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GERALD M. GORDON, ESQ.
Nevada Bar No. 229
E-mail: ggordon@gordonsilver.com
THOMAS H. FELL, ESQ.
Nevada Bar No. 3717
E-mail: tfell@gordonsilver.com
3960 Howard Hughes Pkwy., 9th Floor
Las Vegas, Nevada 89169
Telephone (702) 796-5555
Facsimile (702) 369-2666
[Proposed] Attorneys for Debtors

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA**

In re:
RIVIERA HOLDINGS CORPORATION
 Affects this Debtor.
 Affects all Debtors.
 Affects RIVIERA OPERATING CORPORATION
 Affects RIVIERA BLACK HAWK, INC.

Case No.: 10-22910-LBR;
Chapter 11 Jointly Administered with:
10-22913-LBR Riviera Operating Corp.
10-22915-LBR Riviera Black Hawk, Inc.

Date:
Time:

**DISCLOSURE STATEMENT TO ACCOMPANY DEBTORS'
JOINT PLAN OF REORGANIZATION**

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APPENDIX

EXHIBIT "A": PLAN OF REORGANIZATION

EXHIBIT "B": LIQUIDATION ANALYSIS

EXHIBIT "C": LOCKUP LETTER

EXHIBIT "D": FINANCIAL PROJECTIONS

EXHIBIT "E": [RESERVED]

[EXHIBIT "F": [CASH RECEIPTS AND USAGE]

I.
INTRODUCTION

1
2
3 On July 12, 2010 (the "Petition Date"), Riviera Holdings Corporation, a Nevada
4 corporation ("RHC"), Riviera Operating Corporation, a Nevada corporation ("ROC") and
5 Riviera Black Hawk, Inc., a Colorado corporation ("RBH" and together with RHC and ROC,
6 the "Debtors") filed petitions for relief (collectively, the "Petition") under Title 11, Chapter 11 of
7 the United States Code (the "Bankruptcy Code").

8 The Debtors have prepared this Disclosure Statement in connection with the solicitation
9 of votes on the Joint Plan of Reorganization (the "Plan") dated July 12, 2010 [Docket No. ____],
10 proposed by the Debtors to treat the Claims of Creditors and Holders of Equity Interests in the
11 Chapter 11 Cases.

12 **CAPITALIZED TERMS USED BUT NOT DEFINED IN THIS DISCLOSURE**
13 **STATEMENT HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN THE PLAN.**
14 **IN THE EVENT OF A CONFLICT OR DIFFERENCE BETWEEN THE DEFINITIONS**
15 **USED IN THIS DISCLOSURE STATEMENT AND IN THE PLAN, THE DEFINITIONS**
16 **CONTAINED IN THE PLAN SHALL CONTROL.**

17 The Exhibits to this Disclosure Statement included in the Appendix are incorporated into,
18 and are a part of, this Disclosure Statement. The Plan is attached as Exhibit A. Any interested
19 party desiring further information should contact:

20 Gordon Silver
21 Attn: Thomas H. Fell, Esq.
22 3960 Howard Hughes Parkway, 9th Floor
23 Las Vegas, Nevada 89169
24 Telephone: (702) 796-5555
25 Email: tfell@gordonsilver.com

26 Interested parties may also obtain further information from the United States Bankruptcy
27 Court for the District of Nevada (the "Bankruptcy Court") at the following websites:
28 <http://www.nvb.uscourts.gov>, or from the Debtors' case website at: http://www._____.

Each Holder of a Claim entitled to vote on the Plan should read this Disclosure Statement, the Exhibits hereto including the Plan, and the instructions accompanying the Ballots in their entirety before voting on the Plan. These documents contain important information concerning the

1 classification of Claims and Equity Interests for voting purposes and the tabulation of votes.

2 **II.**
3 **INFORMATION REGARDING THE PLAN AND THIS DISCLOSURE STATEMENT**

4 The objective of a case under Chapter 11 of the Bankruptcy Code ("Chapter 11") is the
5 confirmation (i.e. approval by the bankruptcy court) of a plan of reorganization. A plan
6 describes in detail (and in language appropriate for a legal contract) the means for satisfying
7 claims against, and equity interests in, a debtor. After a plan has been filed, the holders of
8 claims and equity interests that are impaired (as defined in Section 1124 of the Bankruptcy
9 Code) and receiving some cash or property on account of such claims or equity interests are
10 permitted to vote to accept or reject the plan. Before a debtor or other plan proponent can solicit
11 acceptances of a plan, Section 1125 of the Bankruptcy Code requires the debtor or other plan
12 proponent to prepare a disclosure statement containing adequate information of a kind, and in
13 sufficient detail, to enable those parties entitled to vote on the plan to make an informed voting
14 decision about whether to accept or reject the plan.

15 The purpose of this Disclosure Statement is to provide sufficient information about the
16 Debtors and the Plan to enable Holders of First Priority Senior Secured Claims, Senior Secured
17 Claims and Unsecured Claims to make an informed voting decision about whether to accept or
18 reject the Plan. (Holders of other Claims or Equity Interests will be deemed to have accepted or
19 rejected the Plan, as the case may be, without the need for them to vote.) This Disclosure
20 Statement is being used to solicit acceptances of the Plan. The Bankruptcy Court has found that
21 this Disclosure Statement provides adequate information and has entered an order approving this
22 Disclosure Statement, in accordance with Section 1125 of the Bankruptcy Code. Approval by
23 the Bankruptcy Court is not an opinion or ruling on the merits of the Plan and it does not mean
24 that the Plan has been or will be approved by the Bankruptcy Court.

25 After the appropriate Holders of Claims and Equity Interests which are impaired and
26 entitled to vote to accept or reject the Plan have voted, there will be a Confirmation Hearing to
27 determine whether the Plan should be confirmed by the Bankruptcy Court. At the Confirmation
28 Hearing, the Bankruptcy Court will consider whether the Plan satisfies the requirements of the

1 Bankruptcy Code. The Bankruptcy Court will also receive and consider a Ballot summary,
2 which will present a tally of the votes cast by those Classes entitled to vote on the Plan. Once
3 confirmed, the Plan will be treated essentially as a contract binding on all Holders of Claims and
4 Equity Interests and other parties-in-interest in the Chapter 11 Cases, even if they rejected the
5 Plan.

6 **THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF**
7 **THE PLAN AND CERTAIN OTHER DOCUMENTS AND FINANCIAL**
8 **INFORMATION THAT ARE INCORPORATED BY REFERENCE HEREIN**
9 **(COLLECTIVELY, THE "INCORPORATED DOCUMENTS"). THE SUMMARIES**
10 **CONTAINED HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO**
11 **THE INCORPORATED DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY**
12 **OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE**
13 **STATEMENT AND THE ACTUAL CONTENT OF ANY OF THE INCORPORATED**
14 **DOCUMENTS, THE INCORPORATED DOCUMENTS SHALL GOVERN FOR ALL**
15 **PURPOSES.**

16 **THE INFORMATION IN THIS DISCLOSURE STATEMENT IS INCLUDED**
17 **HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND**
18 **MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE**
19 **HOW TO VOTE ON THE PLAN. THE CONFIRMATION, EFFECTIVENESS AND**
20 **CONSUMMATION OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS**
21 **PRECEDENT. THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE**
22 **SATISFIED OR WAIVED.**

23 **IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE**
24 **EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND**
25 **HOLDERS OF INTERESTS IN, THE DEBTORS (INCLUDING THOSE HOLDERS**
26 **WHO DO NOT VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE**
27 **PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.**

28 **THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE**

1 WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE
2 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE
3 SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAWS.

4 THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR
5 DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE
6 COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY
7 OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

8 THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT
9 BE CONSTRUED AS, AN ADMISSION OF FACT OR LIABILITY, A STIPULATION
10 OR A WAIVER. THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS A
11 STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO
12 CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR
13 THREATENED LITIGATION OR ACTIONS.

14 THE DEBTORS MAKE THE STATEMENTS AND PROVIDE THE FINANCIAL
15 INFORMATION CONTAINED HEREIN AS OF THE DATE HEREOF, UNLESS
16 OTHERWISE SPECIFIED. PERSONS REVIEWING THIS DISCLOSURE
17 STATEMENT SHOULD NOT INFER THAT THE FACTS SET FORTH HEREIN HAVE
18 NOT CHANGED SINCE THE DATE HEREOF.

19 EACH HOLDER OF AN IMPAIRED CLAIM WHO IS ENTITLED TO VOTE
20 SHOULD CAREFULLY REVIEW THE PLAN, THIS DISCLOSURE STATEMENT
21 AND THE EXHIBITS TO BOTH DOCUMENTS IN THEIR ENTIRETY BEFORE
22 CASTING A BALLOT.

23 THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL,
24 BUSINESS, FINANCIAL OR TAX ADVICE. ALL PERSONS DESIRING SUCH
25 ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH THEIR OWN
26 ADVISORS.

27 THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS
28 ABOUT THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN

1 **THOSE SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS**
2 **SHOULD NOT RELY ON ANY INFORMATION, REPRESENTATIONS OR**
3 **INDUCEMENTS MADE OR GIVEN TO OBTAIN THEIR APPROVAL OF THE PLAN**
4 **THAT DIFFER FROM, OR ARE INCONSISTENT WITH, THE INFORMATION**
5 **CONTAINED HEREIN AND IN THE PLAN.**

6 **THE MANAGEMENT OF EACH DEBTOR HAS REVIEWED THE FINANCIAL**
7 **INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH**
8 **THE DEBTORS HAVE ENDEAVORED TO ENSURE THE ACCURACY OF THIS**
9 **FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN,**
10 **OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT**
11 **HAS NOT BEEN AUDITED, UNLESS OTHERWISE STATED HEREIN.**

12 **III.**
13 **OVERVIEW**

14 The primary objective of the reorganization and restructuring under the Plan is to
15 maximize returns to those Creditors entitled to recoveries from the Estates. The Debtors desire
16 to achieve this objective through an expeditious restructuring of both the capital structure and
17 ownership structure of the Debtors. The restructuring is predicated upon the Debtors having
18 determined that the enterprise value of their Assets, consisting of _____,
19 ranges from \$ _____ to \$ _____. (See Section XVI.C.2.)

20 **IV.**
21 **SUMMARY OF THE PLAN**

22 The following summary of the Plan is qualified in its entirety by reference to the detailed
23 explanations in this Disclosure Statement and the Plan itself. For a more detailed description of
24 the Plan, see Article VIII hereof and the Plan.

25 Pursuant to Section 1123(a)(1) of the Bankruptcy Code, Allowed Administrative Claims
26 and Priority Tax Claims are not designated as Classes under the Plan. In general, these Claims
27 consist of the fees and costs of professionals employed on behalf of the Estates. The Holders of
28 such unclassified Claims will be paid in full under the Plan consistently with the requirements of
Section 1129(a)(9)(A) of the Bankruptcy Code, and they are not entitled to vote on the Plan.

The Distributions under the Plan to each Class are summarized in the following table:

Class	Description	Treatment	Estimated Amount of Claims ¹
Class 1:	Other Priority Claims	Unimpaired. Paid in full in Cash. <u>See Section VIII.C.1.</u>	\$ _____
Class 2:	Other Secured Claims	Unimpaired. Paid in full in Cash or otherwise left Unimpaired. <u>See Section VIII.C.2.</u>	\$ _____
Class 3:	General Unsecured Claims	Impaired. Paid in full in cash not to exceed \$3,000,00. <u>See Section _____.</u>	\$ _____
Class 4:	First Priority Senior Secured Claims	Impaired. Pro rate share of the \$50,000,00 Series A Term Loan. <u>See Section _____.</u>	\$ _____
Class 5	Senior Secured Claims	Impaired. Dependant on whether the Total New Money Investment Alternative is effectuated or the Partial New Money Investment Alternative is effectuated. Pro rata share of the \$50,000 Series A Term Loan less the portion received by the First Priority Senior Secured Lenders, and pro rata of a portion of the Class B Shares <u>See Section _____.</u>	\$ _____
Class 6:	510(b) Claims	Impaired. No distribution. <u>See Section VIII.C.6.</u>	\$ _____
Class 7:	Intercompany Claims	Impaired or Unimpaired; Reinstated, in full or in part or cancelled in full or in part,	\$ _____

¹ These amounts were compiled by combining the undisputed claims listed on the Debtors' bankruptcy schedules, together with the proofs of claim on file as of the time of the Debtors' filing of their motion to approve this Disclosure Statement. As such, these amounts are estimates only, and may change as more proofs of claim are filed, and the adjudication or other resolution of pending contingent, unliquidated or disputed claims.

1		at the option of the Debtors.	
2	Class 8:	Equity Interests in RHC	Impaired. No Distribution. n/a
3			<u>See Section VIII.C.8.</u>
4	Class 9:	Intercompany Equity	Unimpaired. Interests n/a
5		Interests	remain unaltered. <u>See</u>
			<u>Section VIII.C.9.</u>

6 Other Priority Claims, which consist of any and all Claims accorded priority in right of
7 payment under Section 507(a) of the Bankruptcy Code, other than Priority Tax Claims, are
8 provided for in Class 1. Allowed Claims in Class 1 (“Allowed Class 1 Claims”) will be paid in
9 full in Cash under the Plan; therefore, Holders of Allowed Class 1 Claims are Unimpaired.

10 Other Secured Claims, which consist of all Secured Claims, except First Priority Senior
11 Secured Claims, Senior Secured Claims, Administrative Claims and Secured Tax Claims to the
12 extent any such Claims are Secured Claims, are provided for in Class 2. Allowed Claims in
13 Class 2 (“Allowed Class 2 Claims”), if any, will be paid in full in Cash or otherwise left
14 Unimpaired, in full and final satisfaction of such Claims.

15 General Unsecured Claims are provided for in Class 3. Holders of Class 3 Claims are
16 Impaired. Each Holder of an Allowed Claim that is a General Unsecured Claim (“Allowed
17 General Unsecured Claim”), other than with respect to deficiency claims arising from the Senior
18 Secured Claims, will be paid in full, but in no event shall the total payment to the holders of
19 Allowed General Unsecured Claims exceed \$3,000,000 in total; it being understood that if such
20 total payment would exceed \$3,000,000, holders of Allowed General Unsecured Claims shall
21 instead receive their pro rata share of \$3,000,000 in satisfaction of General Unsecured Claims.
22 As set forth in Section XVI.C.3, the Debtors are projected to have Cash on hand of
23 approximately \$_____ as of the Effective Date and thus believe they will be capable of
24 meeting all Cash demands under the Plan, including payments to Holders of Class 3 Claims on
25 the Substantial Consummation Date and funding of the Disputed Claim Reserve.

26 First Priority Senior Secured Claims, which are all Claims arising under, or related to, the
27 Senior Secured Credit Agreement for prepetition interest on account of the Term Loans and
28 Revolving Credit Loans and with respect to the periodic payments due under the Secured

1 Hedging Agreement and any interest accrued thereon, are provided for in Class 4, which is an
2 impaired Class. As explained in Section VIII.C.4, First Priority Senior Secured Claims shall be
3 canceled and each existing holder of such Claim shall receive in full and final satisfaction of
4 such Claims, a portion of the \$50,000,000 Series A Term Loan in a principle amount equal to
5 such First Priority Senior Secured Claim.

6 Senior Secured Claims, representing all obligations of any kind whatsoever arising under,
7 or related to, the Senior Secured Credit Agreement and Secured Hedging Agreement, other than
8 the First Priority Senior Secured Claims, are provided for in Class 5, which is an Impaired Class.
9 As explained in Section VIII.C.5, Holders of Allowed Claims in Class 5 (“Allowed Class 5
10 Claims”) will receive in full and final satisfaction of such Claims, depending on whether the
11 Total New Money Investment Alternative is effectuated or the Partial New Money Investment
12 Alternative is effectuated, a portion of the Series A Term Loan in a principal amount of up to
13 such Senior Secured Lenders pro rata share of \$50,000,000.00 less the portion of the Series A
14 Term Loan received by the First Priority Senior Secured Lenders and such Senior Secured
15 Lenders pro rata share of a portion of the Class B Shares, as more fully described herein.

16 510(b) Claims, which are any Claims arising from rescission of a purchase or sale of a
17 security of the Debtors or any affiliate of the Debtors, for damages arising from the purchase or
18 sale of such security or for reimbursement or contribution allowed under Section 502 of the
19 Bankruptcy Code on account of such Claim, are provided for in Class 6, which is an Impaired
20 Class. As explained in Section VIII.C.6, on the Substantial Consummation Date, Holders of
21 Allowed Claims in Class 6 (“Allowed Class 6 Claims”) shall not receive any distribution on
22 account of such Claims.

23 Claims that any Debtor has against another Debtor are classified as Intercompany Claims
24 in Class 7. On the Substantial Consummation Date, at the option of the Debtors or the
25 Reorganized Debtors, the Intercompany Claims of any Debtor against any other Debtor shall
26 either be reinstated, in full or in part, or cancelled and discharged, in full or in part, in which case
27 such cancelled and discharged portion shall be eliminated and the Holders thereof shall not be
28 entitled to, and shall not receive or retain, any property or interest in property on account of such

1 portion. Holders of Class 7 claims shall be either Impaired or Unimpaired, not entitled to vote
2 on the Plan and deemed to have either rejected or accepted the Plan, as applicable.

3 Holders of Equity Interests in RHC are in Class 8. Holders of Class 8 Claims are
4 Impaired. On the Substantial Consummation Date all Equity Interests in RHC will be canceled
5 and Holders of Claims in Class 8 will not receive or retain anything on account of their Claims.
6 Such Holders will be deemed to have rejected the Plan without the need for their vote.

7 Any Equity Interest in a Debtor other than RHC that is held by another Debtor or a
8 Subsidiary of another Debtor is classified as an Intercompany Interest in Class 9. All
9 Intercompany Interests in Class 9 will be retained and will remain unaltered. All such Equity
10 Interests are Unimpaired. Holders of Intercompany Interests will not be entitled to vote on the
11 Plan.

12 **V.**
13 **DISCLAIMER**

14 In formulating the Plan, the Debtors relied on financial data derived from their books and
15 records as well as the valuation of the Debtors' Assets by _____, as more particularly
16 described in Section XVI.C.2. The Debtors represent that as of the date of this Disclosure
17 Statement, everything stated in this Disclosure Statement is true to the best of their knowledge.
18 However, the Debtors cannot and do not confirm the current accuracy of the statements
19 appearing in this Disclosure Statement.

20 The discussion in this Disclosure Statement regarding the Debtors may contain "forward-
21 looking statements," as that term is used in the Private Securities Litigation Reform Act of 1995.
22 Such statements consist of any statement other than one of historical fact, and can be identified
23 by the use of forward-looking terminology such as "may," "expect," "believe," "anticipate,"
24 "estimate," "likely," "probable" or "continue" or the negative thereof or other variations thereof
25 or comparable terminology. All such forward-looking statements are speculative, and there are
26 risks and uncertainties that could cause actual events or results to differ materially from those
27 referred to in such forward-looking statements. The liquidation analysis and distribution
28 projections are estimates only, and the timing and amounts of actual distributions may be

1 affected by many factors that cannot be predicted. Therefore, any analysis, estimates or recovery
2 projections may not turn out to be accurate.

