

FILED # C 749-93

JUL 18 2003

IN THE OFFICE OF
Don Hill
DON HILLER SECRETARY OF STATE

**CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION
OF
RIVIERA HOLDINGS CORPORATION**

THIS IS TO CERTIFY that, pursuant to the unanimous approval of the board of directors of Riviera Holdings Corporation, a Nevada corporation (the "Company") and the approval of the holders of more than 60% of the outstanding shares of the Common Stock of the Company entitled to vote, the following resolution was adopted in accordance with Nevada Revised Statutes §78.385 and 78.390:

RESOLVED, that Article III, Section 7 of the Company's articles of incorporation (the "Articles of Incorporation") be and hereby is amended as follows:

1. Subsection 7(c) is amended to read as follows:
"(c) [INTENTIONALLY DELETED.]"
2. In the first section of Subsection 7(d), the phrase "and in the first section of Subsection 7(c)" is deleted.
3. In Subsection 7(e), the phrase "including, without limiting Subsection 7(c)" is deleted.

IN WITNESS WHEREOF, the undersigned President of the Company has executed and subscribed to this Certificate and affirms the foregoing as true as of the date set forth below.

W L Westerman

William L. Westerman, President

Date: July 15, 2003

Section 7. Substantial Stockholders.

(a) It is the declared intent and policy of this corporation and its stockholders that control of this corporation is an asset that belongs to all stockholders of this corporation and that all such stockholders are entitled (i) to participate, through an election to sell or otherwise dispose of their shares, in any proposed acquisition of control of this corporation by another person, and (ii) to be offered a price for their shares which is fair and equitable under the circumstances and which includes an appropriate premium for the acquisition of such control.

(b) From and after the date any person first becomes a Substantial Stockholder (as defined in Subsection 7(f)(2)) until such time as such person shall cease to be a Substantial Stockholder, holders of issued and outstanding shares of Common Stock (as defined in Subsection 7(f)(10)) beneficially owned (as defined in Subsection 7(f)(3)) by such Substantial Stockholder, as of any record date for the determination of stockholders entitled to vote on or consent to any matter, in excess of 10% of the then issued and outstanding shares of Common Stock shall, subject to the provisions of the last two sentences of this Subsection 7(b), be

entitled to cast only one-hundredth (1/100) of one vote per share for each such share in excess of 10% of the then issued and outstanding shares of Common Stock. Notwithstanding the foregoing, in the event such Substantial Stockholder, or an Affiliate (as defined in Subsection 7(f)(7)) thereof, or any other person deemed to be the beneficial owner of Common Stock also beneficially owned by such Substantial Stockholder, shall consummate a Tender Offer (as defined in Subsection 7(f)(9)) conforming with the provisions of Subsections 7(d) and 7(e), holders of all Common Stock beneficially owned by such Substantial Stockholder shall thereupon be entitled to cast one vote per share of Common Stock on each matter voted upon or consented to by the holders of Common Stock of this corporation. The number of votes which may be cast by any record owner by virtue of the provisions of this Section 7 in respect of Common Stock beneficially owned by a Substantial Stockholder shall be a number equal to the total number of votes which a single record owner of all shares of Common Stock beneficially owned by such Substantial Stockholder would be entitled to cast, multiplied by a fraction, the numerator of which is the number of shares of Common Stock beneficially owned by such Substantial Stockholder and owned of record by such record owner and the denominator of which is the total number of shares of Common Stock beneficially owned by such Substantial Stockholder, whether or not owned of record.

(c) Until such time as a Substantial Stockholder (or an Affiliate thereof or any other person deemed to be the beneficial owner of Common Stock also beneficially owned by such Substantial Stockholder) shall consummate a Tender Offer conforming with the provisions of Subsections 7(d) and 7(e), in no event (but subject to the provisions of the last sentence of this Subsection 7(c)) shall such Substantial Stockholder and the record owner(s) of all shares

of any Common Stock beneficially owned by such Substantial Stockholder collectively be entitled or permitted to cast, by virtue of their beneficial or record ownership of Common Stock beneficially owned by such Substantial Stockholder, in excess of 15% of the total number of votes which the holders of all then outstanding Common Stock would (after giving effect to the provisions of Subsection 7(b)) be entitled to cast on any matter presented to the holders of Common Stock for vote. If the provisions of the preceding sentence shall have the effect of reducing the total number of votes which any Substantial Stockholder and the record owner(s) of Common Stock beneficially owned by such Substantial Stockholder shall be entitled to cast, such reduction shall be effected, and the number of votes which such record owner(s) shall be entitled to cast (by reason of this Subsection 7(c)) shall be determined, in accordance with the provisions of the last sentence of Subsection 7(b).

