect of \$827,000 recorded as a gain on the derivative resulting from the interest rate swap on the Company's new term loan.

Second Quarter 2007 Highlights

- Riviera Black Hawk net revenue increased \$705,000 or 5.5 percent
- Riviera Black Hawk EBITDA increased \$1.2 million or 31.2 percent
- Riviera Las Vegas net revenue increased \$523,000 or 1.3 percent
- Riviera Las Vegas EBITDA increased \$1.1 million or 12.6 percent
- The Company completed its refinancing and redeemed its 11 percent notes, and the new effective borrowing rate for the Company is now approximately 7.5 percent
- The Company has \$31.5 million in unrestricted cash plus a \$20 million revolver

Six Months Ended June 30, 2007

Net revenues for the six months ended June 30, 2007 were \$105.7 million, up \$1.6 million or 1.5 percent from the same period in 2006. Income from operations was \$18.4 million, up \$3.7 million or 25.3 percent from the 2006 period. Adjusted EBITDA ⁽¹⁾ was \$25.7 million, up \$3.3 million or 14.9 percent from the 2006 period.

Included in operating income for the first six months of 2007 was \$533,000 in equity based compensation costs related to stock option expense compared with \$406,000 in 2006, and \$288,000 of mergers, acquisitions and development costs in 2007 compared with \$878,000 in 2006. Net income for the six months ended June 30, 2007 was a record \$6.1 million, or \$0.49 per share on a fully diluted basis, compared with net income of \$1.7 million, or \$0.14 per diluted share, for the six months ended June 30, 2006.

Six-Month 2007 Highlights

- Riviera Black Hawk net revenue was up \$997,000 or 3.8 percent
- Riviera Black Hawk EBITDA increased \$1.8 million to \$9.7 million or 22.6 percent
- Riviera Las Vegas net revenue increased \$569,000 to \$78.7 million
- Riviera Las Vegas EBITDA increased \$1.2 million to \$18.0 million or 7.1 percent

Riviera Las Vegas

“For the first six months of 2007, Riviera Las Vegas outpaced 2006 EBITDA by \$1.2 million. Most of the increase occurred in the second quarter as we continued to capitalize on the reduced competition in our market segment,” commented Robert Vannucci, Chief Operating Officer of Riviera Las Vegas. “We are also very excited about a new capital expenditure plan to upgrade our rooms, which we anticipate will continue to produce room rate increases.

“EBITDA in Las Vegas increased \$1.1 million, or 12.6 percent for the second quarter. Revenue increases in our slots and room divisions combined with revisions in our entertainment operations and other controlled operating costs produced an EBITDA margin of 23.4 percent compared with 21.1 percent in the same quarter of 2006. The room revenue increase was attributable to an increase in the ADR (Average Daily Rate), which was \$80.99 in the second quarter of 2007, increasing \$7.20 or 9.8 percent compared with 2006. RevPar (Revenue per Available Room) increased \$3.97, or 5.4 percent.

“During the quarter, the Company worked with the management of the Frontier to assist in placing their guests and some employees at the Riviera. We were able to obtain the list of Frontier gaming patrons and plan to aggressively market these customers similar to what we did with the Westward Ho customer list. We believe the effects of this arrangement will transition loyal Frontier guests into loyal Riviera guests as it did with former Westward Ho customers. Also during the recent quarter, our culinary union contract expired. We have started negotiations with the union, and it is our hope to reach an agreement that is fair and equitable to our people and property,” said Mr. Vannucci.

Riviera Black Hawk

Mark Lefever, President of Riviera Black Hawk, said, “We are pleased with the second quarter results in Black Hawk and the Colorado market in general. Our EBITDA margin of 36.2 percent for the quarter, which we believe to be the highest in our market, is a result of our dedicated team, who continue to provide outstanding guest service.

“We have begun to make necessary changes in preparation of the statewide smoking ban, which becomes effective January 1, 2008. Our goal is to satisfy our guests, while complying with the state law and minimizing the potential impact the ban may have on operations.”

Consolidated Operations

William L. Westerman, Chief Executive Officer, said, “Our team continues to focus on the daily operations at both properties, as shown in our record financial results. With our new financing in place, I am excited to announce a capital expenditure plan of \$25 million over the next 30 months. Our plan is to refurbish all 2,075 rooms in Las Vegas, remodel the casino floor in Las Vegas and renovate our Black Hawk facility in order to meet the requirements of the smoking ban in Colorado and to increase the comfort level for our guests in Black Hawk. We believe these improvements will enhance our guests’ overall experience at both properties, while generating stronger long-term financial results for our Company.

“Our third quarter 2007 net income will be adversely impacted by a one-time charge of approximately \$12.9 million to record the call premium on the 11 percent notes we redeemed in July and the write-off of the remaining deferred financing costs and the discounts on the those notes.