3 **NOTHING IN THIS DISCLOSURE STATEMENT IS, OR SHALL BE DEEMED,**
4 **AN ADMISSION OR STATEMENT AGAINST INTEREST BY THE DEBTORS FOR**
5 **PURPOSES OF ANY PENDING OR FUTURE LITIGATION MATTER OR**
6 **PROCEEDING.**

7 **ALTHOUGH THE ATTORNEYS, ACCOUNTANTS, ADVISORS AND OTHER**
8 **PROFESSIONALS EMPLOYED BY THE DEBTORS HAVE ASSISTED IN**
9 **PREPARING THIS DISCLOSURE STATEMENT BASED UPON FACTUAL**
10 **INFORMATION AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS AND**
11 **ACCOUNTING DATA FOUND IN THE BOOKS AND RECORDS OF THE DEBTORS,**
12 **THEY HAVE NOT INDEPENDENTLY VERIFIED SUCH INFORMATION AND MAKE**
13 **NO REPRESENTATIONS AS TO THE ACCURACY THEREOF. THE ATTORNEYS,**
14 **ACCOUNTANTS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE**
15 **DEBTORS SHALL HAVE NO LIABILITY FOR INFORMATION CONTAINED IN, OR**
16 **OMITTED FROM, THIS DISCLOSURE STATEMENT.**

17 **THE DEBTORS AND THEIR PROFESSIONALS HAVE MADE A DILIGENT**
18 **EFFORT TO IDENTIFY IN THIS DISCLOSURE STATEMENT AND IN THE PLAN**
19 **PENDING LITIGATION CLAIMS, PROJECTED CAUSES OF ACTION AND**
20 **OBJECTIONS TO CLAIMS. HOWEVER, NO RELIANCE SHOULD BE PLACED ON**
21 **THE FACT THAT A PARTICULAR LITIGATION CLAIM, PROJECTED CAUSE OF**
22 **ACTION OR OBJECTION TO A CLAIM IS OR IS NOT IDENTIFIED IN THIS**
23 **DISCLOSURE STATEMENT OR THE PLAN. THE DEBTORS OR THE**
24 **REORGANIZED DEBTORS MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE**
25 **LITIGATION CLAIMS AND PROJECTED CAUSES OF ACTION AND OBJECTIONS**
26 **TO CLAIMS AFTER THE CONFIRMATION DATE, EFFECTIVE DATE OR**
27 **SUBSTANTIAL CONSUMMATION DATE, IRRESPECTIVE OF WHETHER THIS**
28 **DISCLOSURE STATEMENT OR THE PLAN IDENTIFIES SUCH CLAIMS, CAUSES**

1 **OF ACTION OR OBJECTIONS TO CLAIMS.**

2 **VI.**
3 **SUMMARY OF VOTING PROCESS**

4 **A. Who May Vote To Accept Or Reject The Plan.**

5 Generally, holders of allowed claims or equity interests that are “impaired” under a plan
6 of reorganization and who are receiving some cash or property on account of such claims or
7 equity interests are permitted to vote on the plan. A claim is defined by the Bankruptcy Code
8 and the Plan to include a right to payment from a debtor; an equity interest represents an
9 ownership stake in a debtor. In order to vote, a creditor or holder of an equity interest must have
10 an allowed claim. The solicitation of votes on the Plan will be sought only from Holders of
11 Allowed Claims whose Claims are Impaired and who will receive property or rights under the
12 Plan. As explained further below, to be entitled to vote, a Person must be a Holder of a Claim
13 that is both an “Allowed Claim” and “Impaired.”

14 **B. Summary Of Voting Requirements.**

15 In order for the Plan to be confirmed, it must be accepted by at least one Impaired Class
16 of Claims, excluding the votes of any Insiders within that Class. A Class of Claims is deemed to
17 have accepted the Plan if and when allowed votes representing at least two-thirds in amount and
18 a majority in number of the Claims of the Class actually voting cast votes in favor of the Plan.

19 A Class of Equity Interests would be deemed to have accepted the Plan if votes
20 representing at least two-thirds in amount of the outstanding Equity Interests of the Class
21 actually voting cast votes in favor of the Plan.

22 Holders of certain Impaired Classes of Claims or Equity Interests will not receive or
23 retain anything on account of their Claims or Equity Interests. As such, they will be deemed to
24 have voted against the Plan without the need for them to cast votes or receive voting ballots.

25 The Debtors are soliciting votes only from Holders of Allowed Claims in the following
26 three Classes, which are Impaired under the Plan: Class 3 (General Unsecured Claims); Class 4
27 (First Priority Senior Secured Claims), and Class 5 (Senior Secured Claims).

28 The Debtors have the right to supplement this Disclosure Statement as to additional

1 Impaired Classes, if any. The treatment of each Class is described in the Plan and is summarized
2 generally in Articles IV and VIII of this Disclosure Statement.

3 **A VOTE FOR ACCEPTANCE OF THE PLAN BY HOLDERS OF CLAIMS WHO**
4 **ARE ENTITLED TO VOTE IS MOST IMPORTANT. THE DEBTORS BELIEVE THAT**
5 **THE TREATMENT OF HOLDERS OF GENERAL UNSECURED CLAIMS, FIRST**
6 **PRIORITY SENIOR SECURED CLAIMS, AND SENIOR SECURED CLAIMS UNDER**
7 **THE PLAN IS THE BEST ALTERNATIVE FOR THEM, AND THE DEBTORS**
8 **RECOMMEND THAT THE HOLDERS OF THOSE ALLOWED CLAIMS VOTE IN**
9 **FAVOR OF THE PLAN.**

10 ///

11 ///

12 **VII.**
13 **GENERAL INFORMATION ABOUT THE DEBTORS' BUSINESS, RESTRUCTURING**
14 **EFFORTS AND THE FILING OF THE CHAPTER 11 CASES**

14 **A. The Debtors' Businesses**

15 **1. Corporate Structure**

16 Riviera was incorporated in Nevada on January 27, 1993. Riviera's wholly-owned
17 subsidiary, ROC, owns and operates the Riviera Hotel & Casino ("Riviera Las Vegas")² located
18 on Las Vegas Boulevard (the "Strip") in Las Vegas, Nevada. Riviera Las Vegas originally
19 opened in 1955 under different ownership. RBH, which is a wholly-owned subsidiary of ROC,
20 owns and operates the Riviera Black Hawk Casino ("Riviera Black Hawk"), a casino in Black
21 Hawk, Colorado. Riviera Black Hawk opened on February 4, 2000.

22 The Debtors collectively form a gaming company that owns and manages two gaming
23 operations: Riviera Las Vegas and Riviera Black Hawk.

24 **a. Riviera Las Vegas**

25 Riviera Las Vegas is located on the Strip, and occupies approximately 26 acres. Riviera
26 Las Vegas has a long history as one of the oldest and most famous casinos on the Strip having

27 ² For clarification, Riviera retains ownership of the real property and related improvements, including the buildings.
28 ROC, however, owns all the personal property, including but not limited to the equipment and furnishings, related to
the operation of Riviera Las Vegas.

1 opened originally, though, as previously stated, not through its current ownership, on April 20,
2 1955. The casino has approximately 850 slot machines, 30 gaming tables, a poker room, and a
3 race and sports book. The hotel has 2,075 guest rooms, a convention, meeting and banquet space
4 totaling 160,000 square feet as well as various bars and restaurants located on the premises.

5 Riviera Las Vegas's convention center is one of the larger convention facilities in Las
6 Vegas and is an important feature that attracts customers. The facility can be reconfigured for
7 multiple meetings of small groups or large gatherings of up to 5,000 people. The convention
8 center offers ample convention, meeting and banquet facilities, in addition to teleconferencing,
9 wireless internet, satellite uplink capabilities, and 12 skyboxes.

10 Riviera Las Vegas's casino marketing is directed at mid-level stakes gaming customers
11 (customers that wager less on average) as opposed to high stakes customers (customers that
12 wager more on average). Mid-level stakes gaming customers tend to provide the Debtors with a
13 less volatile, more consistent gaming revenue stream. Consistent with its focus on mid-level
14 stakes gaming customers, Riviera Las Vegas offers lower table game limits, implements stricter
15 credit policies, and emphasizes slot machine play. Riviera Las Vegas's principal strategy is to
16 continue to invest in its slot machines and table game products, market to its customer base
17 primarily through a multi-tiered players' club program ("Club Riviera"), and to offer slot
18 machine and poker tournaments and other special events and promotions.

19 Riviera Las Vegas's hotel marketing focuses on its convention customers. To better
20 market to these customers, most of the hotel rooms in Riviera Las Vegas were upgraded during
21 2007 and 2008. The convention market consists of two groups: (1) the trade organizations and
22 groups that hold their events in the banquet and meeting space provided by a single hotel; and (2)
23 those attending city-wide events, usually held at the Las Vegas Convention Center. The Debtors
24 target convention business because it typically provides patrons willing to pay higher room rates
25 and allows the Debtors to capitalize on certain advance planning benefits because conventions
26 are often booked one to two years in advance of the event date. The Debtors also benefit from
27 Riviera Las Vegas's proximity to the Las Vegas Convention Center as customers stay at Riviera
28 Las Vegas to avoid the congestion that occurs during a major convention, particularly at the

1 south end of the Strip. In 2009, Riviera Las Vegas derived approximately 22% of its hotel
2 occupancy and approximately 35% of its room revenues from convention customers.
3 Accordingly, the Debtors consider convention customers to be a critical component of their
4 customer base.

5 The Debtors focus capital expenditures for Riviera Las Vegas toward maintaining the
6 hotel rooms and amenities in sufficient condition to compete for customers in the convention and
7 mature adult markets. Room rental rates and slot revenues are the primary factors driving
8 operating margins.

9 The Debtors use technology to maintain labor costs at a reasonable level, including
10 kiosks for hotel check-in, slot club activities, and slot ticket redemptions.

11
12 b. Riviera Black Hawk

13 Riviera Black Hawk, which opened on February 4, 2000, is located in Black Hawk,
14 Colorado, approximately 40 miles west of Denver. Black Hawk is the largest casino market in
15 Colorado, and Riviera Black Hawk is the first casino encountered by visitors arriving from
16 Denver on Highway 119. Riviera Black Hawk is comprised of a casino with approximately 750
17 slot machines and 9 gaming tables, a buffet, a delicatessen, a casino bar, and a ballroom with
18 seating for approximately 200 people. Its casino features the fourth largest number of gaming
19 devices in the market.

20 Riviera Black Hawk caters primarily to the "locals" slot customer. The Debtors attract
21 customers to Riviera Black Hawk by implementing marketing strategies and promotions
22 designed specifically for the Black Hawk/Central City market. The Debtors utilize a player's
23 club at Riviera Black Hawk, which was modeled after Club Riviera used at Riviera Las Vegas.
24 With the players' club program, players earn points based on gaming play, which can be
25 redeemed for cash, food, beverages, and various other items. Riviera Black Hawk's players'
26 club is the Debtors' primary tool for building customer loyalty in Black Hawk.

27 Riviera Black Hawk benefits from strong walk-in traffic, which is primarily the result of
28 its proximity to the Colorado Central Station and Isle of Capri casino properties. The Debtors

1 have and continue to develop specific marketing programs designed to attract these walk-in
2 customers.

3 Until recently, only limited stakes gaming, which is defined as a maximum single bet of
4 \$5, was legal in the Black Hawk market. However, on November 4, 2008, the citizens of
5 Colorado approved Amendment 50 to the Colorado Constitution, which allowed residents of
6 Black Hawk to vote to extend casino hours, approve additional games, and increase the
7 maximum bet limit.³

8 On January 13, 2009, residents of Black Hawk voted to enable Black Hawk casino
9 operators to extend casino hours, add craps and roulette gaming and increase the maximum
10 betting limit to \$100.

11 On July 2, 2009, the first day permissible to implement the changes associated with the
12 passage of Amendment 50, the Debtors increased betting limits, extended hours, and commenced
13 roulette gaming.⁴

14 The Debtors focus capital expenditures for Riviera Black Hawk toward maintaining slot
15 machines and the casino's amenities to remain competitive in the "locals" market. The Debtors
16 also have made limited capital expenditures toward Riviera Black Hawk associated with the
17 implementation of increased betting limits, extended hours, and new games in accordance with
18 the approval of Amendment 50, as referenced above.

19 **2. The Debtors' Prepetition Equity And Management Structure.**

20 Prior to June 2009, Riviera's common stock had been traded on the NYSE Amex (the
21 "Exchange") under the symbol "RIV." Riviera's stock reached its highest price in its history at
22 over \$36 per share in June 2007. Riviera's high stock price was largely attributable to the
23 significant increases in real estate values along the Strip throughout the past decade until stock
24 values peaked in 2007. At such peak, a number of hotel and casino properties along the Strip
25 had estimated real estate values in excess of \$30 million per acre.

26
27 ³ See Colo. Const. art. XVIII, § 9.

28 ⁴ See Div. of Gaming, Dep't. of Revenue, State of Colorado, *available at*:
<http://www.colorado.gov/cs/Satellite/Rev-Gaming/RGM/1218795716371>.

1 However, as discussed below, real estate values along the Strip, including that of
2 Riviera's approximately 26 acres, have significantly declined since 2007. Corresponding with
3 declining property values, stock prices have plummeted as well. Indeed, for the 52-week period
4 ending March 23, 2009, the daily closing sale prices of Riviera's stock ranged from \$1.05 to
5 \$21.99 per share, substantially down from the \$36 per share high less than two years earlier.

6 On June 1, 2009, Riviera received a deficiency letter (the "Deficiency Letter") from the
7 Exchange stating that Riviera did not meet certain of the Exchange's continued listing standards
8 because Riviera had sustained losses, which were so substantial in relation to its overall
9 operations or its existing financial resources, or its financial condition had become so impaired
10 that it appeared questionable, in the opinion of the Exchange, as to whether Riviera would be
11 able to continue operations and/or meet its obligations.

12 In order to maintain its listing on the Exchange, Riviera was required to submit a plan of
13 compliance to the Exchange by July 1, 2009, advising the Exchange of action it had taken, or
14 would take, that would bring Riviera into compliance with the Exchange's standards by
15 November 27, 2009. As Riviera did not believe that it could take the steps necessary to satisfy
16 the continued listing criteria of the Exchange within the prescribed time frame, the Debtors'
17 Board of Directors approved a plan to voluntarily withdraw Riviera's common stock from
18 trading on the Exchange. On June 5, 2009, Riviera provided notice to the Exchange of its intent
19 to voluntarily delist its common stock from the Exchange, and on June 15, 2009, Riviera filed a
20 Form 25 with the Securities and Exchange Commission (the "SEC") to inform the SEC of such
21 decision. Trading of the Riviera's common stock on the Exchange was suspended as of the close
22 of trading on June 25, 2009. Effective June 26, 2009, Riviera's common stock became available
23 for quotation on Pink OTC Markets, Inc. (the "Pink Sheets"), an over-the-counter electronic
24 quotation system, under the symbol "RVHL."

25 Riviera's stock price has continued to decline over the past year. During the 52 weeks
26 ending January 6, 2010, the average closing price for Riviera's stock has fluctuated from a high
27 of \$4.79 per share to a low of \$0.30 per share. As of July 7, 2010, there were 12,447,555
28 outstanding shares of common stock, \$.001 par value per share. The closing sale price of

1 Riviera's stock as of the business day prior to the Petition Date was \$0.25.

2 a. Management Structure

3 On April 18, 2010, William L. Westerman, the Debtors' Chief Executive Officer
4 ("CEO"), President and Chairman of its Board, passed away. Mr. Westerman also served as
5 Chairman of the Board of Directors and CEO of ROC and as Chairman of the Board of
6 Directors, CEO and President of RBH. On April 19, 2010, the Board of Directors announced the
7 creation of the Office of the CEO on an interim basis, to perform the functions of the Riviera's
8 CEO and which is jointly held by Tullio J. Marchionne, Riviera's Secretary and General Counsel
9 and ROC's Secretary and Executive Vice President; Robert A. Vannucci, the President and Chief
10 Operating Officer of ROC; and Phillip Simons, Riviera's Treasurer and Chief Financial Officer
11 ("CFO") and ROC's Treasurer, CFO and Vice President of Finance. Messrs. Marchionne and
12 Vannucci and Mr. Simons each continue in their current positions with the Debtors.
13 Additionally, Vincent L. DiVito, a current member of the Board of Directors, was elected
14 Chairman of the Board effective April 19, 2010. Mr. DiVito is also Chairman of the Debtors'
15 Audit Committee. In his additional capacity as Chairman, Mr. DiVito oversees the restructuring
16 process on behalf of the Board of Directors of Riviera (the "Riviera Board") and interfaces with
17 the Office of the CEO and the professionals retained by the Debtors.

18 In addition to Mr. DiVito, the Riviera Board is comprised of Paul A. Harvey and James
19 N. Land, Jr. The Board of Directors of ROC (the "ROC Board" and together with the Riviera
20 Board, the "Board") is comprised of the same three individuals.

21 **B. The Debtors' Prepetition Capital Structure.**

22 On June 8, 2007, Riviera, as borrower, and ROC, RBH, and Riviera Gaming
23 Management of Colorado, Inc., a Colorado corporation, as guarantors (collectively, the
24 "Guarantors" and together with Riviera, the "Obligors"), entered into that certain Credit
25 Agreement with the lenders party thereto (such lenders, together with their respective successors
26 and permitted assigns, are referred to hereinafter each individually as a "Prepetition Secured
27 Lender" and, collectively, as the "Prepetition Secured Lenders"), with Wachovia Bank, National
28 Association (the "Original Agent"), as administrative agent (as the same may from time to time

1 be amended, modified, extended, restated, replaced or supplemented in accordance with the
2 terms thereof, the “Credit Agreement” and, the credit facility evidenced thereby, the “Senior
3 Credit Facility”), which prior to the Petition Date provided for, among other things, a revolving
4 credit facility of up to a maximum of \$20,000,000 and a \$225,000,000 term loan. As of the
5 Petition Date, the Debtors’ principal obligations outstanding under the Senior Credit Facility
6 were \$2,500,000 in respect of the revolving loans made under the revolving credit facility and
7 \$225,000,000 in respect of the term loan, plus accrued and unpaid interest, fees, costs and
8 expenses under the Credit Agreement to the Petition Date in the amount of \$20,271,522.54
9 (collectively, the “Senior Secured Claims.

10 The Senior Credit Facility contains affirmative and negative covenants customary for
11 financings of this nature including, but not limited to, restrictions on Riviera’s incurrence of
12 other indebtedness.

13 The Senior Credit Facility contains events of default customary for financings of its
14 nature including, but not limited to, nonpayment of principal, interest, fees or other amounts
15 when due; violation of covenants; failure of any representation or warranty to be true in all
16 material respects; cross-default and cross-acceleration under Riviera’s other indebtedness or
17 certain other material obligations; certain events under federal law governing employee benefit
18 plans; a “change of control” of Riviera; dissolution; insolvency; bankruptcy events; material
19 judgments; uninsured losses; actual or asserted invalidity of the guarantees or the security
20 documents; and loss of any gaming licenses. Some of these events of default provide for grace
21 periods and materiality thresholds.

22 For purposes of these default provisions, a “change in control” of Riviera includes: a
23 person’s acquisition of beneficial ownership of 35% or more of RHC’s stock coupled with a
24 gaming license and/or approval to direct any of RHC’s gaming operations, a change in a majority
25 of the members of RHC’s Board other than as a result of changes supported by RHC’s current
26 Board members or by successors who did not stand for election in opposition to RHC’s current
27 Board, or RHC’s or any Guarantors failure to maintain 100% ownership of its Subsidiaries.

28 The Senior Credit Facility is guaranteed and secured by valid, binding, enforceable and

1 perfected first priority security interests and liens as discussed below.

2 Debtors are informed and believe that the enterprise value of the Debtors' businesses as a
3 going concern as of the Petition Date is less than the total amount owed under the Senior Credit
4 Facility. Debtors are also informed and believe that the enterprise value of the Debtors'
5 businesses will not diminish subject to the businesses continuing to operate in the ordinary
6 course and the expenditure of capital expenditures as proposed in the Budget attached to the
7 proposed Stipulation Authorizing Use Of Cash Collateral By The Debtors And Granting
8 Adequate Protection, all gaming licenses and permits remaining in place, and present
9 management remaining in place.

10 The estimated value of the Prepetition Collateral (defined below) securing the Senior
11 Credit Facility is less than the amount due under the Senior Credit Facility as of the Petition
12 Date.