(d) The Tender Offer referred to in the second sentence of Subsection 7(b) and in the first sentence of Subsection 7(c) shall mean a Tender Offer to acquire at not less than the applicable Offer Price (as defined in Subsection 7(e)) any and all shares of Common Stock then outstanding and not beneficially owned by the Substantial Stockholder to which such Tender Offer relates. In no event shall any Tender Offer referred to in this Subsection 7(d) remain open for less than twenty (20) business days (as defined in the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the Effective Date) or provide that shares duly tendered pursuant thereto will not be purchased within forty (40) business days after the commencement of such Tender Offer, and in the event that at the time such Tender Offer is commenced the terms and conduct thereof shall not be directly regulated by Sections 14(d) or 13(a) of the Securities Exchange Act of 1934 and the Rules and Regulations thereunder, or any

successor federal laws and regulations, then such Tender Offer shall conform in all respects with the provisions of the Securities Exchange Act of 1934 and the General Rules and Regulations thereunder, as in effect on the Effective Date. The consideration to be received by holders of Common Stock in any such Tender Offer shall be in the form of cash (which may be payable by check) exclusively, and such Tender Offer shall be deemed consummated only when payment in full shall be made for all duly tendered shares. A Tender Offer shall not be deemed to have conformed or complied with the provisions of this Subsection 7(d) unless (i) such Substantial Stockholder or Affiliate requests the Board of Directors to note it if the board or a majority of the Continuing Directors (as defined in Subsection 7(f)(5)), as the case may be, exercises its discretion to utilize an "Established Price, as contemplated by Subsection 7(e)(2) and (ii) such Tender Offer is commenced within thirty (30) days after the first public announcement thereof setting forth the Offer Price thereof (such public announcement being hereinafter referred to as the "Announcement" of such Tender Offer.)

(e) (1) The "Offer Price" for any Tender Offer referred to in Subsection 7(d) shall be an amount per share of Common Stock equal to the highest price per share of Common Stock (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid or agreed to be paid by such Substantial Stockholder (or any of its Affiliates or any other person deemed to be the beneficial owner of Common Stock also beneficially owned by such Substantial Stockholder) in acquiring any shares of Common Stock within the consecutive three (3) year period preceding the date of the Tender Offer; provided, however, that a majority of the Whole Board (as defined in Subsection 7(f)(6)), in its discretion, may determine, but only if a majority of the Whole Board shall then consist of Continuing Directors or, if a majority of the

Whole Board shall not then consist of Continuing Directors, a majority of the then Continuing Directors, in their discretion, may determine, that, in lieu of an amount per share of Common Stock determined above, such Offer Price shall be an amount per share of Common Stock which shall not be less than a price per share of Common Stock (the "Established Price") established and determined in writing by an independent, nationally recognized investment-banking firm selected by a majority of the Whole Board, but only if a majority of the Whole Board shall then consist of Continuing Directors, or, if a majority of the Whole Board does not then consist of Continuing Directors, by a majority of the then Continuing Directors, as then a fair and appropriate price (considering this corporation, on a consolidated basis, as a going concern or on the basis of its value in liquidation, whichever circumstance would result in the highest such price) for the sale of this corporation in a privately negotiated, arm's-length transaction with a person other than a Substantial Stockholder or an Affiliate of such Substantial Stockholder, in light of then prevailing economic conditions, the business and assets of and future prospects for this corporation, the synergistic benefits expected to be derived by the acquiring person(s) from an acquisition of or combination with this corporation, recent examples of similar transactions and other factors then generally considered and relied upon by the investment banking community in making determinations or recommendations as to price in arm's-length acquisition transactions.