“Over the last 18 months, net income has been adversely affected by over \$1.5 million in merger and acquisition costs primarily related to the efforts to acquire our Company. Some of those efforts deserved and received our consideration and some of them deserved and received our opposition. When you consider the costs and distractions resulting from this process, we believe our results are impressive, and I want to thank all our team members for remaining focused on our operations.

“We are continuing to work with our financial advisor, Jefferies and Company, Inc. on our strategic process to maximize shareholder value that we announced in May 2007.”

Conference Call Information

In conjunction with the release of second quarter 2007 financial results, Riviera will broadcast a conference call at 2 p.m. Eastern Daylight Time today, Friday, August 3, 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, code 9021164.

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 implementation and future results of the capital expenditure plan that we just announced, the future results of our ongoing strategic process for maximizing shareholder value, pending litigation involving takeover efforts that we have opposed, hotel and casino market conditions, the effect on Riviera Black Hawk of the Colorado smoking ban that becomes effective on January 1, 2008, 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

Financial Summary

(Amounts in thousands except per share amounts)

	Three Months Ended June 30				Six Months Ended June 30			
	2007	2006	Var	%Var	2007	2006	Var	%Var
Net Revenues:								
Riviera Las Vegas	\$ 40,185	\$39,662	\$ 523	1.3%	\$ 78,657	\$ 78,088	\$ 569	0.7%
Riviera Black Hawk	13,480	12,775	705	5.5%	27,035	26,038	997	3.8%
Total Net Revenues	53,665	52,437	1,228	2.3%	105,692	104,126	1,566	1.5%
Operating Income:								
Riviera Las Vegas	7,795	6,567	1,228	18.7%	14,705	13,209	1,496	11.3%
Riviera Black Hawk	3,253	2,340	913	39.0%	6,509	5,093	1,416	27.8%
Mergers, Acquisitions and Development Costs, net	(238)	(761)	523	-68.7%	(288)	(878)	590	-67.2%
Equity-Based Compensation	(354)	(190)	(164)	86.3%	(553)	(406)	(147)	36.2%
Asset Impairment	0	(3)	3	-100.0%	0	(16)	16	-100.0%
Corporate Expenses	(1,017)	(1,058)	41	3.9%	(1,973)	(2,318)	345	14.9%
Total Operating Income	9,439	6,895	2,544	36.9%	18,400	14,684	3,716	25.3%
Adjusted EBITDA (1):								
Riviera Las Vegas	9,405	8,350	1,055	12.6%	18,012	16,817	1,195	7.1%
Riviera Black Hawk	4,877	3,716	1,161	31.2%	9,692	7,904	1,788	22.6%
Corporate Expenses	(1,017)	(1,058)	41	3.9%	(1,973)	(2,318)	345	14.9%
Total Adjusted EBITDA	13,265	11,008	2,257	20.5%	25,731	22,403	3,328	14.9%
Adjusted EBITDA Margins (2):								
Riviera Las Vegas	23.4%	21.1%	2.4%		22.9%	21.5%	1.4%	
Riviera Black Hawk	36.2%	29.1%	7.1%		35.8%	30.4%	5.5%	
Consolidated	24.7%	21.0%	3.7%		24.3%	21.5%	2.8%	
Net income	\$ 3,574	\$ 418	\$ 3,156		\$ 6,136	\$ 1,698	\$ 4,438	
EARNINGS PER SHARE DATA:								
Weighted average basic shares outstanding	12,322	12,040	282		12,291	12,001	290	
Basic earnings per share	\$ 0.29	\$ 0.03	\$ 0.26		\$ 0.50	\$ 0.14	\$ 0.36	
Weighted average diluted shares outstanding	12,605	12,326	279		12,557	12,271	286	
Diluted earnings per share	\$ 0.28	\$ 0.03	\$ 0.25		\$ 0.49	\$ 0.14	\$ 0.35	