13 **1. Secured Hedging Agreement**

14 On March 31, 2007, Riviera and Wachovia Bank, National Association ("Wachovia"),
15 entered into that certain ISDA Master Agreement (together with all amendments, supplements,
16 or modifications, the "Secured Hedging Agreement"), pursuant to which such parties entered
17 into an interest rate swap effective May 31, 2007. Prior to the Petition Date, Wachovia
18 terminated the Secured Hedging Agreement and participated its position thereunder to Cerberus
19 Series Four Holdings, LLC (the "Prepetition Secured Counterparty" and together with the
20 Prepetition Secured Lenders, the "Senior Secured Creditors"). As of the Petition Date, the
21 Debtors owed obligations outstanding under the Secured Hedging Agreement in the amount of
22 \$27,861,251.57 (the "Swap Obligation" and together with the Senior Secured Claims, the
23 "Secured Creditor Claims").

24 **2. Senior Credit Facility Security Documents**

25 The Senior Secured Claims are secured by first priority security interests and liens
26 (subject to only to certain Permitted Liens, as that term is used in the Credit Agreement) (the
27 "Senior Secured Liens") granted pursuant to the following:

28 a. that certain Security Agreement, dated as of June 8, 2007, among the Obligor

1 and the Original Agent (as the same may from time to time be amended, modified, extended,
2 restated, replaced or supplemented in accordance with the terms thereof, the “Senior Credit
3 Facility Security Agreement”), executed for the benefit of the Senior Secured Creditors, in
4 substantially all of the Debtors’ existing and after-acquired personal property (collectively, the
5 “Prepetition Personal Property Collateral”);

6 b. that certain Gaming Pledge Agreement, dated as of June 8, 2007, among Riviera
7 and the Original Agent (as the same may from time to time be amended, modified, extended,
8 restated, replaced or supplemented in accordance with the terms thereof, the “Gaming Pledge
9 Agreement”), executed for the benefit of the Senior Secured Creditors, whereby Riviera pledged
10 100% of its equity interests in ROC (the “ROC Pledged Equity Interests”);

11 c. that certain Pledge Agreement, dated as of June 8, 2007, among the Obligors,
12 Riviera Gaming Management, Inc., a Nevada corporation (“RGM”) and the Original Agent (as
13 the same may from time to time be amended, modified, extended, restated, replaced or
14 supplemented in accordance with the terms thereof, the “Credit Party Pledge Agreement”),
15 executed for the benefit of the Senior Secured Creditors, whereby the Obligors and RGM
16 pledged (i) 100% (or, if less, the full amount owned by such pledgor) of the issued and
17 outstanding equity interest owned by such pledgor of each of its domestic subsidiaries (other
18 than the equity interests of ROC pledged under the Gaming Pledge Agreement) and (ii) 65% (or,
19 if less, the full amount owned by such pledgor) of each class of the issued and outstanding equity
20 interest entitled to vote and 100% (or, if less, the full amount owned by such pledgor) of each
21 class of the issued and outstanding equity interest not entitled to vote, in each case owned by
22 such pledgor of each first-tier foreign subsidiary of such pledgor (collectively, the “Pledged
23 Equity Interest”); and

24 d. (i) that certain Deed of Trust, Assignment of Leases and Rents, Security
25 Agreement and Fixture Filing, dated as of June 8, 2007, by and between Riviera and the Original
26 Agent (the “Riviera Deed of Trust”) and (ii) that certain Deed of Trust, Assignment of Leases
27 and Rents, Security Agreement and Fixture Filing, dated as of June 8, 2007, by and between
28 RBH and the Original Agent (the “RBH Deed of Trust” and together with the Riviera Deed of

1 Trust, as each may from time to time be amended, modified, extended, restated, replaced or
2 supplemented in accordance with the terms thereof, the “Mortgage Instruments”, and, together
3 with the Senior Credit Facility Security Agreement, Gaming Pledge Agreement and Credit Party
4 Pledge Agreement, the “Senior Credit Facility Security Documents” and, together with the
5 Credit Agreement, the Secured Hedging Agreement and all loan documents identified in the
6 Credit Agreement and the Secured Hedging Agreement or pertaining thereto, the “Senior Credit
7 Facility Loan Documents”), in each case, for the benefit of the Senior Secured Creditors (the
8 collateral thereunder, collectively, the “Prepetition Real Property Collateral” and together with
9 the Prepetition Personal Property Collateral, the ROC Pledged Equity Interests, the Other
10 Pledged Equity Interests, the “Prepetition Collateral”).

11
12 **C. Events Leading To The Chapter 11 Cases.**

13 **1. Economic Pressures.**

14 The Senior Credit Facility and the Secured Hedging Agreement, both entered into during
15 the first half of 2007, left the Debtors highly but not unreasonably leveraged. Under the business
16 circumstances prevailing at the time of these transactions, such leverage would not have hindered
17 the Debtors’ business operations or precipitated their filing of the Chapter 11 Cases. Shortly
18 after these transactions, however, the economy in the United States sharply declined affecting
19 virtually every business sector especially the hotel and gaming industry. Since then, the United
20 States economy has gone into a severe recession, with gaming revenues in both of the Debtors’
21 gaming markets falling dramatically and sources of financing for the hotel and gaming industry
22 limited, if not disappearing altogether.

23 Nevada, as a whole, and, particularly, Las Vegas, has been deeply affected by the current
24 recession given their reliance on tourism and construction. Nevada’s foreclosure and
25 unemployment rates are the highest in the country. Moreover, Nevada has experienced dramatic
26 decreases in tourism, convention, and gaming revenues.

27 According to the Abbreviated Revenue Release from the State of Nevada, Gaming
28 Control Board, Tax and License Division (the “Revenue Release”) for April 2010, which

1 provides the most current figures available, Nevada gaming win has continued to drop sharply
2 for the current fiscal year to date over already substantially depressed figures reported in 2009,
3 with statewide win decreasing 4.05%, and Clark County decreasing 2.95%.

4 According to the Las Vegas Convention and Visitors' Authority (the "LVCVA"), visitor
5 statistics for 2009 reflect a decrease in visitor volume from 37,481,552 in 2008 to 36,351,469 in
6 2009, a decrease of 3.0%. The number of convention delegates, as well as the number of
7 conventions held in Las Vegas in 2009 have also decreased 23.9% and 13.6%, respectively, over
8 figures reported in 2008. Furthermore, hotel occupancy rates have fallen from 86.0% in 2008 to
9 81.5% in 2009.

10 Riviera Las Vegas is located on the north end of the Strip in Las Vegas, Nevada. Apart
11 from the economic challenges discussed above facing Las Vegas and Nevada, as a whole, and
12 the gaming industry, in particular, Riviera Las Vegas's difficulties have been compounded by
13 other factors. One of the primary challenges Riviera Las Vegas faces is its increasing isolation
14 given the recent changes along the north end of the Strip. Only a few years ago, Riviera Las
15 Vegas was immediately surrounded by established and legendary casino properties such as the
16 Stardust, the New Frontier, and Westward Ho. During the recent economic boom, those
17 properties and several other north Strip hotel and casino properties were sold and demolished to
18 make way for new high-end resorts. However, as the economy rapidly declined, these
19 anticipated new projects either halted construction or failed to start altogether.

20 Adjacent to Riviera Las Vegas sits the empty and unfinished Fontainebleau Las Vegas.
21 Construction was stopped on the 68-floor hotel and casino in April 2009 with the project still
22 needing additional exterior work and virtually all of its interior to be completed. No plans have
23 been announced for resuming construction on the Fontainebleau Las Vegas, and it presently
24 remains a shell pending hundreds of millions of dollars of costs to complete.

25 In June 2007, Boyd Gaming Corporation started construction on the estimated \$4.8
26 billion Echelon project where the Stardust once stood. One year later, at a time when only three
27 of the five hotel towers were steel and concrete skeletons reaching no more than eight floors, the
28 company announced that it was stopping construction of the Echelon. The Echelon project

1 remains in its largely unfinished condition as of the Petition Date.

2 The New Frontier was yet another neighboring hotel and casino property with a long and
3 storied history that was recently demolished to make way for a new project. In May 2007, a real
4 estate investment group purchased the New Frontier for \$1.2 billion, or \$33 million an acre, to
5 make room for an estimated \$5 billion development modeled after New York City's Plaza Hotel.
6 In November 2007, the New Frontier was imploded and construction on the new project was set
7 to commence in 2008. As of the Petition Date, the new project has not commenced, and the lot
8 where the New Frontier once stood remains vacant.

9 The effects of such nearby vacant lots and uncompleted projects have been considerable.
10 Although Riviera Las Vegas has fewer neighboring competitors, there are also fewer reasons for
11 customers to venture to the north end of the Strip. Overall, the transformation of legendary
12 casino resorts into vacant lots and inactive construction zones has greatly reduced the vitality of
13 the area, and the attractions and synergies that such competitors once provided have been
14 completely eliminated. Compounding these difficulties is that Riviera Las Vegas has always
15 relied on walk-in traffic by capitalizing on its Strip location, and its close proximity to several
16 major casino properties as well as the Las Vegas Convention Center and several timeshare and
17 condominium projects. Not only has walk-in traffic diminished due to the reduction in casinos
18 and other attractions along the north end of the Strip, but any remaining foot traffic near Riviera
19 Las Vegas is further reduced due to inaccessibility to the property due to construction hazards at
20 nearby properties, streets or walkways.

21 Moreover, Riviera Las Vegas, like many of its remaining north Strip hotel and casino
22 competitors such as Circus Circus, the Sahara, and the Stratosphere, focuses on the mid-level
23 budget market - a market which has become increasingly competitive during this recession.
24 Budget properties more centrally located on the Strip, such as the Excalibur, are currently
25 posting operating profits due to their increased walk-in traffic and proximity to higher-end casino
26 resorts and attractions. Further, to attract customers, high-end and luxury properties along the
27 Strip are competing in the mid-level market by dramatically reducing room rates.

28 Like Riviera Las Vegas, Riviera Black Hawk has experienced its own set of economic

1 challenges. Riviera Black Hawk is located in Colorado, a state that also has been affected
2 dramatically by the current recession. Colorado's foreclosure rate ranked 10th highest in the
3 country for 2009 and the first quarter of 2010. Colorado's 2009 foreclosure total, while up less
4 than a quarter of a percent from 2008, was 28.2% higher than 2007's total. Additionally, the
5 unemployment rate in Colorado more than doubled from 3.8% in July 2007 to 7.8% in July
6 2009. As of May 2010, the unemployment rate was 8.0%. These statewide economic indicators
7 are particularly relevant in the case of the Riviera Black Hawk because it relies so heavily on the
8 "locals" clientele.

9 With respect to gaming revenues, the Colorado Gaming Commission reported a notable
10 statewide 12.3% decrease in revenues for the 2008 calendar year as compared to the 2007
11 calendar year. Specifically, in the Black Hawk market, from where the bulk of the statewide
12 gaming revenues are derived, the Colorado Gaming Commission reported a 12.5% decrease in
13 revenues in the 2008 calendar year as compared to calendar year 2007. In 2009, however, the
14 Colorado Gaming Commission reported a moderate comeback from the previous year's decline,
15 as the statewide gaming revenue increased by 2.6 percent and the Black Hawk market gaming
16 revenue increased 4.2 percent.

17 Also impacting Riviera Black Hawk was the smoking ban for Colorado casinos, which
18 became effective on January 1, 2008. See CRS § 25-14-204(1)(n). Similar smoking bans have
19 lead to reduced revenues at casinos in other states, and the smoking ban enacted in Colorado has
20 in fact had an adverse effect on Riviera Black Hawk's results of operations. Indeed, revenue at
21 Colorado casinos fell 10.7% in the months after the smoking ban became effective, which
22 represents the worst drop in the industry's history.

23 **2. Financial Performance.**

24 a. Riviera Las Vegas

25 The economic pressures described above have predictably reduced the Debtors' financial
26 performance over the past several years. Riviera Las Vegas has been particularly affected by
27 declines in its convention and hotel business, which in turn have hurt its casino business. Riviera
28 Las Vegas' net revenues in 2009 were \$91.9 million, a decrease of \$36.1 million, or 28.2%, from

1 \$128.0 million in 2008. Its revenues for the three months ended March 31, 2010 were \$20.5
2 million, a decrease of \$4.0 million, or 16.2%, from \$24.5 million for the comparable period in
3 2009.

4 Riviera Las Vegas's casino revenues in 2009 were \$41.2 million, a decrease of \$9.4
5 million, or 18.6%, from \$50.6 million in 2008. Its revenues for the three months ended March
6 31, 2010 were \$8.7 million, a decrease of \$1.6 million, or 15.0%, from \$10.3 million for the
7 comparable period in 2009. Casino revenues are comprised primarily of slot machine and table
8 game revenues. Slot machine and table game revenues decreased primarily due to less wagering
9 as a result of the slower economy, reduced hotel occupancy and less walk-in business. Slot
10 machine win per unit per day in 2009 was \$94.84, a decrease of \$20.16, or 17.5%, from \$115.00
11 in 2008.

12 Riviera Las Vegas's room revenues in 2009 were \$35.5 million, a decrease of \$16.9
13 million, or 32.4%, from \$52.4 million in 2008. Room revenues for the three months ending
14 March 31, 2010 were \$8.4 million, a decrease of \$1.9 million, or 18.4%, from \$10.3 million for
15 the comparable period in 2009. The decrease in room rental revenues was primarily due to a
16 decrease in average daily room rates. The average daily room rate ("ADR") was \$60.60 in 2009,
17 a decrease of \$22.21, or 26.8%, from \$82.81 in 2008. For the three months ending March 31,
18 2010, ADR had decreased to \$55.69. Convention segment ADR was \$96.41 in 2009, a decrease
19 of \$11.77, or 10.9%, from \$108.18 in 2008. For the three months ending March 31, 2010
20 convention segment ADR was \$86.49. The decrease in ADR was due mostly to lower leisure
21 segment rates and a shift in the occupied room mix from higher rated convention segment
22 occupancy to lower rated leisure segment occupancy. Leisure and convention segment demand
23 continues to soften due largely to increased competition as a result of additional hotel room and
24 convention space supply and the weak economy.

25 Finally, hotel room occupancy per available room at Riviera Las Vegas in 2009 was
26 77.4% compared to 83.8% in 2008. The 6.4% decrease in hotel room occupancy resulted in a
27 \$3.7 million decrease in room revenues. Revenue per available room ("RevPar") is total revenue
28 from hotel room rentals divided by total hotel rooms available for sale. In 2009, Riviera Las

1 Vegas' RevPar was \$46.93, a decrease of \$22.47, or 32.4%, from \$69.40 in 2008. For the three
2 months ending March 31, 2010, RevPar was \$45.77, a decrease of \$7.46, or 14.0%, from \$53.23
3 for the comparable period in 2009. The decrease in RevPar was the result of decreases in total
4 occupied rooms and decreases in ADR as described above.

5 b. Riviera Black Hawk

6 Riviera Black Hawk's revenues are mainly derived from its casino operations as it does
7 not have a convention center or a hotel. Its casino revenues are comprised of revenues from slot
8 machines and table games. Riviera Black Hawk's net revenues in 2009 were \$42.2 million, an
9 increase of approximately \$500,000, or 1.1%, from \$41.7 million 2008. Net revenues for the
10 three months ending March 31, 2010 were \$10.3 million, an increase of approximately \$100,000,
11 or 1.1%, from \$10.2 million for the comparable period in 2009. The increases were primarily
12 due to stronger casino revenues in the second half of 2009 as a result of the implementation of
13 changes permitted with the passage of Amendment 50 to the Colorado Constitution as described
14 above.

15 Slot machine revenues at Riviera Black Hawk in 2009 were \$39.4 million, a decrease of
16 approximately \$200,000, or 0.6%, from \$39.6 million in 2008. For the three months ending
17 March 31, 2010, slot machine revenues decreased approximately \$100,000 to \$9.7 million from
18 \$9.8 million for the comparable period in 2009. Slot machine revenues have decreased primarily
19 as a result of higher deductions for cash incentives to high-value slot machine players and higher
20 deductions for slot machine participation distributions.

21 Table game revenues at Riviera Black Hawk increased approximately \$500,000 to \$1.6
22 million in 2009 from \$1.1 million in 2008. For the three months ending March 31, 2010, table
23 game revenues increased approximately \$300,000 - to approximately \$500,000 - compared to the
24 roughly \$200,000 earned during the same period in 2009. The increases in table game revenues
25 were mainly due to increased revenues in the second half of 2009 as a result of the
26 implementation of increased betting limits, extended hours and roulette gaming as permitted with
27 the passage of Amendment 50 to the Colorado Constitution as discussed above.

28 c. Consolidated Figures

The Debtors' recent financial performance on a consolidated basis has been as follows:

	Year Ended 12/31/09 ⁵	3 Mos. Ended 3/31/10 ⁶
Revenues		
Casino	\$82,186,000	\$18,850,000
Rooms	\$35,452,000	\$8,433,000
Food & Beverage	\$23,427,000	\$5,350,000
Entertainment	\$7,988,000	\$876,000
Other	\$5,453,000	\$1,045,000
Total Revenues	\$154,506,000	\$34,554,000
Net Revenues	\$134,049,000	\$30,814,000
Depreciation & Amortization	\$14,870,000	\$3,466,000
Total Costs and Expenses	\$135,700,000	\$31,443,000
Income From Operations	(\$1,651,000)	(\$629,000)
Total Interest Expense, net	(\$23,208,000)	(\$3,903,000)
Net Income (Loss)	(\$24,859,000)	(\$4,532,000)
Earnings Per Share – Loss per share, basic and diluted	(\$1.99)	(\$.36)
EBITDA		
	Year Ended 12/31/09	3 Mos. Ended 3/31/10
Casino Gaming EBITDA ⁷		
Riviera Las Vegas	\$ 9,635,000	\$ 1,426,000
Riviera Black Hawk	\$ 9,892,000	\$ 2,461,000
Other & Corporate EBITDA	(\$ 3,496,000)	(\$ 850,000)
Total EBITDA	\$16,031,000	\$ 3,037,000

D. Prenegotiated Plan Of Reorganization.

On February 26, 2009, the Debtors received a notice of default from the Original Agent (the "February Default Notice") with respect to the Senior Credit Facility in connection with the Debtors' failure to provide a Deposit Account Control Agreement, or DACA, from each of the Debtors' depository banks per a request made by the Original Agent to the Debtors on October

⁵ Source: Debtors' Form 10-K for the year ended December 31, 2009.

⁶ Source: Debtors' Form 10-Q for the first quarter ended March 31, 2010.

⁷ Casino Business segment EBITDA consists of net income plus depreciation and amortization, interest expense, net of capitalized interest, impairment charges and costs associated with the retirement of assets. Casino Business segment EBITDA for both Riviera Las Vegas and Riviera Black Hawk are calculated before allocation of overhead.

1 14, 2008. The DACA that the Original Agent requested the Debtors to execute was in a form
2 that the Debtors ultimately determined to contain unreasonable terms and conditions as it would
3 enable the Original Agent to access all of the Debtors' operating cash and order it to be
4 transferred to a bank account specified by the Original Agent.

5 On March 25, 2009, the Debtors engaged XRoads Solutions Group, LLC ("XRoads") as
6 its financial advisor. Based on an extensive analysis of the Debtors' current and projected
7 liquidity, the Debtors determined that it was in their best interest to not pay the accrued interest
8 related to the Senior Credit Facility and the Secured Hedging Agreement of approximately \$4
9 million, which was due on March 30, 2009, and \$6 million, which was due on June 30, 2009.
10 Consequently, the Debtors elected not to make the payments.