(2) This corporation shall furnish to any Substantial Stockholder requesting in writing (such request to be addressed to this corporation's chairman of the board at the principal executive offices of this corporation), within ninety (90) days after receipt of such request, a certificate of an officer of this corporation either specifying the Established Price, or

stating that the Board of Directors or a majority of the Continuing Directors, as the case may be, has determined not to utilize an Established Price, pursuant to Subsection 7(e)(1). Each such request by a Substantial Stockholder shall specify the price paid or agreed to be paid for shares of Common Stock within the three (3) year period referred to in Subsection 7(e)(1). In the event there shall be no Announcement of a Tender Offer complying with the provisions of Subsections 7(d) and 7(e) within forty-five (45) days after receipt of any such certificate by the Substantial Stockholder making such request, such Substantial Stockholder shall no longer be entitled to rely thereon or act on the basis thereof. In such event, such Substantial Stockholder shall be entitled to make a further request as to the determination to utilize an Established Price, and the Board of Directors, or the Continuing Directors, as the case may be, shall be authorized and empowered, in response to any such subsequent request (such subsequent request and response to conform with and to be subject to the foregoing provisions of this Subsection 7(e)(2) to determine whether to utilize an Established Price as contemplated by Subsection 7(e)(1)) established and determined (as hereinabove provided) on the basis of then prevailing circumstances.

(3) Historical prices per share applied in accordance with Subsection 7(e)(1) shall be appropriately adjusted to reflect stock splits, combinations and recapitalization of the shares of Common Stock subsequent to the date on or as of which such prices are to be determined.

(f) For the purposes of this Section 7:

(1) A "Person" shall mean any individual, firm, corporation or other entity.

(2) "Substantial Stockholder" shall mean any person or Group (as defined in Subsection 7(f)(13)), other than this corporation or any Subsidiary (as defined in Subsection 7(f)(8)), who or which has acquired within any consecutive three year period beneficial ownership, directly or indirectly, of more than 10% of the outstanding Common Stock (determined solely on the basis of the total number of shares of Common Stock so beneficially owned (and without giving effect to the number or percentage of votes entitled to be cast in respect of such shares), in relation to the total number of shares of Common Stock issued and outstanding, provided, however, that a person shall not be deemed to be a Substantial Stockholder by reason of any shares of Common Stock issued to such person pursuant to the Joint Plan (as defined in Subsection 7(f)(11)), provided further, however, that a person shall not be deemed to be a Substantial Stockholder for any purposes hereof, if such person (or an Affiliate thereof or any other person deemed to be the beneficial owner of Common Stock also beneficially owned such person) shall, prior to the time such person becomes the beneficial owner directly or indirectly of more than 10% of the outstanding Common Stock, commences and thereafter shall consummate a Tender Offer for any and all shares of Common Stock, the terms of which shall be approved and recommended to stockholders as in the best interests of the Company and its stockholders, by two-thirds of the members of the Whole Board (but only if at least a majority of the members of the Board of Directors acting upon such matter shall be Continuing Directors).

(3) "Beneficial ownership" shall be determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 (or any successor rule or statutory provision), or if said Rule 13d-3 shall be rescinded and there shall be no

successor rule or statutory provision thereto, pursuant to said Rule 13d-3 as in effect as of the Effective Date; provided however that a person shall, in any event, also be deemed the "beneficial owner" of any Common Stock

(a) which such person or any of its Affiliates or Group beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants, or options, or otherwise, or (ii) sole or shared voting or investment power with respect thereto pursuant to any agreement, arrangement, understanding, relationship or otherwise (but shall not be deemed to be the beneficial owner of any Common Stock solely by reason of a revocable proxy granted for a particular meeting of stockholders, pursuant to a public solicitation of proxies for such meeting, with respect to shares of which neither such person nor any such Affiliate is otherwise deemed the beneficial owner); or

(c) which are beneficially owned, directly or indirectly, by any other person with which such first mentioned person or any of its Affiliates acts as a partnership, limited partnership, syndicate or other group pursuant to any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of capital stock of this corporation; and provided further, however, that (i) no director or officer of this corporation (nor any Affiliate of any such director or officer) shall, solely by reason of any or all of such directors or officers acting in their capacities as such, be deemed, for any purposes hereof, to beneficially own any Common Stock beneficially owned by any other such director or

officer (or any Affiliate thereof, and (ii) no employee stock ownership or similar plan of this corporation or any Subsidiary nor any trustee with respect thereto (nor any Affiliate of such trustee) shall, solely by reason of such capacity of such trustee, be deemed, for any purposes hereof, to beneficially own any Common Stock held under any such plan.