(1) Adjusted EBITDA consists of earnings before interest, income taxes, depreciation, amortization, equity-based compensation, asset impairment, and mergers, acquisitions and development costs, net, as shown in the reconciliation with net income in the tables below in this release. 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 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 <u>(Loss)</u>	Interest Income <u>(Expense)</u>	Operating Income <u>(Loss)</u>	Depre- ciation	Asset Impairment	Mergers			Adjusted EBITDA
						Equity Based Comp	Acquisitions, Development & Costs, net	Management Fee	
Second Quarter 2007:									
Riviera Las Vegas	\$ 7,850	\$ 55	\$ 7,795	\$ 2,273	-	-	-	\$ (663)	\$ 9,405
Riviera Black Hawk	1,339	(1,914)	3,253	961	-	-	-	663	4,877
Corporate	<u>(5,615)</u>	<u>(4,006)</u>	<u>(1,609)</u>	<u>-</u>	<u>-</u>	<u>354</u>	<u>238</u>	<u>-</u>	<u>(1,017)</u>
	\$ 3,574	\$ 5,865	\$ 9,439	\$ 3,234	\$ -	\$ 354	\$ 238	\$ -	\$ 13,265
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>190</u>	<u>761</u>	<u>-</u>	<u>(1,058)</u>
	\$ 418	\$ (6,477)	\$ 6,895	\$ 3,159	\$ 3	\$ 190	\$ 761	\$ -	\$ 11,008
Six Months Ended June 30, 2007:									
Riviera Las Vegas	\$14,794	\$ 89	\$ 14,705	\$ 4,541	-	-	-	\$ (1,234)	\$ 18,012
Riviera Black Hawk	2,697	(3,812)	6,509	1,949	-	-	-	1,234	9,692
Corporate	<u>(11,355)</u>	<u>(8,541)</u>	<u>(2,814)</u>	<u>-</u>	<u>-</u>	<u>553</u>	<u>288</u>	<u>-</u>	<u>(1,973)</u>
	\$ 6,136	\$ (12,264)	\$ 18,400	\$ 6,490	\$ -	\$ 553	\$ 288	\$ -	\$ 25,731
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>406</u>	<u>878</u>	<u>-</u>	<u>(2,318)</u>
	\$ 1,698	\$ (12,986)	\$ 14,684	\$ 6,419	\$ 16	\$ 406	\$ 878	\$ -	\$ 22,403

Balance Sheet Summary

	June 30, 2007	Dec 31, 2006
Cash and short term investments	\$31,561	\$25,285
Restricted Cash	224,447	-
Total current assets	265,350	34,142
Property and equipment, net	167,953	171,320
Total assets	443,491	213,682
Total current liabilities	237,691	25,235
Long-term debt, net of current portion	225,305	214,124
Total shareholders' deficiency	(23,845)	(30,551)

RIVIERA HOLDINGS CORPORATION AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2007	2006	2007	2006
Revenues:				
Casino	\$ 30,887	\$ 29,862	\$ 59,006	\$ 56,944
Rooms	15,150	14,246	31,464	29,089
Food and beverage	8,773	8,746	16,961	17,644
Entertainment	3,451	3,860	5,857	7,541
Other	1,645	1,733	3,357	3,436
Total	<u>59,906</u>	<u>58,447</u>	<u>116,645</u>	<u>114,654</u>
Less promotional allowances	<u>6,241</u>	<u>6,010</u>	<u>10,953</u>	<u>10,528</u>
Net revenues	<u>53,665</u>	<u>52,437</u>	<u>105,692</u>	<u>104,126</u>
COSTS AND EXPENSES:				
Direct costs and expenses of operating departments:				
Casino	14,359	14,902	28,611	28,722
Rooms	7,048	6,832	14,099	13,621
Food and beverage	6,338	6,120	12,479	12,452
Entertainment	2,043	2,700	3,669	5,342
Other	338	333	675	799
Other operating expenses:				
General and administrative	10,274	10,542	20,428	20,787
Mergers, Acquisitions and Development Costs, net	238	761	288	878
Equity-Based Compensation	354	190	553	406
Asset Impairment	-	3	-	16
Depreciation and amortization	<u>3,234</u>	<u>3,159</u>	<u>6,490</u>	<u>6,419</u>
Total costs and expenses	<u>44,226</u>	<u>45,542</u>	<u>87,292</u>	<u>89,442</u>
INCOME FROM OPERATIONS	<u>9,439</u>	<u>6,895</u>	<u>18,400</u>	<u>14,684</u>
OTHER EXPENSE:				
Interest expense	(7,606)	(6,601)	(14,174)	(13,191)
Interest income	914	124	1,083	205
Gain on Derivatives	<u>827</u>	<u>-</u>	<u>827</u>	<u>-</u>
Total other expense	<u>(5,865)</u>	<u>(6,477)</u>	<u>(12,264)</u>	<u>(12,986)</u>
NET INCOME:	<u>\$ 3,574</u>	<u>\$ 418</u>	<u>\$ 6,136</u>	<u>\$ 1,698</u>
EARNINGS PER SHARE DATA:				
Shares used in calculating net income per common share:				
Basic	12,322	12,040	12,291	12,001
Diluted	12,605	12,326	12,557	12,271
Net Income per common share				
Basic	\$ 0.29	\$ 0.03	\$ 0.50	\$ 0.14
Diluted	\$ 0.28	\$ 0.03	\$ 0.49	\$ 0.14