11 The Debtors' failure to pay interest due on the due date was an event of default under the
12 Senior Credit Facility. As a result of the event of default, the Senior Secured Creditors have the
13 right to seek to charge additional default interest on the Debtors' outstanding principal and
14 interest under the Credit Agreement, and automatically charge additional default interest on any
15 overdue amount under the Secured Hedging Agreement.

16 **1. April Default Notice**

17 On April 1, 2009, the Debtors received an additional notice of default from the Original
18 Agent (the "April Default Notice"). The April Default Notice alleged that subsequent to the
19 Debtors' receipt of the February Default Notice, additional defaults and events of default had
20 occurred and were continuing under the terms of the Credit Agreement including, but not limited
21 to: (i) the Debtors' failure to deliver to the Original Agent audited financial statements without a
22 going concern modification; (ii) the Debtors' failure to deliver to the Original Agent a certificate
23 of an independent certified public accountant in conjunction with the Debtors' financial
24 statement; and (iii) the occurrence of a default or breach under the Secured Hedging Agreement.
25 The April Default Notice also stated that in addition to the foregoing events of default that there
26 were additional potential events of default.

27 **2. Swap Default Notice**

28 On April 1, 2009, the Debtors also received a Notice of Event of Default and Reservation

1 of Rights (“Hedging Agreement Default Notice”) in connection with an alleged event of default
2 under the Secured Hedging Agreement. The Hedging Agreement Default Notice alleged that: (i)
3 an event of default exists due to the occurrence of an event of default under the Credit
4 Agreement; and (ii) that the Debtors failed to make payments to Wachovia with respect to one or
5 more transactions under the Secured Hedging Agreement.

6 The Debtors have not paid such overdue amounts and the applicable grace period to make
7 payments has expired.

8 Any default under the Secured Hedging Agreement automatically results in an additional
9 default interest of 1% on any overdue amounts under the Secured Hedging Agreement. This
10 default rate is in addition to the interest rate that would otherwise be applicable under the
11 Secured Hedging Agreement

12 **3. Early Termination Notice**

13 On July 23, 2009, the Debtors received a Notice of Early Termination for Event of
14 Default (the “Early Termination Notice”) from Wachovia in connection with an alleged event of
15 default that occurred under the Secured Hedging Agreement. A true and correct copy of the
16 Early Termination Notice is attached hereto as Exhibit “8.” The Early Termination Notice
17 alleged that an event of default had occurred and was continuing pursuant to Section 5(a)(i) and
18 5(a)(vi)(1) of the Secured Hedging Agreement. Section 5(a)(i) of the Secured Hedging
19 Agreement addressed payments and deliveries specified under the Secured Hedging Agreement,
20 and Section 5(a)(vi)(1) of the Secured Hedging Agreement addressed cross defaults. The Early
21 Termination Notice provided that Wachovia designated an early termination date of July 27,
22 2009 in respect of all remaining transactions governed by the Secured Hedging Agreement,
23 including an interest rate swap transaction with a trade date of May 31, 2007.

24 On July 28, 2009, in connection with the Early Termination Notice, the Debtors received
25 a Notice of Amount Due Following Early Termination from Wachovia that claimed the amount
26 due and payable to Wachovia under the Secured Hedging Agreement was \$26.6 million, which
27 included \$4.4 million in accrued interest. A true and correct copy of the Notice of Amount Due
28 Following Early Termination is attached hereto as Exhibit “9”. As of March 31, 2010, the

1 interest rate swap liability was \$22.1 million, which equals the mark to market amount reflected
2 as due and payable on the Notice of Amount Due Following Early Termination described above.
3 Additionally, accrued interest as of March 31, 2010 included \$5.3 million in accrued interest
4 related to the interest rate swap comprised of \$4.4 million in accrued interest as reflected on the
5 Notice of Amount Due Following Early Termination, plus \$0.9 million in default interest
6 pursuant to the Secured Hedging Agreement termination.

7 **E. Prenegotiated Plan of Reorganization with Requisite Majority of Consenting**
8 **Lenders**

9 On July 12, 2010, a restructuring and lock-up letter agreement (the "Lockup"), was
10 entered into by the (i) Debtors and (ii) certain Senior Secured Creditors holding more than
11 66.67% of the face amount of the Secured Creditor Claims (the "Consenting Lenders"). As long
12 as the Lockup has not terminated in accordance with its terms, each Consenting Lender agrees to
13 timely vote its Secured Creditor Claims to accept the plan of reorganization (the "Plan"), which,
14 has been filed by the Debtors on the Petition Date. A true and correct copy of the Lockup is
15 attached hereto as Exhibit " ."

16 **F. Backstop Commitment Agreement**

17 The Debtors have been in default under the Credit Agreement since February 2009 and
18 have been unable to make interest payments on account of the Senior Secured Claims since
19 December 2008. In addition, unable to make the representations and warranties necessary to
20 draw on its revolving credit facility, in June 2009 the Debtors voluntarily reduced the
21 commitment thereunder from \$20 million to \$3 million. As such, the Debtors have been without
22 any significant working capital facility for over sixteen months. Without access to a working
23 capital facility and with no alternative source of liquidity readily available, the Debtors have, out
24 of necessity conserved their cash and have generally limited their capital expenditures over the
25 past 18 months solely to the necessary maintenance of their properties. The Consenting Lenders
26 believe the Designated New Money Investment and Working Capital Facility, in each case, as
27 described in the Backstop Commitment Agreement and to be provided in connection with the
28 Plan by participating Senior Secured Lenders and backstopped in full by the Backstop Lenders,

1 will provide the Debtors with additional working capital for its ordinary course operations and
 2 adequate liquidity to make not only maintenance capital expenditures, but also long overdue
 3 capital improvements to its properties, all as determined by the New Board and the post-
 4 Substantial Consummation Date management team.

5 **G. Significant Events During The Chapter 11 Cases.**

6 The Debtors have operated their respective businesses as debtors-in-possession. The
 7 Bankruptcy Court has certain supervisory powers over the operations of the Debtors during the
 8 pendency of the Chapter 11 Cases. These powers are generally limited to reviewing and ruling
 9 on any objections raised by a party-in-interest to business operations or proposed transactions of
 10 a Debtor. Except as otherwise authorized by the Bankruptcy Court, the Debtors are required to
 11 give notice of any transactions not in the ordinary course of business and of the compromise of
 12 any controversy to parties-in-interest who request such notice. In addition, the Bankruptcy Court
 13 supervises the employment of attorneys, accountants and other professionals.

14 **1. First Day Motions.**

15 General Ex Parte Applications. Concurrently with the filing of the Petition, the Debtors
 16 filed various First Day Motions designed to assist the Debtors in making a smooth transition into
 17 Chapter 11, including:

18 i. Omnibus Declaration Of Phillip B. Simons In Support Of The Debtors' First Day
 19 Motions [Docket Nos. _____];

20 ii. Emergency Motion For Order Directing Joint Administration Of The Debtors'
 21 Chapter 11 Cases Under Federal Rule Of Bankruptcy Procedure 1015(b) [Docket No. ____];

22 iii. Emergency Motion Pursuant To 11 U.S.C. §§ 105(a) And 366 For An Order
 23 Determining That Adequate Assurance Has Been Provided To The Utility Companies [Docket
 24 No. ____];

25 iv. Emergency Application For Order Authorizing Maintenance Of Prepetition Cash
 26 Management System And Maintenance Of Prepetition Bank Accounts [Docket No. ____];

27 v. Emergency Motion For Order (I) Authorizing Debtors To Pay Wages, Salaries,
 28 Benefits, Reimbursable Business Expenses, And Other Employee Obligations; And (II)

1 Authorizing And Directing Financial Institutions To Honor And Process Checks And Transfers
2 Related To Such Obligations [Docket No. ___];

3 vi. Emergency Application For Order Permitting Debtors To Honor Hotel Room And
4 Other Customer Deposits And To Honor Travel Agent Commissions [Docket No. ___];

5 vii. Emergency Motion For Order Authorizing Debtors To Honor Casino Chips And
6 Other Gaming Liabilities [Docket No. ___];

7 viii. Emergency Motion Of The Debtors For An Order: (I) Allowing Administrative
8 Expense Status For Goods Received Within The Twenty Day Period Before The Petition Date,
9 And (II) Authorizing, But Not Directing, The Debtors To Pay Such Obligations [Docket No. ___];

10 ix. Application For Order Authorizing The Employment Of The Garden City Group,
11 Inc. As Claims Administrator And Noticing Agent [Docket No. ___];

12 x. Emergency Motion For Interim Approval Of Stipulation Authorizing Use Of Cash
13 Collateral By Debtors And Granting Adequate Protection And Scheduling A Final Hearing To
14 Approve Stipulation Authorizing Use Of Cash Collateral By Debtors (the "Emergency Cash
15 Collateral Motion") [Docket No. ___];

16 These First Day Motions were heard on _____, 2010, were generally approved,
17 and corresponding orders were subsequently entered by the Bankruptcy Court.

18 **2. Other Significant Motions And Post-Petition Events.**

19 a. Cash Collateral Stipulation.

20 The Debtors filed the Emergency Cash Collateral Motion as a First Day Motion. In the
21 Emergency Cash Collateral Motion, the Debtors sought interim approval of a stipulation with
22 Cantor Fitzgerald Securities, as administrative agent under the Credit Agreement, and the
23 Designated Consenting Lenders (as defined in the Lockup) authorizing the use of cash collateral
24 and certain Disputed Cash Collateral, as that term is defined in the Emergency Cash Collateral
25 Motion. On _____, 2010, the Bankruptcy Court entered an interim order granting the
26 Emergency Cash Collateral Motion, which permitted the Debtors to enter into the stipulation to
27 allow them to use cash collateral and Disputed Cash Collateral as necessary to satisfy ongoing
28 post-Petition obligations, and to facilitate an effective and orderly reorganization.

1 b. Retention And Employment Of Professionals.

2 Various applications were filed for employment of professionals in connection with the
3 Chapter 11 Cases. Such applications include:

4 i. Debtors’ application to employ Gordon Silver as general bankruptcy counsel
5 [Docket No. ___]; and

6 ii. Debtors’ application to employ XRoads as their advisor [Docket No. ___];

7 iii. Debtors’ application to employ and compensate certain professionals in the
8 ordinary course of business [Docket No. ___] (professionals covered by this application consist of
9 approximately ___ outside professionals whom the Debtors employed prior to filing their Chapter
10 11 petitions, including law firms, accountants, and lobbyists in various non-bankruptcy matters
11 ranging from defending personal injury and workers’ compensation suits, to providing advice on
12 various general litigation and corporate related issues); and

13 iv. Various parties filed oppositions, and replies responding to such
14 oppositions, to certain of the aforementioned employment applications. However, such
15 employment applications were largely approved as requested by the parties, and corresponding
16 orders were subsequently entered by the Bankruptcy Court.

17 **VIII.**
18 **DESCRIPTION OF THE PLAN**

19 **A. Overview Of Chapter 11**

20 Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code.
21 Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its
22 creditors and interest holders. Besides permitting the rehabilitation of a debtor, another goal of
23 Chapter 11 is to promote equality of treatment for similarly-situated creditors and similarly-
24 situated interest holders with respect to the distribution of a debtor’s assets.

25 The commencement of a Chapter 11 case creates an estate that is comprised of all of the
26 legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides
27 that the debtor may continue to operate its business and remain in possession of its property as a
28 “debtor-in-possession.”

1 The consummation of a plan of reorganization is the principal objective of a Chapter 11
2 case. A plan of reorganization sets forth the means for satisfying claims against, and interests in,
3 a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan
4 binding upon the debtor, any issuer of securities under the plan, any Person acquiring property
5 under the plan, and any creditor of, or equity holder in, the debtor, regardless of whether such
6 creditor or equity holder (i) is impaired under, or has accepted, the plan or (ii) receives or retains
7 any property under the plan. Subject to certain limited exceptions and other than as provided in
8 the plan itself or the bankruptcy court's confirmation order, the confirmation order discharges the
9 debtor from any debt that arose prior to the date of confirmation of the plan and substitutes
10 therefor the obligations specified under the confirmed plan.

11 A Chapter 11 plan may specify that the legal, contractual and equitable rights of the
12 holders of claims or interests in classes are to remain unaltered by the reorganization effectuated
13 by the plan. Such classes are referred to as "unimpaired" and, because of such favorable
14 treatment, are deemed to accept the plan. Accordingly, it is not necessary to solicit votes from
15 the holders of claims or equity interests in such classes. A Chapter 11 plan also may specify that
16 certain classes will not receive any distribution of property or retain any claim against, or interest
17 in, a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited
18 to vote on the plan. Any classes that would receive a distribution of property under the plan, but
19 are not unimpaired, will be solicited to vote to accept or reject the plan.

20 Section 1123 of the Bankruptcy Code provides that a plan of reorganization shall classify
21 the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan
22 divides Claims and Equity Interests into various Classes and sets forth the treatment for each
23 Class. The Debtors also are required under Section 1122 of the Bankruptcy Code to classify
24 Claims and Equity Interests into Classes that contain Claims and Equity Interests that are
25 substantially similar to the other Claims and Equity Interests in such respective Classes. The
26 Debtors believe that the Plan has classified all Claims and Equity Interests in compliance with
27 the provisions of Section 1122 of the Bankruptcy Code, but it is possible that a Holder of a
28 Claim or Equity Interest will challenge the Plan's classifications and that the Bankruptcy Court

1 will find that different classifications are required in order for the Plan to be confirmed. In such
2 event, the Debtors intend, to the extent permitted by the Bankruptcy Court, to make reasonable
3 modifications of the classifications under the Plan to permit Confirmation and to use the Plan
4 acceptances received in this solicitation for the purpose of obtaining the approval of the
5 reconstituted Class or Classes of which the accepting Holders are ultimately deemed members.
6 Any such reclassification could adversely affect the Class in which such Holder was initially a
7 member, or any other Class, by changing the composition of such Class and the vote required of
8 that Class for approval of the Plan.

9 The Debtors (and their respective Affiliates, agents, directors, officers, employees,
10 advisors and attorneys) have, and upon confirmation of the Plan will be deemed to have,
11 participated in good faith and in compliance with the applicable provisions of the Bankruptcy
12 Code with regard to the distributions of securities under the Plan, and therefore are not, and on
13 account of such distributions will not be, liable at any time for the violation of any applicable
14 law, rule or regulation governing the solicitation of acceptances or rejections of the Plan or such
15 distributions made pursuant to the Plan.

16 Other than as specifically provided in the Plan, the treatment under the Plan of each
17 Claim and Interest will be in full satisfaction, settlement, release and discharge of all Claims or
18 Interests. The Debtors will make all payments and other distributions under the Plan, unless
19 otherwise specified.

20
21 **B. Treatment Of Unclassified Claims Under The Plan**

22 **1. Treatment Of Administrative Claims.**

23 Except to the extent that a Holder of an Allowed Administrative Claim and the applicable
24 Debtor(s) agree to less favorable treatment with respect to such Holder, each such Holder shall
25 be paid in full and final satisfaction of such Claim, by the applicable Debtor, or after the
26 Substantial Consummation Date, the applicable Reorganized Debtor (or otherwise satisfied in
27 accordance with its terms), upon the latest of: (i) the Effective Date or as soon thereafter as
28 practicable; (ii) such date as may be fixed by the Bankruptcy Court; (iii) the fourteenth (14th)

1 Business Day after such Claim is Allowed or as soon thereafter as practicable; (iv) the date such
2 Claim becomes due by its terms; and (v) such date as is agreed to by the Holder of such Claim
3 and the applicable Debtor or applicable Reorganized Debtor.

4 **2. Treatment Of Priority Tax Claims.**

5 Except to the extent a Holder of an Allowed Priority Claim agrees to less favorable
6 treatment, each Holder of an Allowed Priority Tax Claim, if any, will, in full and final
7 satisfaction of such Claim, be paid in full (or be treated in compliance with Section
8 1129(a)(9)(C) of the Bankruptcy Code) by the applicable Debtor, or after the Substantial
9 Consummation Date, by the applicable Reorganized Debtor on the latest of (i) the Effective Date
10 or as soon thereafter as practicable; (ii) such date as may be fixed by the Bankruptcy Court; (iii)
11 the fourteenth (14th) Business Day after the date on which an order allowing such Claim
12 becomes a Final Order; or (iv) such date as is agreed to by the Holder of such Claim and the
13 applicable Debtor or the applicable Reorganized Debtor.

14 **C. Classification And Treatment Of Claims And Equity Interests Under The Plan.**

15 **1. Treatment Of Class 1 (Other Priority Claims).**

16 The legal, equitable and contractual rights of the Holders of Allowed Class 1 Claims,
17 which consist of Other Priority Claims, will be unaltered by the Plan. Each Allowed Class 1
18 Claim, if any, will be paid in full by the applicable Debtor or applicable Reorganized Debtor
19 upon the latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) such date as may
20 be fixed by the Bankruptcy Court; (iii) the 14th Business Day after such Claim becomes an
21 Allowed Claim; and (iv) such date agreed upon by the Holder of such Claim and the applicable
22 Debtor or applicable Reorganized Debtor.

23 Class 1 is an Unimpaired Class, and the Holders of Class 1 Claims will be conclusively
24 deemed to have accepted the Plan. Therefore, the Holders of Class 1 Claims will not be entitled
25 to vote on the Plan.

26 **2. Treatment Of Class 2 (Other Secured Claims).**

27 Except to the extent that a Holder of an Allowed Other Secured Claim agrees to less
28 favorable treatment, each Holder of an Allowed Other Secured Claim, if any, shall, in full and

1 final satisfaction of such Claim, be paid in full in Cash or otherwise left Unimpaired by the
2 applicable Debtor or applicable Reorganized Debtor, as the case may be, upon the latest of: (i)
3 the Effective Date or as soon thereafter as practicable; (ii) such date as may be fixed by the
4 Bankruptcy Court; (iii) the fourteenth (14th) Business Day after such Claim is Allowed; and (iv)
5 such date as agreed upon by the Holder of such Claim and the applicable Debtor, and after the
6 Substantial Consummation Date, the applicable Reorganized Debtor. Creditors in Class 2 are
7 Unimpaired under the Plan, deemed to have accepted the Plan, and are not entitled to vote on the
8 Plan.

9 **3. Treatment Of Class 3 (General Unsecured Claims).**

10 On the Substantial Consummation Date, each holder of an Allowed General Unsecured
11 Claim, other than with respect to deficiency claims arising from the Senior Secured Claims, will
12 receive from the applicable Reorganized Debtor, in full satisfaction of its Allowed Claim,
13 payment in full thereof, but in no event shall the total payment to the Holders of allowed General
14 Unsecured Claims exceed \$3,000,000 in total; it being understood that if such total payment
15 would exceed \$3,000,000, Holders of Allowed General Unsecured Claims shall instead receive
16 their Pro Rata share of \$3,000,000 in full satisfaction of their Allowed General Unsecured
17 Claims. Holders of Class 3 Claim are Impaired under the Plan and are entitled to vote on the
18 Plan.

19 **4. Treatment of Class 4 (First Priority Senior Secured Claims).**

20 The First Priority Senior Secured Claims shall be Allowed and deemed to be Allowed
21 Claims in the aggregate amount of \$[•] and shall not be subject to any right or legal or equitable
22 defense of any Debtor. On the Substantial Consummation Date, the First Priority Senior Secured
23 Claims shall be cancelled and each existing Holder of such Claims shall receive in full and final
24 satisfaction of such Claims a portion of the Series A Term Loan in a principal amount equal to
25 such First Priority Senior Secured Claim. Holders of Class 4 Claims are Impaired under the Plan
26 and are entitled to vote on the Plan.