(4) For purposes of computing the percentage of beneficial ownership of Common Stock of a person in order to determine whether such person is a Substantial Stockholder, the outstanding Common Stock shall include shares deemed owned by such person through application of Subsection 7(f)(3) but shall not include any other Common Stock which may be issuable by this corporation pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise. For all other purposes, the outstanding Common Stock shall include only Common Stock then outstanding and shall not include any Common Stock which may be issuable by this corporation pursuant to any agreement, or upon the exercise of conversion rights, warrants or options, or otherwise.

(5) "Continuing Director" shall mean a person who was a member of the Board of Directors as of the Effective Date or thereafter elected by the stockholders or appointed by the Board of Directors of this corporation prior to the date as of which the Substantial Stockholder in question became a substantial Stockholder, or a person designated (before his initial election or appointment as a director) as a Continuing Director by a minority of the Whole Board, but only if a majority of the Whole Board shall then consist of Continuing Directors, or, if a majority of the Whole Board shall not then consist of Continuing Directors, by a majority of the then Continuing Directors.

(6) "Whole Board" shall mean the total number of directors which this corporation would have if there were no vacancies.

(7) "Affiliate" of any specified person means a person that directly or indirectly, through one or more intermediaries, controls, or is controlled by or under direct or indirect common control with, such specified person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" and "under common control with",) as used with respect to any person, shall mean the possession, directly or indirectly, or the power to direct or cause the direction of the management or policies of such person, whether through the ownership of Common Stock or by agreement or otherwise.

(8) "Subsidiary" shall mean any corporation of which a majority of each class of equity security (as defined in Rule 3a11-1 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on the Effective Date) is owned, directly or indirectly, by this corporation.

(9) "Tender Offer" shall mean an offer to acquire equity securities pursuant to a request or invitation for tenders.

(10) "Common Stock" shall mean this corporation's common stock authorized as of the Effective Date and shall also include any capital stock of any class or series of this corporation thereafter authorized which shall be neither limited nor entitled to a fixed sum or percentage in respect of dividends and in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of this corporation. In the event there shall at any time be more than one class or series of capital stock issued and outstanding which constitutes Common Stock, all references in this Section 7 to Common Stock, or to any Tender

Offer, Offer Price or Established Price, shall be deemed to refer to and apply to each such class or series of Common Stock individually and the provisions of this Section 7 shall be deemed to apply separately to each such class or series of Common Stock.

(11) "Joint Plan" means the Debtor's and Bondholders' Committee's Joint Plan of Reorganization, dated October 30, 1992, as amended by the Amended Joint Plan of Reorganization dated November 30, 1992, the Second Amended Joint Plan of Reorganization dated January 8, 1993 and the Modified and Restated Second Amended Joint Plan of Reorganization dated June 4, 1993 (and as may be further amended or modified) in connection with the Reorganization case.

(12) "Effective Date" means the date of initial issuance of the Common Stock.

(13) "Group" means a "group" as used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (or any successor rule or statutory provision).

(g) Notwithstanding anything to the contrary contained in this Section 7, at any time prior to the time that a Stockholder becomes a Substantial Stockholder, if two-thirds of the Whole Board shall have the power to waive, but only if two-thirds of the Whole Board shall then consist of Continuing Directors, or, if two-thirds of the Whole Board shall not then consist of Continuing Directors, two-thirds of the then Continuing Directors shall have the power to waive, the voting limitation with respect to a Substantial Stockholder set forth in Subsection 7(b) if it is determined by two-thirds of such Whole Board (or Continuing Directors, as the case may be) that the accumulation of such shares of Common Stock by the Substantial Stockholder will not have an adverse effect on this corporation,

(h) A majority of the Whole Board shall have the power to determine, but only if a majority of the Whole Board shall then consist of Continuing Directors, or, if a majority of the Whole Board shall not then consist of Continuing Directors, a majority of the then Continuing Directors, for the purposes of this Section 7, on the basis of information known to them: (i) the number of shares of Common Stock beneficially owned by any person; (ii) whether a person is an Affiliate of another; (iii) whether a person has an agreement, arrangement or understanding with another as to the matters referred to in Subsection 7(f)(3); (iv) whether the purchase price offered pursuant to any Tender Offer referred to in Subsection 7(d) conforms to the requirements as to minimum Offer Price set forth in Subsection 7(e); and (v) any other factual matter relating to the applicability or effect of this Section 7.

