

RIVIERA HOLDINGS CORPORATION

AUDIT COMMITTEE CHARTER

The Audit Committee (the “Committee”), is appointed by the Board of Directors (the “Board”) and assists the Board in fulfilling its responsibility of monitoring the quality and integrity of the accounting, auditing, internal control and financial statements of the Company and the independence, performance and fees of the Company’s external auditors.

The members of the Committee shall meet the requirements relating to independence and expertise, shall be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement and cash flow statement, and any other applicable requirements of the American Stock Exchange (“AMEX”). At least one (1) member of the Committee shall have achieved such financial sophistication that he or she has past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including, but not limited to being or having been a chief executive officer, chief financial officer, other senior officer with financial oversight responsibilities. The members of the Committee, which shall consist of, at least three (3) independent directors, shall be appointed by the Board.

The Committee shall have the authority to retain special legal, accounting or other consultants to advise the Committee. The Committee may request any officer or employee of the Company or the Company’s outside counsel or independent auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.

The Committee is empowered to investigate any matter relating to the Company’s accounting, auditing, internal control or financial reporting practices brought to its attention, with full access to all Company books, records, facilities and personnel.

One member of the Committee shall be appointed as chair. The chair shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, and making regular reports to the Board. The chair will also maintain regular liaison with the CEO, CFO, the lead independent audit partner and the director of internal audit.

The Committee shall meet at least quarterly four (4) times a year or more frequently as the Committee considers necessary. At least once each year the Committee shall have separate private meetings with the independent auditors, management and the internal auditors.

The Committee shall make regular reports to the Board. In meeting its responsibilities, the Committee shall:

1. Review this Charter on an annual basis;
 2. Evaluate with the Board and Company management (“Management”), the performance of the independent auditors and replace such auditors when appropriate;
 3. Recommend to the Board the appointment of the independent auditor on an annual basis;
 4. Pre-approve the audited and non-audited services to be provided by the independent auditor;
 5. Review the audited financial statements with Management and the independent auditors. This review shall include discussions regarding major accounting and auditing principles and practices as applied in such financial statements;
 6. Review major changes to the Company’s auditing and accounting principles and practices as suggested by the independent auditor, internal auditors or management;
 7. Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit;
 8. Discuss with the Company’s CFO and the independent auditors:
 - (i) the interim financial information contained in the Company’s quarterly and annual SEC filings prior to their filing;
 - (ii) the earnings announcement prior to its release (if practicable); and
 - (iii) the results of the review of such information by the independent auditors.
- These discussions may be held with the Committee as a whole or with the Committee chair in person or by telephone.
9. Discuss with management in general terms, financial information and earnings guidance provided to analysts and rating agencies;
 10. Issue the report required by the rules of the Securities and Exchange Commission to be included in the Company’s annual proxy statement;

11. Review with the Company's General Counsel legal matters that may have a material impact on the financial statements;
12. Monitor internal audit activities, including discussing with management and the internal auditors the internal audit function's organization, objectivity, responsibility, plans, results, budget and staffing;
13. Discuss with Management, the internal auditors and the independent auditors the quality and adequacy of and compliance with the Company's internal controls;
14. Review and approve all related party transactions;
15. Monitor the relationship with the independent auditors, including discussing with the auditors the nature and rigor of the audit process, receiving and reviewing audit reports, and providing the auditors full access to the Committee and the Board to report on any and all appropriate matters; and
16. Require the submission to the Committee by the independent auditor on an annual basis formal written reports delineating all relationships between the auditor and the Company, consistent with Independent Standards Board Standard 1, actively engage in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and, if so determined by the Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the auditor.

Although the Audit Committee has the responsibilities and power delineated in this Charter, Management is responsible for the preparation of the Company's financial statements and the independent auditors are responsible for auditing those financial statements. The Committee's role does not provide any expert or special assurance as to the financial statements and other financial information provided by the Company to its stockholders and others nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the independent auditor or to assure compliance with laws and regulations and the Company's compliance policies.