27 **5. Treatment Of Class 5 (Senior Secured Claims).**

28 The Senior Secured Claims shall be Allowed and deemed to be Allowed Claims in the

1 aggregate amount of \$[•] and shall not be subject to any right or legal or equitable defense of any
2 Debtor. On the Substantial Consummation Date, the Senior Secured Claims shall, subject to the
3 right of Holders of Senior Secured Claims to receive the consideration described in the last
4 sentence of this paragraph on account thereof, be cancelled and each Holder of such Claims shall
5 receive in full and final satisfaction of such Claims: (i) a portion of the Series A Term Loan in a
6 principal amount up to such Holder's Pro Rata share of \$50,000,000 less the portion of the Series
7 A Term Loan received by the Holders of First Priority Senior Secured Claims and (ii) such
8 Holder's Pro Rata share of 80.0% of the Class B Shares subject to dilution under certain
9 circumstances described herein. Further, each Holder of such Claims shall receive such Holder's
10 Pro Rata share of an additional 13.0% of the Class B Shares subject to dilution under certain
11 circumstances described herein on (i) if the Partial New Money Investment Alternative is
12 effectuated as a result of the Designated Consenting Lenders being unable to unanimously agree
13 on the terms of the Series B Term Loan Budget on or before the date that is 30 days after the
14 entry of the order approving the adequacy of the Disclosure Statement, the Substantial
15 Consummation Date and (ii) if the Partial New Money Investment Alternative is effectuated as a
16 result of the Designated New Money Election not being made, the Designated New Money
17 Election Date.

18 Holder of Class 5 Claims are Impaired under the Plan and are entitled to vote on the Plan.

19 **6. Treatment Of Class 6 (510)(b) Claims).**

20 Holders of Section 510(b) Claims shall not receive any distribution on account of such
21 Claims. On the Effective Date all Section 510(b) Claims shall be discharged. Holders of Class 6
22 Claims are Impaired under the Plan, not entitled to vote on the Plan and deemed to have rejected
23 the Plan.

24 **7. Treatment Of Class 7 (Intercompany Claims).**

25 On the Substantial Consummation Date, at the option of the Debtors or the Reorganized
26 Debtors, the Intercompany Claims of any Debtor against any other Debtor shall either be
27 reinstated, in full or in part, or cancelled and discharged, in full or in part, in which case such
28 cancelled and discharged portion shall be eliminated and the Holders thereof shall not be entitled

1 to, and shall not receive or retain, any property or interest in property on account of such portion.
2 Holders of Class 7 Claims shall be either Impaired or Unimpaired, not entitled to vote on the
3 Plan and deemed to have either rejected or accepted the Plan, as applicable.

4 **8. Treatment Of Class 8 (Equity Interests In RHC).**

5 On the Substantial Consummation Date, all Class 8 Equity Interests in RHC shall be
6 cancelled and Holders of Class 8 Equity Interests shall not receive any distribution on account of
7 such Equity Interests. Holders of Class 8 Equity Interests in RHC are Impaired under the Plan,
8 not entitled to vote on the Plan and deemed to have rejected the Plan.

9 **9. Treatment Of Class 9 (Intercompany Equity Interests).**

10 Except as otherwise provided in the Plan, Intercompany Equity Interests shall be retained
11 and the legal, equitable, and contractual rights to which the Holders of such Intercompany Equity
12 Interests are entitled shall remain unaltered. Holders of Class 10 Intercompany Equity Interests
13 are Unimpaired under the Plan and are not entitled to vote on the Plan.

14 **D. Means For Implementation Of The Plan.**

15 **1. Reorganized Debtors.**

16 Except as provided for in the Plan, the Reorganized Debtors shall continue to exist after
17 the Substantial Consummation Date as separate entities in accordance with applicable law.
18 Where applicable, the existing articles of incorporation and bylaws or articles of organization
19 and operating agreements will continue in effect following the Substantial Consummation Date,
20 except to the extent that such articles of incorporation and bylaws or articles of organization and
21 operating agreements are amended in conformance with the Plan, or by proper corporate actions
22 implemented after the Substantial Consummation Date.

23 **2. Post-Effective Date And Pre-Substantial Consummation Date Management**
24 **And Operations.**

25 From the Effective Date until the Substantial Consummation Date, the Debtors will
26 continue to be managed by the existing managers, officers and directors under their existing
27 employment agreements regarding the management of operations, maintenance of working
28 capital and utilization of cash flows of the Reorganized Debtors, all in accordance with

1 applicable Gaming Laws and the Budget (as defined in the Cash Collateral Stipulation). The
 2 Debtors and, after the Substantial Consummation Date, Reorganized Debtors, shall be
 3 responsible for the payment of all Allowed Claims to be paid pursuant to the Plan which are not
 4 paid on or before the Substantial Consummation Date, as well as all Allowed Claims, including
 5 Taxes and Professional Fees, incurred by the Debtors.

6 **3. The Total New Money Investment Alternative and the Partial New Money**
 7 **Investment Alternative.**

8 The Plan provides for potential implementation of one of two financing alternatives: (1)
 9 the Total New Money Investment Alternative or (2) the Partial New Money Investment
 10 Alternative. In the event (a) the Designated Consenting Lenders have unanimously agreed upon
 11 the terms of the Series B Term Loan Budget on or before the date that is 30 days after the entry
 12 of the order approving the adequacy of the Disclosure Statement and (b) the Designated New
 13 Money Election is made, the Total New Money Investment Alternative shall be effectuated
 14 hereunder. If, however, (x) the Designated Consenting Lenders are unable to unanimously agree
 15 on the terms of the Series B Term Loan Budget on or before the date that is 30 days after the
 16 entry of the order approving the adequacy of the Disclosure Statement or (y) the Designated
 17 Consenting Lenders unanimously so agree but the Designated New Money Election is not made,
 18 the Partial New Money Investment Alternative shall be effectuated hereunder instead of the
 19 Total New Money Investment Alternative.

20 **4. Substantial Consummation Date Events and Designated New Money Election**
 21 **Date Events.**

22 a. Substantial Consummation Date Event:

23 (i) (i) The Working Capital Facility shall be consummated, (ii) the
 24 First Lien Credit Agreement shall be executed and delivered and (iii) each Senior
 25 Secured Lender will receive its ratable share of notes evidencing the Series A Term Loan
 26 and each Senior Secured Lender electing to participate in the Working Capital Facility
 27 will receive its ratable share of notes evidencing the Revolving Loans outstanding from
 28 time to time under the Working Capital Facility;

(ii) Reorganized RHC shall issue 100% of the Class A Shares to

1 Riviera Voteco, L.L.C.; and

2 (iii) Reorganized RHC shall issue (i) 80% of the Class B Shares ratably
3 to Holders of Senior Secured Claims, (ii) 7.0% of the Class B Shares ratably to those
4 certain Senior Secured Lenders electing to participate in the Working Capital Facility and
5 (iii) if the Partial New Money Investment Alternative is effectuated as a result of the
6 Designated Consenting Lenders being unable to unanimously agree on the terms of the
7 Series B Term Loan Budget on or before the date that is 30 days after the entry of the
8 order approving the adequacy of the Disclosure Statement, 13.0% of the Class B Shares
9 ratably to Holders of Senior Secured Claims.

10 b. Designated New Money Election Date Events.

11 i) To the extent the Total New Money Investment Alternative is
12 effectuated, (i) the Series B Term Loan shall be consummated, (ii) the Second Lien
13 Credit Agreement shall be executed and delivered and (iii) each Senior Secured Lender
14 electing to participate in the Series B Term Loan will receive its ratable share of notes
15 evidencing the Series B Term Loan, which shall be issued and delivered in accordance
16 with the Credit Facilities, and penny warrants to purchase up to 10.0% of the Class B
17 Shares (it being understood that such penny warrants shall result in dilution of the amount
18 of Class B Shares received by all Holders of Senior Secured Claims under Section 5.3
19 above and otherwise received by those certain Senior Secured Lenders as consideration
20 for participating in the New Money Investment);

21 ii) Riviera Voteco, L.L.C. shall issue (i) if the Total New Money
22 Alternative is effectuated, (A) 80.0% of its membership interest (the "Voteco Interest")
23 ratably to the Holders of Senior Secured Claims or their designees, as applicable, (B)
24 15.0% of the Voteco Interests ratably to those Holders of Senior Secured Claims
25 (including, without limitation, the Backstop Lenders) electing to participate in the New
26 Money Investment or their designees, as applicable, and (C) 5.0% of the Voteco Interests
27 ratably to the Backstop Lenders in accordance with the Backstop Commitment
28 Agreement or their designees, as applicable; or (ii) if the Partial New Money Investment

1 Alternative is effectuated: (A) 93.0% of the Voteco Interest ratably to the Holders of
2 Senior Secured Claims or their designees, as applicable, and (B) 7.0% of the Voteco
3 Interests ratably to those Holders of Senior Secured Claims (including, without
4 limitation, the Backstop Lenders) electing to participate in the New Money Investment or
5 their designees, as applicable; provided, however, that in the case of both clause (i) and
6 (ii) above, any such Holder (or, if applicable, designated Person) which fails to obtain
7 necessary licenses under the Gaming Laws on or prior to the Designated New Money
8 Election Date shall, instead of receiving Voteco Interest, receive penny warrants to
9 purchase such Person's ratable share of the Voteco Interest immediately upon such
10 Person becoming so licensed; and

11 iii) Reorganized RHC shall issue, (i) if the Total New Money
12 Investment Alternative is effectuated: (A) 8% of the Class B Shares ratably to those
13 Holders of Senior Secured Claims electing to participate in the New Money Investment;
14 and (B) 5% of the Class B Shares ratably to the Backstop Lenders in accordance with the
15 Backstop Commitment Agreement and (ii) if the Partial New Money Investment is
16 effectuated as a result of the Designated New Money Election not being made, 13.0% of
17 the Class B Shares ratably to Holders of Senior Secured Claims

18 **5. Post-Substantial Consummation Date Management of Reorganized Debtors.**

19 Debtors will disclose, at or prior to the Confirmation Hearing, the identity and affiliations
20 of each Person proposed to serve on the New Board and each initial board of directors of each
21 other Reorganized Debtor, and, to the extent such Person is an insider other than by virtue of
22 being a director, the nature of any compensation for such Person. Each such director and officer
23 shall serve from and after the Substantial Consummation Date pursuant to applicable law and the
24 terms of the organizational documents of the applicable Reorganized Debtors.

25 Debtors will disclose, at or prior to the Confirmation Hearing, the identity and affiliations
26 of each Person proposed to serve on the New Board and each initial board of directors of each
27 other Reorganized Debtor, and, to the extent such Person is an insider other than by virtue of
28 being a director, the nature of any compensation for such Person. Each such director and officer

1 shall serve from and after the Substantial Consummation Date pursuant to applicable law and the
2 terms of the organizational documents of the applicable Reorganized Debtors.

3 **6. No Corporate Action Required.**

4 As of the Effective Date and Substantial Consummation Date, as the case may be: (i) the
5 adoption, execution, delivery and implementation or assignment of all contracts, leases,
6 instruments, releases and other agreements related to or contemplated by the Plan; and (ii) the
7 other matters provided for under or in furtherance of the Plan involving corporate action to be
8 taken by or required of each Debtor shall be deemed to have occurred and be effective as
9 provided herein, and shall be authorized and approved in all respects without further order of the
10 Bankruptcy Court or any requirement of further action by the officers of each Debtor. Without
11 limiting the foregoing, the adoption of the new and/or amended organizational documents, and
12 the selection of directors and officers for, each of the Reorganized Debtors, and all other actions
13 contemplated by or described in the Plan with respect thereto, shall be authorized and approved
14 and be binding and in full force and effect in all respects (subject to the provisions of the Plan
15 and the Confirmation Order), in each case without further notice to or order of the Bankruptcy
16 Court, act or action under applicable law, regulation, order, or rule (other than filing such
17 organizational documents with the applicable governmental unit as required by applicable law)
18 or the vote, consent, authorization or approval of any Person.

19 **7. Effectuation Of Transactions.**

20 On the Effective Date, the Substantial Consummation Date or Designated New Money
21 Election Date, as applicable, the appropriate officers of the Debtors and the Reorganized Debtors
22 and members of their respective boards of directors are authorized to issue, execute, and deliver,
23 and consummate the transactions contemplated by, the contracts, agreements, documents,
24 guarantees, pledges, consents, securities, certificates, resolutions and instruments contemplated
25 by or described in the Plan to be effectuated on the Effective Date, the Substantial
26 Consummation Date or the Designated New Money Election Date, as applicable, in the name of
27 and on behalf of the Debtors and Reorganized Debtors, in each case without further notice to or
28 order of the Bankruptcy Court, act or action under applicable law, regulation, order, or rule or

1 any requirement of further action, vote or other approval or authorization by any Person.

2 **8. Debtors' Organizational Documents.**

3 As of the Substantial Consummation Date, the certificates or articles of incorporation and
4 by-laws or other organizational documents of each of the Debtors shall be amended as necessary
5 to satisfy the provisions of the Plan and the Bankruptcy Code, and shall; (i) include, among other
6 things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting, the
7 issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of
8 the Bankruptcy Code; and (ii) to the extent necessary or appropriate, include such provisions as
9 may be needed to effectuate and consummate the Plan and the transactions contemplated herein.

10 **9. Dissolution.**

11 As of the Substantial Consummation Date, the certificates or articles of incorporation and
12 by-laws or other organizational documents of each of the Debtors shall be amended as necessary
13 to satisfy the provisions of the Plan and the Bankruptcy Code, and shall: (i) include, among other
14 things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting, the
15 issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of
16 the Bankruptcy Code; and (ii) to the extent necessary or appropriate, include such provisions as
17 may be needed to effectuate and consummate the Plan and the transactions contemplated herein.

18 **E. Executory Contracts And Unexpired Leases.**

19 **1. Executory Contracts.**

20 Except for Executory Contracts and Unexpired Leases specifically addressed in the Plan
21 or set forth on the schedule of Rejected Executory Contracts and Unexpired Leases attached as
22 Schedule 7.1 hereto (which may be supplemented and amended up to the date the Bankruptcy
23 Court enters the Confirmation Order only with the approval of the Debtors and the Requisite
24 Consenting Lenders), all Executory Contracts and Unexpired Leases that exist on the
25 Confirmation Date shall be deemed assumed by the applicable Debtor on the Effective Date.
26 Neither the exclusion nor inclusion of any Executory Contract or Unexpired Lease on Schedule
27 7.1 hereto, nor anything contained in the Plan shall constitute an admission by the Debtors that
28 any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any

1 Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a
2 contract or lease is or was executory or unexpired at the time of assumption or rejection, the
3 Debtors or Reorganized Debtors, as applicable, shall have 30 days following entry of a Final
4 Order resolving such dispute to alter their treatment of such contract or lease hereunder.

5 **2. Approval Of Assumption Or Rejection.**

6 Entry of the Confirmation Order shall constitute as of the Effective Date: (i) approval,
7 pursuant to Section 365(a) of the Bankruptcy Code, of the assumption by the applicable Debtor
8 of each Executory Contract and Unexpired Lease to which a Debtor is a party not listed on
9 Schedule 7.1, not otherwise provided for in the Plan and neither assumed, assumed and assigned
10 nor rejected by separate order prior to the Effective Date; and (ii) rejection by the Debtor of each
11 Executory Contract and Unexpired Lease to which such Debtor is a party listed on Schedule 7.1.
12 Upon the Effective Date, each counter party to an assumed Executory Contract or Unexpired
13 Lease shall be deemed to have consented to assumption contemplated by Section 365(c)(1)(B) of
14 the Bankruptcy Code, to the extent such consent is necessary for such assumption. To the extent
15 applicable, all Executory Contracts or Unexpired Leases of Reorganized Debtors assumed
16 pursuant to this Section 7 shall be deemed modified such that the transactions contemplated by
17 the Plan shall not be a "change of control," however such term may be defined in the relevant
18 Executory Contract or Unexpired Lease and any required consent under any such Executory
19 Contract or Unexpired Lease shall be deemed satisfied by the confirmation of the Plan.

20
21 **3. Cure Of Defaults.**

22 The applicable Debtor shall Cure any defaults in respect of each Executory Contract or
23 Unexpired Lease assumed pursuant to this Section 7 upon the latest of (i) the Effective Date or as
24 soon thereafter as practicable; (ii) such dates as may be fixed by the Bankruptcy Court or agreed
25 upon by such Debtor, and after the Substantial Consummation Date, the Reorganized Debtor; or
26 (iii) the fourteenth (14th) Business Day after the entry of a Final Order resolving any dispute
27 regarding (a) a Cure amount; (b) the ability of the Debtor or the Reorganized Debtor to provide
28 adequate assurance of future performance under the Executory Contract or Unexpired Lease

1 assumed pursuant to the Plan in accordance with Section 365(b)(1) of the Bankruptcy Code; or
2 (c) any matter pertaining to assumption, assignment or the Cure of a particular Executory
3 Contract or an Unexpired Lease. Schedule 7.3 to the Plan lists the Debtors' proposed Cure
4 amounts, if any, that will be paid as provided for above, which Schedule 7.3 may be amended up
5 to and including the five (5) days prior to the commencement of the Confirmation Hearing.

6 Any party to an Executory Contract or Unexpired Lease who objects to the listed Cure
7 amounts must file and serve an objection on Debtors counsel no later than thirty (30) days after
8 the Effective Date. Failure to file and serve a timely objection shall be deemed consent to the
9 Cure amounts listed on Schedule 7.3. Any Cure amounts shall be the responsibility of the
10 applicable Reorganized Debtor. If there is a dispute regarding: (i) the amount of any Cure
11 payment; (ii) the ability of a Reorganized Debtor to provide "adequate assurance of future
12 performance" under the Executory Contract or Unexpired Lease to be assumed or assigned; or
13 (iii) any other matter pertaining to assumption, the Cure payments required by Section 365(b)(1)
14 of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute
15 and approving the assumption.

16 The Confirmation Order will constitute an order of the Bankruptcy Court approving the
17 assumptions described in Section 7 of the Plan, pursuant to Section 365 of the Bankruptcy Code,
18 as of the Effective Date. Notwithstanding the foregoing, if, as of the date the Bankruptcy Court
19 enters the Confirmation Order, there is pending before the Bankruptcy Court a dispute
20 concerning the cure amount or adequate assurance for any particular Executory Contract or
21 Unexpired Lease (or if the time period for a non-Debtor to object to the Cure has not yet lapsed),
22 the assumption of such Executory Contract or Unexpired Lease shall be effective as of the date
23 the Bankruptcy Court enters an order resolving any such dispute and authorizing assumption by
24 the applicable Debtor.

25 **4. Post-Petition Date Contracts And Leases.**

26 Executory Contracts and Unexpired Leases entered into, and other obligations incurred,
27 after the Petition Date by a Debtor will be performed by the Debtor or Reorganized Debtor, as
28 applicable, in the ordinary course of its business.

1 **5. Bar Date.**

2 All proofs of Claims with respect to Claims arising from the rejection of any Executory
3 Contract or Unexpired Lease must be filed not later than 30 days after the Effective Date, or else
4 they will be forever barred.

5 **F. Manner Of Distribution Of Property Under The Plan.**

6 **1. Distributions.**

7 Each Debtor, and if applicable, Reorganized Debtor, shall be responsible for making
8 Distributions described in the Plan. Except as otherwise provided in the Plan or the Confirmation
9 Order, all Cash necessary for the Reorganized Debtors to make payments pursuant to the Plan
10 shall be obtained from existing Cash balances, the operations of the Debtors and the Reorganized
11 Debtors or the New Money Investment. The Reorganized Debtors may also make such
12 payments using Cash received from their subsidiaries through their consolidated cash
13 management systems. Holders of Claims and Equity Interests shall not be entitled to interest,
14 dividends or accruals on the distributions provided for in the Plan, regardless of whether such
15 distributions are delivered on or at any time after the Effective Date or Substantial
16 Consummation Date, as applicable. The Debtors shall have no obligation to recognize any
17 transfer of Claims or Equity Interest occurring on or after the Record Date.