(i) A majority of the Whole Board shall have the right to demand, but only if a majority of the Whole Board shall then consist of Continuing Directors, or, if a majority of the Whole Board shall not then consist of Continuing Directors, a majority of the then Continuing Directors, that any person who it is reasonably believed is a Substantial Stockholder (or holds of record Common Stock beneficially owned by any Substantial Stockholder) supply this corporation with complete information as to: (i) the record owner(s) of all shares beneficially owned by such person who it is reasonably believed is a Substantial Stockholder; (ii) the number of, and class or series of, shares beneficially owned by such person who it is reasonably believed is a Substantial Stockholder and held of record by each such record owner and the number(s) of the stock certificate(s) evidencing such shares; and (iii) any other factual matter relating to the applicability or effect of this Section 7, as may reasonably be requested of such

person, and such person shall furnish such information within 10 days after the receipt of such demand.

(j) Except as otherwise provided by law, the presence, in person or by proxy, of the holders of record of shares of Common Stock of this corporation entitling the holders thereof to cast a majority of the votes (after giving effect, if required, to the provisions of this Section 7) entitled to be cast by the holders of shares of Common Stock of the corporation entitled to vote shall constitute a quorum at all meetings of the holders of Common Stock, and every reference in the Articles of Incorporation to a majority or other proportion of Common Stock (or the holders thereof) for purposes of determining any quorum requirement or any requirement for stockholder consent or approval shall be deemed to refer to such majority or other proportion of the votes (or the holders thereof) then entitled to be cast in respect of such Common Stock.

(k) Any determinations made by the Board of Directors or by the Continuing Directors, as the case may be, pursuant to this Section 7 in good faith and on the basis of such information as was then reasonably available for such purpose shall be conclusive and binding upon this corporation and its stockholders, including any Substantial Stockholder.

(l) Anything to the contrary contained in this Section 7 notwithstanding, and without limiting the powers, duties and obligations of the Board of Directors, the Board of Directors is entitled and authorized, consistent with its duties as such and its obligations to this corporation and its stockholders, to consider the terms of any proposed Tender Offer or acquisition proposed by any person, and to determine if and whether to recommend acceptance or rejection thereof, notwithstanding compliance thereof with the provisions of Subsections 7(d)

and 7(e), and in connection therewith, to take or authorize any and all appropriate and proper action deemed in the judgment of the Board of Directors in the best interests of this corporation and the stockholders in the event the Board of Directors shall determine to recommend rejection thereof.

(m) Any amendment, alteration, change or repeal of this Section 7 shall require the affirmative vote of the holders of then outstanding Common Stock entitling the holders thereof to cast at least 60% of the votes entitled to be cast by the holders of all of the then outstanding Common Stock, provided, however, that this Subsection 7(m) shall not apply to, and such 60% vote shall not be required for, any amendment, alteration, change or repeal declared advisable by the Board of Directors by the affirmative vote of two-thirds of the Whole Board and submitted to the stockholders for their consideration, but only if a majority of the members of the Board of Directors acting upon such matter shall be Continuing Directors.

(n) Nothing contained in this Section 7 shall be construed to relieve any Substantial Stockholder from any fiduciary obligation imposed by law.

(o) In the event any Subsection (or portion thereof) of this Section 7, including, without limitation Subsection 7(c), shall be found to be invalid, prohibited or unenforceable for any reason, the remaining provisions (or portions thereof) of this Section 7 shall be deemed to remain in full force and effect, and shall be construed as if such invalid, prohibited or unenforceable provision had been stricken herefrom or otherwise rendered inapplicable, it being the intent of this corporation and its stockholders that each such remaining provision (or portion thereof) of this Section 7 remain, to the fullest extent permitted by law, applicable and

enforceable as to all stockholders, including Substantial Stockholders, notwithstanding any such finding.