18 **2. No Recourse.**

19 No recourse shall ever be had, directly or indirectly, against the Debtors and the
20 Reorganized Debtors or against any agent, attorney, accountant or other professional for the
21 Reorganized Debtors under the Plan, or by reason of the creation of any obligation, liability or
22 indebtedness by the Debtors or Reorganized Debtors under the Plan for any purpose authorized
23 by the Plan. All such obligations, liabilities and indebtedness of the Debtors and the
24 Reorganized Debtors will be enforceable only against, and be satisfied only out of, the Assets or
25 such part thereof as shall under the terms of any applicable agreement be liable therefor or shall
26 be evidence only of a right of payment out of such Assets.

27 **3. Reserves.**

28 Each Debtor, and if applicable, each Reorganized Debtor will establish and maintain a

1 Disputed Claim Reserve.

2 **4. Statements.**

3 The Debtors and, if applicable, the Reorganized Debtors will maintain a record of the
4 names and addresses of all Holders of Allowed General Unsecured Claims as of the Effective
5 Date and all Holders as of the Record Date of Equity Interests of the Debtors for purposes of
6 mailing Distributions to them. The Debtors and the Reorganized Debtors may rely on the name
7 and address set forth in the Debtors' Schedules and/or proofs of Claim and the ledger and records
8 regarding Holders of Equity Interests as of the Record Date as being true and correct unless and
9 until notified otherwise in writing.

10 **G. Conditions To Confirmation Of The Plan, The Effective Date And The Substantial**
11 **Consummation Date.**

12 **1. Condition To Confirmation.**

13 The following are conditions precedent to the Confirmation of the Plan:

14 a. The Confirmation Order shall be in form and substance reasonably acceptable to
15 the Debtors and the Requisite Consenting Lenders;

16 b. The Confirmation Order confirming the Plan shall be entered by the Bankruptcy
17 Court no later than 135 days after the Petition Date; provided, further that notwithstanding this
18 clause (b) the Company shall use reasonable best efforts to obtain entry of the Confirmation
19 Order no later than 105 days after the Petition Date;

20 c. The Bankruptcy Court shall have entered the Backstop Order and the Backstop
21 Order shall remain in full force and effect, or alternatively, the terms and conditions of the
22 Backstop Commitment Agreement shall have been incorporated into the Plan, as amended;

23 d. The Bankruptcy Court shall have authorized the assumption and rejection of
24 Executory Contracts and Unexpired Leases by the Reorganized Debtors as contemplated by the
25 Plan and

26 e. The Designated Consenting Lenders in their sole and absolute discretion not
27 having determined and notified the Debtors in writing no later than 2 Business Days prior to the
28 commencement of the Confirmation Hearing that the aggregate amount of (a) Administrative

1 Claims, (b) Other Priority Claims or (c) Other Secured Claims are unacceptable; and

2 f. The Designated Consenting Lenders in their sole and absolute discretion not
3 having determined that the assumption and rejection of Executory Contracts pursuant to
4 Sections 7.1 and 7.2 of the Plan is unacceptable and so notifying the Debtors in writing.

5 **2. Conditions To The Effective Date.**

6 The following are conditions precedent to the occurrence of the Effective Date:

7 a. The Confirmation Order shall be a Final Order reasonably acceptable to the
8 Debtors and the Requisite Consenting Lenders;

9 b. No request for revocation of the Confirmation Order under Section 1144 of the
10 Bankruptcy Code shall have been made, or, if made, shall remain pending (including any
11 appeal);

12 c. The Plan Supplement, including any amendments, modifications or supplements
13 thereto, shall be in form and substance acceptable to Debtors and the Requisite Consenting
14 Lenders;

15 d. Sufficient Cash and other Assets shall be set aside, reserved and withheld by each
16 Debtor to make the distributions required by the Bankruptcy Code and the Plan;

17 e. Amendments or modifications to the Plan, if any, shall be reasonably acceptable
18 to the Debtors and Requisite Consenting Lenders; and

19 f. The Backstop Order (which shall be in form acceptable in all respects to the
20 Backstop Lenders) having been entered by the Bankruptcy Court and continuing to be in full
21 force and effective, or alternatively, the Plan, as amended, providing for the approval of the
22 Backstop Commitment Agreement.

23 **3. Conditions To The Substantial Consummation Date.**

24 The following are conditions precedent to the Substantial Consummation Date:

25 a. The Effective Date shall have occurred;

26 b. All approvals as required for the transactions as set forth in the Plan and
27 effectuating documents, including, without limitation, all required Gaming Approvals, have been
28 obtained from the Governmental and Regulatory Authorities;

1 c. None of the Designated Consenting Lenders or Reorganized Debtors are in
2 material breach of the Plan or any other effectuating documents in effect from the Effective Date
3 through the Substantial Consummation Date;

4 d. The voting securities of Reorganized RHC shall be registered under the Exchange
5 Act of 1934, as amended;

6 e. The entire Working Capital Facility is available to Reorganized RHC;

7 f. Amendment or modifications to the Plan, if any, shall be reasonably acceptable to
8 the Debtors and Requisite Consenting Lenders; and

9 g. The Designated Consenting Lenders in their sole and absolute discretion not
10 having determined and notified the Debtors in writing no later than 5 Business Days prior to the
11 Substantial Consummation Date that the aggregate amount of (a) Administrative Claims, (b)
12 Other Priority Claims, or (c) Other Secured Claims are unacceptable.

13 **4. Waiver Of Conditions.**

14 The conditions set forth in Article 9 of the Plan may be waived (except for Section
15 9.4(a)) only by the Person whom is entitled to satisfaction of such condition (it being understood
16 that the conditions contained in Section 9.1(a), Section 9.2 (a), (c) and (e) and Section 9.4(f) of
17 the Plan may be waived only by the Requisite Consenting Lenders), without notice, leave or
18 order of the Bankruptcy Court or any formal action other than a proceeding to confirm or
19 consummate the Plan.

20
21 **IX.**
22 **RISK FACTORS**

23 In addition to risks discussed elsewhere in this Disclosure Statement, the Plan involves
24 the following risks, which should be taken into consideration.

25 **A. The Debtors Have No Duty To Update.**

26 The statements in this Disclosure Statement are made by the Debtors as of the date
27 hereof, unless otherwise specified herein. The delivery of this Disclosure Statement after that
28 date does not imply that there has been no change in the information set forth herein since that

1 date. The Debtors have no duty to update this Disclosure Statement unless ordered to do so by
2 the Bankruptcy Court.

3 **B. Information Presented Is Based On The Debtors' Books And Records, And Is**
4 **Unaudited.**

5 While the Debtors have endeavored to present information fairly in this Disclosure
6 Statement, there is no assurance that the Debtors' books and records upon which this Disclosure
7 Statement is based are complete and accurate. The financial information contained herein,
8 however, has been audited.

9 **C. Projections And Other Forward-Looking Statements Are Not Assured, And Actual**
10 **Results Will Vary.**

11 Certain information in this Disclosure Statement is, by nature, forward looking, and
12 contains estimates and assumptions which might ultimately prove to be incorrect, and projections
13 which may differ materially from actual future results. There are uncertainties associated with
14 all assumptions, projections and estimates, and they should not be considered assurances or
15 guarantees of the amount of funds that will be distributed or the amount of Claims in the various
16 Classes that will be allowed. The allowed amount of Claims in each Class, as well as
17 Administrative Claims, could be significantly more than projected, which in turn, could cause the
18 value of Distributions to be reduced substantially.

19 **D. This Disclosure Statement Was Not Approved By The SEC.**

20 Although a copy of this Disclosure Statement was served on the SEC and the SEC was
21 given an opportunity to object to the adequacy of this Disclosure Statement before the
22 Bankruptcy Court approved it, this Disclosure Statement has not been registered under the
23 Securities Act of 1933, as amended (the "Securities Act"), or applicable state securities laws.
24 Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of
25 this Disclosure Statement or the Exhibits contained herein, and any representation to the contrary
26 is unlawful.

27 **E. No Legal Or Tax Advice Is Provided To You By This Disclosure Statement.**

28 The contents of this Disclosure Statement should not be construed as legal, business or
tax advice. Each Creditor or Holder of an Equity Interest should consult his, her or its own legal

1 counsel and accountant as to legal, tax and other matters concerning his, her or its Claim or
2 Equity Interest.

3 **F. No Admissions Made.**

4 Nothing contained herein shall constitute an admission of any fact or liability by any
5 party (including the Debtors) or shall be deemed evidence of the tax or other legal effects of the
6 Plan on the Debtors or on Holders of Claims or Equity Interests.

7 **G. No Waiver Of Right To Object Or Right To Recover Transfers And Estate Assets.**

8 A Creditor's vote for or against the Plan does not constitute a waiver or release of any
9 claims or rights of the Debtors (or any other party in interest) to object to that Creditor's Claim,
10 or recover any preferential, fraudulent or other voidable transfer or Estate assets, regardless of
11 whether any claims of the Debtors or their respective Estates are specifically or generally
12 identified herein.

13 **H. Bankruptcy Law Risks And Considerations.**

14 **1. Confirmation of the Plan is Not Assured.**

15 Although the Debtors believe the Plan will satisfy all requirements for Confirmation, the
16 Bankruptcy Court might not reach that conclusion. It is also possible that modifications to the
17 Plan will be required for Confirmation and that such modifications would necessitate
18 resolicitation of votes.

19 Confirmation requires, among other things, a finding by the Bankruptcy Court that it is
20 not likely there will be a need for further financial reorganization and that the value of
21 distributions to dissenting members of Impaired Classes of Creditors and Holders of Equity
22 Interests would not be less than the value of distributions such Creditors and Holders of Equity
23 Interests would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code
24 ("Chapter 7"). Although the Debtors believe that the Plan will not be followed by a need for
25 further financial reorganization and that dissenting members of Impaired Classes of Creditors
26 and Holders of Equity Interests will receive distributions at least as great as they would receive
27 in a liquidation under Chapter 7, there can be no assurance that the Bankruptcy Court will
28 conclude that these tests have been met.

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1 **2. The Effective Date or the Substantial Consummation Date Might Be Delayed**
2 **or Never Occur.**

3 There is no assurance as to the timing of the Effective Date or Substantial Consummation
4 Date or that they both will occur. If the respective conditions precedent to the Effective Date and
5 Substantial Consummation Date have not occurred or been waived within the prescribed time
6 frame, the Confirmation Order will be vacated. In that event, the Holders of Claims and Equity
7 Interests would be restored to their respective positions as of the day immediately preceding the
8 Confirmation Date, and the Debtors' obligations for Claims and Equity Interests would remain
9 unchanged as of such day (except to the extent of any post-Effective Date payments). (See
10 Section XVII.B.6.)

11 **3. The Projected Value of Estate Assets Might Not Be Realized.**

12 In the Best Interests Analysis, the Debtors have projected the value of the Estates' assets
13 that would be available for payment of expenses and distributions to Holders of Allowed Claims,
14 as set forth in the Plan. The Debtors have made certain assumptions, as described in Section
15 XVI.C which should be read carefully.

16 **4. Allowed Claims in the Various Classes May Exceed Projections.**

17 The Debtors have also projected the amount of Allowed Claims in each Class in the Best
18 Interests Analysis. Certain Classes, and the Classes below them in priority, could be
19 significantly affected by the allowance of Claims in an amount that is greater than projected.

20 **5. No Representations Outside of this Disclosure Statement are Authorized.**

21 No representations concerning or related to the Debtors, the Chapter 11 Cases or the Plan
22 are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this
23 Disclosure Statement. Any representations or inducements made to secure your acceptance or
24 rejection of the Plan that are other than as contained in, or included with, this Disclosure
25 Statement should not be relied upon by you in arriving at your decision.

26 **I. Gaming Law Risk Factors.**

27 **1. Multiple Gaming Regulatory Jurisdictions.**

28 The Debtors are subject to extensive state and local regulation in every jurisdiction in

1 which they do business.

2 **2. Timely Approvals by Gaming Agencies Not Assured.**

3 The substantial consummation of the Plan and the events and restructuring to take place
4 on or after the Substantial Consummation Date are conditioned upon costly and time-consuming
5 licensing procedures described herein, and there is no assurance that the required approvals will
6 be obtained on a timely basis, even if pursued in good faith and with due diligence.

7 **3. Key Employees and Other Individual Licensees.**

8 The Consenting Lenders have not yet determined the number, position or identity of the
9 Persons who will need to be investigated and licensed, and any discussions herein regarding the
10 same are generic in nature.

11 **4. Suitability for Licensing.**

12 Neither the Debtors nor the Consenting Lenders have investigated or inquired into the
13 suitability of any Person for licensing purposes. If any Person is found unsuitable, the remaining
14 applicants must sever their connections and relationships with the unsuitable Person and cannot
15 allow such Person, among other things, to exercise any voting rights or receive any distributions
16 from any of the applicant entities. A Person who continues to associate with a licensed entity
17 after a finding of unsuitability may be guilty of a criminal offense.

18 **5. Licenses not Transferable.**

19 Licenses that are currently held are not transferable to successor entities. Even if an
20 individual has been previously licensed or found suitable with a Debtor entity, he or she will
21 need to reapply to be licensed or found suitable in connection with any newly-created entities
22 that apply for gaming licenses. There is no guarantee that such licenses will be issued or
23 findings of suitability received.

24 **6. Expenses of Investigation and Licensing.**

25 The burden and costs of proving suitability are on each individual applicant. There is no
26 assurance that all of the Persons who will need to be investigated and found suitable will
27 cooperate in this regard or be licensed or found suitable on a timely basis.

28 **7. Waivers not Unavailable.**

1 Waivers from licensing requirements are often unavailable. Even when they are
2 available, they may be difficult to obtain. A waiver from a licensing investigation requires an
3 application for a waiver (such as an application for waiver as “institutional investor”), which is
4 itself investigated and must be approved by Gaming Authorities before the waiver can be
5 effective.

6 **8. No Assurance of Favorable Outcome or Timing.**

7 There is no assurance that all of the required findings of suitability, licenses and
8 approvals to substantially consummate the Plan will be obtained. Gaming Authorities may deny
9 an application for any cause they deem reasonable and such denial is normally not subject to
10 judicial review.

11 There is no assurance as to the timing of the licensing process. Such timing is within the
12 sole discretion of the Gaming Authorities. Each jurisdiction will establish its own timing. As
13 such, there can be no assurance whatsoever that the Substantial Consummation Date will occur
14 within six (6) months from the Effective Date or at any other time soon thereafter.

15 **9. Adoption of Rules and Regulations.**

16 There is no assurance as to the potential changes in gaming rules and regulations that any
17 jurisdiction may later adopt or any license conditions that any jurisdiction may impose for any of
18 the participants in the restructuring should licensing be obtained.

19 **10. Interference with Debtors' Gaming Operations Prohibited.**

20 Any effort to usurp control of the Debtors' operations, including any attempted influence
21 over the Debtors' operations or any unauthorized sharing in the Debtors' gaming revenues, prior
22 to final approval and licensing of the successor entities and of all relevant Persons associated
23 with the successor entities, unless emergency approval is obtained in advance, could be viewed
24 as a violation of gaming laws and could result in regulatory and criminal sanctions.

25 **11. Continued Regulatory Supervisions.**

26 Even if the necessary licenses, approvals, registrations, and findings of suitability are
27 secured, Gaming Authorities have wide discretion in disciplining any licensee. Such discipline
28 may include substantial fines and revocation of licenses. Gaming Authorities have wide

1 discretion in determining what constitutes a violation and the amount of fines that may be
2 imposed. Any taxes administered by Nevada Gaming Authorities that are not paid by Debtors (or
3 unpaid gaming winnings) could also be assessed on the Reorganized Entities.

4 **12. Legality of Gaming.**

5 The continuity of gaming operations in any jurisdiction depends on the political will of
6 the local authorities and the respective state legislatures. The Debtors cannot guarantee that
7 gaming will not be phased out in any jurisdiction where it is currently legal.

8 **13. Additional Competition.**

9 The legalization and introduction of gaming activities in any neighboring jurisdictions or
10 in any feeder markets, such as the opening of additional tribal casinos, or the introduction of
11 additional commercial casinos in or adjacent to the jurisdictions where the Debtors' operations
12 are currently located, could adversely affect the Debtors and the successor entities.

13 **J. Risks Related to the Debtors' Business Operations.**

14 The following discussions of risks that relate to the Debtors' respective businesses should
15 be read as also being applicable to the respective businesses of the Reorganized Debtors on and
16 after the Substantial Consummation Date.

17 **1. Effect of the Chapter 11 Cases.**

18 If the Chapter 11 Cases continue for a prolonged amount of time, the proceedings could
19 adversely affect the Debtors' business and operations. The longer the Chapter 11 Cases
20 continue, the more likely it is that the Debtors' customers, suppliers and agents will lose
21 confidence in the Debtors' ability to successfully reorganize their businesses and will seek to
22 establish alternative commercial relationships. Consequently, the Debtors might lose valuable
23 contracts in the course of the Chapter 11 Cases.

24 The Debtors at the Riviera rely on one-time and recurring conventions and conferences
25 and activities related thereto as a significant part of its business. This segment of the Riviera's
26 business is highly competitive with other hotels in Las Vegas. In the event these event do not
27 occur or are not renewed because their competitors offer more favorable terms or for any other
28 reason, including the greater financial stability of the competitors, the Debtors' business,

1 financial condition and results of operations would be adversely affected.

2 So long as the Chapter 11 cases continue, the Debtors' senior management will be
3 required to spend a significant amount of time and effort dealing with the Debtors'
4 reorganization instead of focusing exclusively on business operations. Prolonged continuation of
5 the Chapter 11 Cases will also make it more difficult to attract and retain management and other
6 key personnel necessary to the success and growth of the Debtors' businesses. Other than Mr.
7 Vannucci, the Debtors do not have employment agreements with their executive officers. If the
8 Debtors lose any of these executives, the Debtors' operations could be adversely affected. In
9 addition, the Debtors compete with other potential employers for employees, and the Debtors
10 may not succeed in hiring and retaining the executives and other employees that the Debtors'
11 need. An inability to hire quality employees could have a material adverse effect on the Debtors'
12 business, financial condition and results of operations.

13 Furthermore, so long as the Chapter 11 Cases continue, the Debtors will be required to
14 incur substantial costs for professional fees and other expenses associated with the proceedings.

15 While cash flow projections indicate that there will be sufficient cash flow to meet all
16 ordinary demands and to pay the professional fees and expenses, prolonged continuation of the
17 Chapter 11 Cases may require the Debtors to seek additional financing. It may not be possible to
18 obtain additional financing during or after the Chapter 11 Cases on commercially reasonable
19 terms or at all. If the Debtors require additional financing during the Chapter 11 Cases and are
20 unable to obtain it on reasonable terms or at all, the Debtors' chances of a successful
21 reorganization may be seriously jeopardized.

22 **2. The volatility and disruption of the capital and credit markets and adverse**
23 **changes in the global economy have negatively impacted the Debtors' ability**
24 **to access financing.**

25 Due to the existing uncertainty in the capital and credit markets and current adverse
26 changes in the global economy, the Debtors' access to capital may not be available on terms
27 feasible to the Debtors, or on any terms whatsoever.

28 The Debtors have been in default under the Credit Agreement since February 2009 and
has been unable to make interest payments on account of the Senior Secured Claims since

1 December 2008. In addition, unable to make the representations and warranties necessary to
2 draw on its revolving credit facility, in June 2009 the Debtors voluntarily reduced the
3 commitment thereunder from \$20 million to \$3 million. As such, the Debtors have been without
4 any working capital facility for over sixteen months. Without access to a working capital facility
5 and with no alternative source of liquidity readily available, the Debtors have, out of necessity
6 conserved its cash and limited its capital expenditure over the past 18 months solely to the
7 necessary maintenance of its properties. The Designated New Money Investment and Working
8 Capital Facility, in each case, to be provided in connection with the Plan by participating Senior
9 Secured Lenders and backstopped in full by the Backstop Lenders, will provide the Debtors with
10 additional working capital for its ordinary course operations and adequate liquidity to make not
11 only maintenance capital expenditures, but also long overdue capital improvements to its
12 properties, all as determined by the New Board and the post-Substantial Consummation Date
13 management team.

14 **3. The gaming industry has been adversely affected by the economic downturn.**

15 The gaming industry is experiencing sharply reduced demand. The demand for gaming is
16 highly sensitive to consumers' disposable incomes, and a general decline in economic
17 conditions, including businesses downsizing their workforces, may lead to the Debtors' potential
18 customers having less discretionary income with which to wager. Many of the Debtors'
19 customers have also experienced significant reductions in their savings as a result of recent
20 investment losses. These developments have led, and are likely to continue to lead, to a
21 reduction in the Debtors' revenues and have materially adversely affected the Debtors' operating
22 results, as the Debtors have fewer customers and the customers spend less than they historically
23 have. While there have been governmental responses to these economic hardships, there can be
24 no assurance that this will restore the economy, consumer confidence and spending at all, or to
25 the point where it favorably impacts the gaming industry.

26 **4. The Debtors may experience a loss of market share.**

27 The gaming industry is highly competitive. There is substantial competition for gaming
28 customers with other hotel/casinos primarily along the Las Vegas Strip for the Riviera and in the

1 Blackhawk and Central City vicinity for Blackhawk. If the Debtors' competitors operate more
2 successfully, other hotel/casino properties are enhanced or expended, or if additional competitors
3 are established in and around the vicinity of the Riviera and Blackhawk, the Debtors may lose
4 market share.

5 In Las Vegas, it is generally recognized that the marketplace has too much capacity in
6 both gaming floor footage as well as hotel rooms and related amenities. There is no assurance
7 that this over-capacity will not continue to exist or worsen. While it is not anticipated that
8 construction of the Fontainebleau or Echelon, which are located adjacent to the Riviera, will be
9 completed and open for business in the foreseeable future, the Cosmopolitan with approximately
10 2500 rooms and more than 100,000 square feet of casino floor space will open later in 2010.
11 There is no assurance that additional hotel rooms will not become available before demand
12 increases sufficiently to meet supply.

13 Some Native American casinos in southern California and Iowa allow customers at least
14 18 years old to gamble, whereas the Debtors' gaming establishments require customers to be at
15 least 21 years old. This could lead to a reduced market for the Debtors as those Native American
16 casinos would have an earlier opportunity to create loyal customers. If the Debtors' competitors
17 are able to retain these customers after they turn 21, thereby causing them to continue gambling
18 at those establishments rather than try the Debtors' establishments, the Debtors may experience
19 reduced market share.

20 Also, Colorado Gaming Authorities have recently considered expanding Colorado's
21 casino industry, [details] then there may be a significant negative impact on the business,
22 financial condition and results of operations of Blackhawk.

23 **5. Changes to applicable tax laws could have a material adverse effect on the**
24 **Debtors' financial condition.**

25 The Debtors pay substantial taxes and fees in connection with their operations as gaming
26 companies. From time to time, federal, state and local legislators and other government officials
27 have proposed and adopted changes in tax laws, or in the administration of those laws affecting
28 the gaming industry. It is not possible to determine the likelihood of changes in tax laws or in

1 the administration of those laws. If adopted, changes to applicable tax laws could have a
2 material adverse effect on the Debtors' business, financial condition and results of operations.
3 Due to the continued pressures on the state legislatures to address shortfalls in their budgets
4 associated with the current recession, there may be more support to look to increased taxation at
5 all of the Debtors' gaming properties. Any increase in taxes would impact the Debtors' future
6 profitability.

7 The Debtors are subject to a variety of other rules and regulations, including zoning,
8 environmental, construction and land-use laws, regulations and permits that govern the serving
9 of alcoholic beverages. Any changes to these laws could have a material adverse effect on the
10 Debtors' business, financial condition and results of operations.

11 From time to time, legislators and special interest groups have proposed legislation that
12 would expand, restrict or prevent gaming operations in the jurisdictions in which the Debtors
13 operate. Any such change to the regulatory environment or the adoption of new federal, state or
14 local government legislation could have a material adverse effect on the Debtor's business.

15 **6. The Debtors' gaming operations may be adversely impacted if general**
16 **economic conditions continue to decline.**

17 The Debtors' properties use significant amounts of electricity, natural gas and other
18 forms of energy. While no shortages of energy have been experienced, the substantial increases
19 in the cost of electricity, natural gas and gasoline in the United States in general, and in southern
20 California, southern Nevada, and central Colorado in particular, may negatively affect the
21 Debtors' operating results. In addition, further energy price increases in such areas could result
22 in a decline in disposable income of potential customers and a corresponding decrease in
23 visitation and spending at the Debtors' operations. Gaming industry revenues are sensitive to
24 general economic conditions and are influenced by consumer confidence in the economy and
25 other factors. An extended period of reduced discretionary spending could significantly harm the
26 Debtors' operations and the Debtors may not be able to lower their costs rapidly enough, or at
27 all, to offset a decrease in revenues.

28 **7. Native American Gaming Operations.**

1 The Debtors' operations may be adversely impacted by expanded Native American
2 gaming operations in California and Colorado.

3 A significant source of customers for the Riviera is southern California. The expansion
4 of Native American casinos in California continues to have an impact on casino revenues in
5 Nevada in general. California's state officials have renegotiated certain compacts with Native
6 American tribes. Some Native American casino compacts have been changed to allow for
7 additional slot machines. While the effect of increased gaming in California, Colorado and other
8 states is difficult to predict, the Debtors' business may be significantly impacted.

9 **8. Weather Conditions in Colorado.**

10 Adverse winter weather conditions in the Rockies and Denver area could have a material
11 adverse effect on the results of operations and financial condition of Blackhawk. Adverse winter
12 weather conditions, particularly snowfall, can deter customers of Blackhawk from traveling or
13 make it difficult for them to frequent Blackhawk. If Blackhawk were to experience prolonged
14 adverse winter weather conditions, the results of operations could be materially adversely
15 affected.

16 **9. Evolving Gaming Technology.**

17 Gaming technology, devices and information systems are constantly evolving and
18 improving. The Debtors may be unable to obtain slot machines or related technology from the
19 Debtors' third party supplier on a timely, cost-effective basis.

20 The Debtors primarily rely on a limited number of gaming manufacturers and suppliers
21 for their supply of slot machines and related technology. There is no assurance that the Debtors
22 can obtain slot machines or related technology on a cost-effective basis. As a result, the Debtors
23 may be forced to incur significant unanticipated costs to secure alternative third party suppliers
24 or adjust the Debtors' operations.

25 **X.**
CERTAIN GAMING LAW CONSIDERATIONS

26 **A. Introduction.**

27 As owners and operators of gaming facilities, the Debtors are subject to extensive
28

1 regulation by Gaming Authorities. Licensing will be required for many Persons who will be
2 associated with Reorganized RHC, and its gaming subsidiaries.

3 Additionally, while the regulatory requirements discussed herein would be substantially
4 applicable to Reorganized RHC and its gaming subsidiaries (sometimes collectively referred to
5 as the "Reorganized Entities"), no assurances can be provided as to the specific form of approval
6 that any of the governmental authorities may adopt or license conditions that any jurisdiction
7 may impose in the licensing process for the restructuring of the Reorganized Entities or any of
8 the Persons associated with the Reorganized Entities.

9 This summary is provided only as background information for Persons voting on the Plan
10 to make an informed voting decision. All parties in interest, including Creditors, that may be
11 subject to the investigatory and licensing process are strongly urged to retain their own Nevada
12 gaming law counsel with regard to their particular circumstances and the investigatory and
13 licensing process. It should be noted that gaming laws and regulations are often complex and
14 have been interpreted in ways that may not be apparent from an initial reading of them.

15 **B. Background On Nevada Gaming Regulations.**

16 The acquisition, ownership and operation of casino gaming facilities in Nevada are
17 subject to the Nevada Gaming Control Act and regulations promulgated thereunder (the "Nevada
18 Act") together with various local regulations. Specifically, the Debtors' gaming operations are
19 subject to the licensing and regulatory control of the Nevada Gaming Commission, the Nevada
20 State Gaming Control Board, the Clark County Liquor and Gaming Licensing Board, and the
21 City of Mesquite, Nevada (collectively, the "Gaming Authorities"). Liquor licensing is governed
22 by laws in effect for the cities or counties where the businesses are being conducted. Changes in
23 laws, regulations and procedures could adversely affect the gaming and liquor operations of the
24 Debtors and the Reorganized Entities.

25 The laws, regulations, and supervisory procedures of the Gaming Authorities are based
26 upon declarations of public policy concerning, among other things:

27 • the prevention of unsavory or unsuitable persons from having a direct or indirect
28 involvement with gaming at any time or in any capacity;

- 1 • the establishment and maintenance of responsible accounting practices and
2 procedures;
- 3 • the prevention of cheating and fraudulent practices;
- 4 • the maintenance of effective controls over the financial practices of casino
5 licensees, including the establishment of minimum procedures for internal fiscal affairs and the
6 safeguarding of assets and revenues, providing reliable recordkeeping, and requiring the filing of
7 periodic reports with the Gaming Authorities; and
- 8 • providing a source of state and local revenues through taxation and licensing fees.

9 The Gaming Authorities may investigate any individual who has a material relationship
10 or material involvement with a gaming licensee in order to determine whether such individual is
11 suitable or should be licensed as a business associate of the licensee. The Gaming Authorities
12 require “persons”⁸ who seek to own or operate a gaming establishment or hold an ownership
13 interest in these entities or in related holding companies to obtain gaming licenses prior to the
14 consummation of such transaction and also require the company’s officers, directors, key
15 employees (as defined by law) and other individuals capable of exercising significant influence
16 over the activities of the licensees to demonstrate their suitability to be affiliated with such
17 gaming enterprise.

18 A “finding of suitability” is comparable to licensing, and both require submission of
19 detailed personal and financial information, followed by a thorough investigation. Changes in
20 licensed positions must be reported to the Gaming Authorities. In addition to their authority to
21 deny an application for a finding of suitability or licensure, the Gaming Authorities have
22 jurisdiction to disapprove a change in corporate position. The burden of proving suitability is on
23 the applicant and the investigation, which can be costly, must be paid for by each applicant.

24 If the Gaming Authorities were to find an officer, director or key employee unsuitable for
25 licensing or unsuitable to continue having a relationship with the licensee, the licensee would

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27 ⁸ As a legal matter, the definition of “person” in Nevada means a natural person, any form of business or social
28 organization and any other nongovernmental legal entity, including a corporation, partnership, association, trust or
unincorporated organization, as well as parent companies and persons that comprise the same. The term, however,
does not include a government, governmental agency or political subdivision of a government.

1 have to sever all relationships with that person. In addition, the Nevada Gaming Commission
2 may require the licensee to terminate the employment of any person who refuses to file
3 appropriate applications. Determinations of suitability and licensing are not subject to judicial
4 review in Nevada.

5 If it were determined that the licensee had violated the Nevada Act, the gaming licenses
6 and approvals previously granted could be limited, conditioned, suspended or revoked, subject to
7 compliance with certain statutory and regulatory procedures. In addition, such persons could be
8 subject to substantial fines for each separate violation of the Nevada Act. In the event the
9 licenses were revoked, as discussed below, the Nevada Gaming Commission could recommend
10 that the appropriate court appoint a “supervisor” to operate the gaming properties.

11 Any acquisition of a licensed entity, including the assignment or transfer of its operating
12 assets to a successor entity that intends to obtain a gaming license, will require similar review,
13 approval and licensing by the Gaming Authorities. Though an expedited investigative review of
14 applicants is possible under some circumstances, the Nevada Act prohibits contracts which
15 require the issuance of a new gaming license, if the agreement provides for a closing date sooner
16 than 90 days.

17 The placing of an investigatory item on an agenda for final approval is solely in the
18 discretion of the Gaming Authorities⁹ and will not occur until the applicants have submitted all
19 information requested by the Gaming Authorities. As a general rule, the licensing process will
20 not commence until all applications relating to a specific transaction have been submitted to the
21 Gaming Authorities and are deemed complete.

22 In the licensing context, Nevada distinguishes between privately-owned and publicly-
23 traded gaming companies. In a privately-owned company, except for approved institutional
24 investors (whose special waiver criteria are discussed below), all persons who hold any equity
25 interest must be licensed prior to receiving that interest. Furthermore, the grant of an option to
26 acquire an equity interest, including the issuance of warrants convertible to an equity interest,

27 ⁹ Additionally, various liquor and gaming Authorities have taken the position that it has the authority to approve all
28 persons owning or controlling the stock of any corporation that will possess a gaming license and other persons
having a significant involvement with the business, including its financial backers.

1 must receive prior administrative approval from the Chairman of the Nevada State Gaming
2 Control Board.

3 The purported sale, assignment, transfer, pledge, exercise of an option to purchase or
4 other disposition of any security issued by a corporation, other than a publicly-traded
5 corporation, which holds a Nevada gaming license is void unless approved in advance by the
6 Nevada Gaming Commission.

7 This is in contrast with a company that has qualified under applicable securities laws and
8 is registered with the Nevada Gaming Commission as a publicly-traded corporation (a
9 “registered corporation”). In that instance, only those persons holding voting shares in excess of
10 ten percent and principal officers and directors are normally required to submit to the Nevada
11 licensing process. Nevada law, though, requires any person who acquires more than five percent
12 of a registered corporation’s voting securities to report the acquisition to the Nevada Gaming
13 Commission. A finding of suitability might be required at the over-five percent threshold if it is
14 determined that the person is capable of exercising significant influence over the affairs of the
15 registered corporation. Nevada law also requires that beneficial owners of more than ten percent
16 of a registered corporation’s voting securities apply to the Nevada Gaming Commission for a
17 finding of suitability within 30 days after the Chairman of the Nevada State Gaming Control
18 Board mails a written notice requiring the application.

19 Under either public or private ownership, if at any time the Nevada Gaming Commission
20 finds that an owner of an equity interest is unsuitable to continue to have an involvement in
21 gaming, such owner must dispose of the security and the gaming licensee must abide by certain
22 restrictions on its involvement with that person, as discussed below.

23 Under certain circumstances, an “institutional investor” may acquire up to 15% of a
24 privately-owned company’s equity securities or registered corporation’s voting securities without
25 a license. However, in order to receive an institutional investor waiver from licensing, the
26 investor must apply to the Nevada Gaming Commission, claiming special status as an
27 “institutional investor.” An institutional investor must show that it is among a class of corporate
28 entities that is either regulated by a governmental agency (such as a registered investment

1 company or pension fund) or engages in business activities that the Nevada Gaming Commission
2 has determined meet similar criteria.

3 The institutional investor must hold the securities in the ordinary course of its business
4 "for investment purposes only." To receive such a waiver, the applicant must also complete
5 detailed forms that contain a list of required documents and information and then await the
6 results of a review process that is more limited in scope than a licensing investigation, before
7 acquiring the securities.¹⁰

8 An institutional investor will be restricted in its participation in corporate matters. An
9 entity seeking institutional investor status in a privately-owned company will not be deemed to
10 hold the interest "for investment purposes only" if the equity interest allows the institutional
11 investor, directly or indirectly, to vote for the election of members of the board of directors,
12 cause any change in the corporate charter, bylaws, or other organic document, management,
13 policies or operations of the corporate licensee or the holding company or cause any other action
14 which the Nevada Gaming Commission finds to be inconsistent with holding voting or equity
15 securities for investment purposes only. Activities which are not deemed inconsistent with
16 holding securities for investment purposes only include:

17 i. Serving as a member of any committee of creditors or security holders in
18 connection with a debt restructuring;

19 ii. Nominating any candidate for election or appointment to a board of directors or
20 the equivalent in connection with a debt restructuring;

21 iii. Making financial and other inquiries of management of the type normally made
22 by securities analysts for informational purposes and not to cause a change in management,
23 policies or operations; and

24 iv. Such other activities as the Nevada Gaming Commission may determine to be
25 consistent with such investment intent.

26 _____
27 ¹⁰ This type of waiver is available in both privately-owned and publicly-traded entities. However, an institutional
28 investor holding voting securities in a publicly-traded company also enjoys greater flexibility in the kinds of
activities that would be deemed "for investment purposes only," and may acquire voting shares prior to the grant of
a waiver, up to the percentage ownership thresholds for registered corporations, previously discussed.

1 The grant of institutional investor status is discretionary and may be revoked if the
2 Gaming Authorities deem that the investment intent has changed or the institutional investor has
3 failed to comply with all conditions imposed. Applicants are required to pay the costs of their
4 investigation.¹¹

5 If any stockholder or other person who is required to apply for licensing or suitability is
6 found unsuitable, it will be grounds for disciplinary action for the licensee to have any
7 relationship with the denied person, or to:

8 i. pay that person any dividend or interest upon any securities, or any payment or
9 distribution of any kind;

10 ii. allow that person to exercise, directly or indirectly, any voting right conferred
11 through securities held by that person;

12 iii. pay remuneration to that person for services rendered or otherwise; or

13 iv. make any other payment or distribution of any kind, in respect of any such
14 security or interest by way of, or pursuant to payment of principal, redemption, conversion,
15 exchange or liquidation or any other transaction.

16 A licensee may be required to disclose to the Nevada State Gaming Control Board and
17 the Nevada Gaming Commission the identities of all holders of its debt securities. If it finds that
18 the public interest will be served, the Nevada Gaming Commission may, in its absolute
19 discretion, require the lender or holder of an evidence of indebtedness issued by the licensed
20 corporation to file an application within 30 days after being requested to do so.

21 Any person who receives payments from a holding company computed on the basis of
22 earnings or profits of the holding company, or on the basis of receipts from gaming activities of a
23 subsidiary corporate licensee of such holding company, may be required to be found suitable,
24 licensed or approved.

25 If the Nevada Gaming Commission finds that a holder of an equity interest or an
26 evidence of indebtedness is unsuitable to continue ownership, involvement or any relationship

27 _____
28 ¹¹ While approved institutional investors may hold up to 15% of the equity, new regulations currently under
consideration by the Gaming Authorities could raise that institutional investor equity ceiling to 25%.

1 with the licensee or affiliated company, that person must immediately offer the equity interest or
2 evidence of indebtedness, as the case may be, to the issuing corporation for purchase. The
3 corporation must purchase the equity interest so offered, for cash at fair market value, within ten
4 days after the date of the offer, or within such time and under such terms and conditions as the
5 Nevada Gaming Commission may impose. Similarly, the licensee must retire or restructure the
6 indebtedness provided by a denied applicant within the time frame and under such terms as the
7 Nevada Gaming Commission may require.

8 The Nevada Gaming Commission could request that a state court appoint a supervisor to
9 operate any non-restricted¹² gaming establishment operated by a licensee, if the licenses held by
10 the licensee are revoked, suspended or otherwise lapse.¹³ In such extraordinary circumstances,
11 earnings generated by gaming operations during a supervisor's appointment (except for
12 reasonable rental value) could be forfeited to the State of Nevada. The occurrence of any of
13 these events could have a material adverse effect on a licensee's business, financial condition
14 and results of operations. Any acquirer of Reorganized RHC would be subject to the same
15 regulations.

16 License fees and taxes, computed in various ways depending on the type of gaming
17 activity involved, are payable to the State of Nevada and to the counties and cities in which the
18 Nevada licensee's operations are conducted.¹⁴ Any taxes administered by Gaming Authorities
19 that are not paid by the Debtors, as well as unpaid gaming winnings, could be assessed on the
20 Reorganized Entities.

21 Changes in control of Reorganized RHC through merger, consolidation, stock or asset
22 acquisitions, management or consulting agreements, or any act or conduct by a person whereby
23 that person obtains control (including foreclosure on pledged shares) may not occur without the
24 prior approval of the Nevada Gaming Commission. As such, the restructuring and the changes

25 ¹² A non-restricted gaming establishment is any gaming establishment that has more than 15 slot machines.

26 ¹³ While gaming licenses are subject to a renewal process, this is merely a routine administrative matter and does not
normally involve new licensing investigations in Nevada.

27 ¹⁴ Depending upon the particular fee or tax involved, they are payable monthly, quarterly or annually and are based
28 upon a percentage of the gross revenues received, the number of gaming devices operated or the number of table
games operated

1 in ownership and control as provided in the Plan will require prior approval and licensing.¹⁵

2 Entities seeking to acquire control or ownership of a licensed corporation must meet a
3 variety of stringent standards of the Nevada Act. Whether any acquisition is approved by the
4 Gaming Authorities is completely discretionary with them and is based on a variety of factors,
5 including the financial resources of the licensee, the personal suitability of its owners and in
6 some instances, the impact on the marketplace. The transfer of any gaming devices from the
7 entities that currently own them will also require administrative approvals by Gaming
8 Authorities.

9 Any person who is licensed, required to be licensed, registered, required to be registered,
10 or is under common control with such persons or licensees, and who proposes to become
11 involved in a gaming venture outside Nevada, is required to deposit with the Nevada State
12 Gaming Control Board, and thereafter maintain, a revolving fund in the amount of \$10,000 to
13 pay the expenses of investigation by the Nevada State Gaming Control Board of the licensees'
14 participation in foreign gaming. The revolving fund is subject to increase or decrease in the
15 discretion of the Nevada Gaming Commission. Thereafter, licensees are also required to comply
16 with reporting requirements imposed by the Nevada Act.

17 Licensees are also subject to disciplinary action by the Nevada Gaming Commission if
18 they knowingly violate any laws of the foreign jurisdiction pertaining to a gaming operation, fail
19 to conduct the foreign gaming operation in accordance with the standards of honesty and
20 integrity required of Nevada gaming operations, engage in activities or enter into associations
21 that are harmful to the State of Nevada or its ability to collect gaming taxes and fees, or employ,
22 contract with or associate with a person in the foreign operation who has been denied a license or
23 a finding of suitability in Nevada on the ground of personal unsuitability.

24 Upon their licensing, the Reorganized Entities and likely all of their holders of Equity

25 _____
26 ¹⁵ Similarly, a trustee's ability to foreclose upon pledged shares and other gaming collateral comprising gaming
27 businesses is limited. Regulations of the Nevada Gaming Commission provide that no person may acquire an
28 interest in a gaming licensee or enforce a security interest in the stock of a corporation which is the holder of a
gaming license or which owns stock in such a corporation without the prior approval of the Nevada Gaming
Commission. As such, neither the trustee nor any holder is permitted to operate or manage any gaming business or
assets unless such person has been licensed

1 Interests and Persons having material associations with the Reorganized Entities will be subject
2 to the same or substantially the same regulations as RHC currently faces. They will also be
3 subject to a costly and time-consuming investigatory, licensing, and approval process prior to the
4 Substantial Consummation Date.

5 Nevada state gaming laws and regulations can be reviewed at the website of the Nevada
6 Gaming Commission (<http://gaming.nv.gov/>). Municipal gaming regulations for the jurisdictions
7 in which the Debtors do business can be located at the respective websites of Clark County
8 Nevada. [add Colorado discussion]

9 **C. Summary Of Gaming Regulatory Risks Under The Plan.**

10 1. The Debtors are subject to extensive state and local regulation in every
11 jurisdiction in which they do business.

12 2. The substantial consummation of the Plan and the events and restructuring to take
13 place on or after the Substantial Consummation Date are conditioned upon costly and time-
14 consuming licensing procedures described above, and there is no assurance that the required
15 approvals will be obtained on a timely basis, even if pursued in good faith and with due
16 diligence.

17 3. The Debtors and the Consenting Lenders have not determined the number,
18 position or identity of the Persons who will need to be investigated and licensed, and any
19 discussions herein regarding the same are generic in nature.

20 4. The Debtors and the Consenting Lenders have not investigated or inquired into
21 the suitability of any prospective applicant for licensing purposes. If any Person is found
22 unsuitable, the remaining applicants must sever their connections and relationships with the
23 unsuitable Person and cannot allow such Person, among other things, to exercise any voting
24 rights or receive any distributions from any of the applicant entities. A Person who continues to
25 associate with a licensed entity after a finding of unsuitability may be guilty of a criminal
26 offense.

27 5. Licenses that are currently held are not transferable to successor entities. Even if
28 an individual has been previously licensed or found suitable with a Debtor entity, he or she will

1 need to reapply to be licensed or found suitable in connection with any newly-created entities
2 that apply for gaming licenses. There is no guarantee that such licenses will be issued or
3 findings of suitability received.

4 6. The burden and costs of proving suitability are on each individual applicant.
5 There is no assurance that all of the Persons who will need to be investigated and found suitable
6 will cooperate in this regard or be licensed or found suitable on a timely basis.

7 7. Waivers from licensing requirements are often unavailable or difficult to obtain.
8 A waiver from a licensing investigation (such as an institutional investor waiver) requires an
9 application. Such an application will itself trigger an investigation and must be approved by
10 Gaming Authorities before the waiver can be effective.

11 8. There is no assurance that all of the required findings of suitability, licenses and
12 approvals to substantially consummate the Plan will be obtained. The Gaming Authorities may
13 deny an application for any cause they deem reasonable and such denial is normally not subject
14 to judicial review.

15 9. There is no assurance as to the timing of the licensing process, which is within the
16 sole discretion of the Gaming Authorities. Each of the Gaming Authorities will establish its own
17 timing. As such, there can be no assurance that the Substantial Consummation Date will occur
18 within one year from the Effective Date or at any other time soon thereafter.

19 10. There is no assurance as to the potential changes in gaming regulations that any
20 jurisdiction may later adopt or any license conditions that any jurisdiction may impose for any of
21 the participants in the restructuring, if licensing is obtained in the first place.

22 11. Any effort to usurp control of the Debtors' operations, including any attempted
23 influence over the Debtors' operations or any unauthorized sharing in the Debtors' gaming
24 revenues, prior to final approval and licensing of the successor entities and of all relevant
25 Persons associated with the successor entities could be deemed a violation of gaming laws and
26 result in regulatory and criminal sanctions, unless prior emergency approval is obtained.

27 12. Even if the necessary licenses, approvals, registrations, and findings of suitability
28 are obtained, Gaming Authorities have wide discretion in disciplining any licensee. Such

1 discipline may include substantial fines and revocation of licenses. Gaming Authorities have
2 wide discretion in determining what constitutes a violation and the amount of fines that may be
3 imposed. Any taxes administered by Gaming Authorities that are not paid by the Debtors (or
4 unpaid gaming winnings) could also be assessed on the Reorganized Entities.

5 13. The continuity of gaming operations in any jurisdiction depends on the political
6 will of the local authorities and the respective state legislatures. The Debtors cannot guarantee
7 that gaming will not be phased out in any jurisdiction where it is currently legal.

8 14. The legalization and introduction of gaming activities in any neighboring
9 jurisdictions or in any feeder markets, such as the opening of additional tribal casinos, or the
10 introduction of additional commercial casinos in or adjacent to the jurisdictions where the
11 Debtors' operations are located, could adversely affect the Debtors and the Reorganized Entities.

12 **XI.**
13 **CERTAIN SECURITIES LAW CONSIDERATIONS**

14 [to be inserted]

15 **XII.**
16 **POST-SUBSTANTIAL CONSUMMATION DATE OPERATIONS**

17 **A. Title To Property; Discharge; Injunction.**

18 **1. Vesting Of Assets.**

19 Subject to and as provided for in the Plan, the Assets shall be vested and/or transferred to
20 and by the Reorganized Debtors on the Substantial Consummation Date, free and clear of all
21 Liens, Claims, charges or other encumbrance, except for Lien securing the obligations under the
22 Credit Facilities. On and after the Substantial Consummation Date, the Reorganized Debtors
23 may operate their businesses and may use, acquire, and dispose of property and compromise or
24 settle any Claims without supervision of or approval by the Bankruptcy Court and free of any
25 restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly
26 imposed by the Plan or the Confirmation Order.

27 **2. Preservation Of Litigation Claims.**

28 In accordance with Section 1123(b)(3) of the Bankruptcy Code, and except as otherwise

1 expressly provided herein, on the Substantial Consummation Date all Litigation Claims shall be
2 assigned and transferred to the Reorganized Debtors. The Reorganized Debtors, as the
3 successors in interest to the Debtors and the Estates, may, and shall have the exclusive right to,
4 enforce, sue on, settle, compromise, transfer or assign (or decline to do any of the foregoing) any
5 or all of the Litigation Claims, including, without limitation, any and all derivative actions
6 pending or otherwise existing against the Debtors as of the Substantial Consummation Date.

7 **3. Settlement Of Litigation Claims.**

8 At any time after the Confirmation Date and before the Substantial Consummation Date,
9 notwithstanding anything in the Plan to the contrary, the Debtors may settle any or all of the
10 Litigation Claims with the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019
11 and the consent of the Requisite Consenting Lenders (such consent not to be unreasonably
12 withheld). After the Substantial Consummation Date, the Reorganized Debtors may, and shall
13 have the exclusive right to, compromise and settle any Claims against them and claims they may
14 have against any other Person or entity, including, without limitation, the Litigation Claims,
15 without notice to or approval from the Bankruptcy Court, including, without limitation, any and
16 all derivative actions pending or otherwise existing against the Debtors as of the Effective Date.

17 **4. Discharge.**

18 On the Effective Date, Debtors shall be discharged and released from any and all Claims
19 in Classes 1, 2 and 6 to the fullest extent provided in Sections 524 and 1141 of the Bankruptcy
20 Code. On the Substantial Consummation Date, the Debtors shall be discharged and released
21 from any and all of the Claims and Equity Interests, including those in Classes 3, 4, 5, 7, and 8 to
22 the fullest extent provided in Sections 524 and 1141 of the Bankruptcy Code. The Discharge
23 shall be to the fullest extent provided under Section 1141(d)(1)(A) and (B) and other applicable
24 provisions of the Bankruptcy Code. Except as otherwise expressly provided by the Plan or the
25 Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in
26 complete satisfaction, settlement, discharge, and release of, all Claims and Equity Interests of
27 any kind or nature whatsoever against the Debtors or any of their assets or properties, and
28 regardless of whether any property shall have been distributed or retained pursuant to the Plan on

1 account of such Claims.

2 **5. Injunction.**

3 From and after the Effective Date for Classes 1, 2, and 6, and as of the Substantial
4 Consummation Date for Classes 3, 4, 5, 7, 8 and 9, all entities are permanently enjoined from
5 commencing or continuing in any manner, any cause of action released or to be released pursuant
6 to the Plan or the Confirmation Order.

7 Except as otherwise expressly provided in the Plan, the Plan Supplement or related
8 documents, or in obligations issued pursuant to the Plan, all entities who have held, hold or may
9 hold Claims or Equity Interests that have been released pursuant to Section 10.5 or Section 10.6,
10 discharged pursuant to Section 10.4, or are subject to exculpation pursuant to Section 10.8 are
11 permanently enjoined, from and after the Effective Date, from taking any of the following
12 actions: (1) commencing or continuing in any manner any action or other proceeding of any
13 kind on account of or in connection with or with respect to any such Claims or Equity Interests;
14 (2) enforcing, attaching, collecting or recovering by any manner or means any judgment, award,
15 decree or order against such entities on account of or in connection with or with respect to any
16 such Claims or Equity Interests; (3) creating, perfecting or enforcing any encumbrance of any
17 kind against such entities or the property or estate of such entities on account of or in connection
18 with or with respect to any such Claims or Equity Interests; and (4) commencing or continuing in
19 any manner any action or other proceeding of any kind on account of or in connection with or
20 with respect to any such Claims or Equity Interests released or settled pursuant to the Plan.

21 The rights afforded in the Plan and the treatment of all Claims and Interests herein shall
22 be in exchange for and in complete satisfaction of Claims and Equity Interests of any nature
23 whatsoever, including any interest accrued on Claims from and after the Petition Date, against
24 the Debtors or any of their Assets, property or Estates.

25 Except as otherwise expressly provided for herein or in obligations issued pursuant hereto
26 from and after the Effective Date for Classes 1, 2, and 6, and as of the Substantial Consummation
27 Date for Classes 3, 4, 5, 7, 8 and 9, all Claims shall be fully released and discharged, and the
28 Equity Interests shall be cancelled, and the Debtors' liability with respect thereto shall be

1 extinguished completely, including any liability of the kind specified under section 502(g) of the
2 Bankruptcy Code.

3 All entities shall be precluded from asserting against the Debtors, the Debtors' Estates,
4 the Reorganized Debtors, each of their respective successors and assigns and each of their assets
5 and properties, any other Claims or interests based upon any documents, instruments or any act
6 or omission, transaction or other activity of any kind or nature that occurred before the Effective
7 Date.

8 **6. Debtors' Releases.**

9 Pursuant to section 1123(b) of the Bankruptcy Code, for good and valuable consideration,
10 including the service of the Released Parties to facilitate the expeditious reorganization of the
11 Debtors and the implementation of the restructuring contemplated by the Plan, on and after the
12 Substantial Consummation Date, the Released Parties are deemed released and discharged by the
13 Debtors, the Reorganized Debtors, and their respective Estates from any and all Claims,
14 obligations, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever,
15 including any derivative Claims asserted on behalf of the Debtors, whether known or unknown,
16 foreseen or unforeseen, existing or hereinafter arising, in law, equity or otherwise, that the
17 Debtors, the Reorganized Debtors, or and their respective Estates would have been legally
18 entitled to assert in their own right (whether individually or collectively) or on behalf of the
19 Holder of any Claim or Equity Interest or other Entity, based on or relating to, or in any manner
20 arising from, in whole or in part, the Debtors, the Debtors' restructuring, the Debtors' Chapter 11
21 Cases, the purchase, sale or rescission of the purchase or sale of any security of the Debtors or
22 the Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any
23 Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements
24 between any Debtor and any Released Party, the restructuring of Claims and Equity Interests
25 before or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan,
26 the Plan Supplement, the Disclosure Statement or related agreements, instruments or other
27 documents, or any other act or omission, transaction, agreement, event or other occurrence
28 relating to the Debtors taking place on or before the Confirmation Date of the Plan, other than

1 Claims or liabilities arising out of or relating to any act or omission of a Released Party that
2 constitutes willful misconduct or gross negligence.

3 **7. Third Party Release.**

4 As of the Effective Date for Classes 1, 2, and 6, and as of the Substantial Consummation
5 Date for Classes 3, 4, 5, 7, 8 and 9, each Holder of a Claim or an Equity Interest shall be deemed
6 to have conclusively, absolutely, unconditionally, irrevocably and forever, released and
7 discharged the Debtors, the Reorganized Debtors and the Released Parties (to the extent allowed
8 by applicable law) from any and all Claims, Interests, obligations, rights, suits, damages, Causes
9 of Action, remedies and liabilities whatsoever, including any derivative Claims asserted on
10 behalf of a Debtor, whether known or unknown, foreseen or unforeseen, existing or hereafter
11 arising, in law, equity or otherwise, that such entity would have been legally entitled to assert
12 (whether individually or collectively), based on or relating to, or in any manner arising from, in
13 whole or in part, the Debtors, the Debtors' restructuring, the Debtors' Chapter 11 Cases, the
14 purchase, sale or rescission of the purchase or sale of any security of the Debtors or the
15 Reorganized Debtors, the subject matter of, or the transactions or events giving rise to, any
16 Claim or Equity Interest that is treated in the Plan, the business or contractual arrangements
17 between any Debtor and any Released Party, the restructuring of Claims and Equity Interests
18 before or during the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan,
19 the Plan Supplement, the Disclosure Statement or related agreements, instruments or other
20 documents, or any other act or omission, transaction, agreement, event or other occurrence
21 relating to the Debtors taking place on or before the Confirmation Date of the Plan, other than
22 Claims or liabilities arising out of or relating to any act or omission of a Released Party that
23 constitutes willful misconduct or gross negligence. Notwithstanding anything contained herein
24 or otherwise, no Backstop Lender shall be deemed to have released any Defaulting Backstop
25 Lender (as defined in the Backstop Commitment Agreement) from any such Claim, Interest,
26 obligation, right, suit, damage, Cause of Action, remedy and liability whatsoever, whether
27 known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or
28 otherwise.

1 **B. Exculpation.**

2 From and after the Substantial Consummation Date, no Exculpated Party shall have or
3 incur, and each Exculpated Party is hereby released and exculpated from, any Exculpated Claim
4 or obligation, Cause of Action or liability for any Exculpated Claim, except for gross negligence
5 or willful misconduct, but in all respects the Exculpated Parties shall be entitled to reasonably
6 rely upon the advice of counsel with respect to their duties and responsibilities under the Plan or
7 in the context of the Chapter 11 Cases. No Holder of a Claim or Equity Interest, or any other
8 party-in-interest, including their respective agents, employees, representatives, financial
9 advisors, attorneys or Affiliates, shall have any right of action against any Exculpated Party
10 relating to, or arising out of the Exculpated Claims, except for their willful misconduct and gross
11 negligence. Notwithstanding anything contained herein or otherwise, no Backstop Lender shall
12 be deemed to have released or exculpated any Defaulting Backstop Lender from any such
13 Exculpated Claim or obligation, Cause of Action or liability for any Exculpated Claim.

14 **C. Director And Officer Liability Insurance.**

15 As of the Substantial Consummation Date Reorganized RHC will obtain sufficient tail
16 coverage under a directors and officers' liability insurance policy (the "D&O Liability Insurance
17 Policy", and, together with all insurance policies for directors and officers' liability maintained
18 by the Debtors as of the Petition Date, the "D&O Liability Insurance Policies") for the current
19 and former directors and officers for a period of six (6) years. As of the Substantial
20 Consummation Date, the Reorganized Debtors shall assume all of the D&O Liability Insurance
21 Policies pursuant to Section 365(a) of the Bankruptcy Code, and RHC will assume and, if
22 applicable, assign to Reorganized Debtors all of the D&O Liability Insurance Policies pursuant
23 to Section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute
24 approval by the Bankruptcy Court of Debtors' foregoing assumption and assumption and
25 assignment by Reorganized Debtors of each of the D&O Liability Insurance Policies.
26 Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall
27 not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing
28 assumption of the D&O Liability Insurance Policies, and each such indemnity obligation will be

1 deemed and treated as an Executory Contract that has been assumed by Debtors and Reorganized
2 Debtors under the Plan as to which no proof of Claim need be filed.

3 **D. Indemnification.**

4 All indemnification provisions currently in place (whether in the by-laws, articles or
5 certificates of incorporation, articles of limited partnership, limited liability company
6 agreements, board resolutions (or resolutions of similar bodies) or employment contracts) for the
7 current directors, officers, employees, attorneys, other professionals and agents of the Debtors,
8 and such current directors and officers of the Debtors' respective Affiliates, in each case, who
9 will continue in such capacities or similar capacities after the Effective Date, shall be assumed
10 and shall survive effectiveness of the Plan. Nothing in the Plan shall limit, diminish or otherwise
11 alter the Reorganized Debtors' defenses, claims, Causes of Action or other rights with respect to
12 any such indemnification provisions.

13 **XIII.**
14 **RETENTION OF JURISDICTION**

15 **A. Jurisdiction.**

16 The Bankruptcy Court will retain such jurisdiction over the Chapter 11 Cases, and
17 Reorganized Debtors after the Effective Date as is legally permissible, including jurisdiction to:

18 1. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or
19 secured or unsecured status of any Claim or Equity Interest or Disputed Claim or Disputed
20 Equity Interest, including the resolution of any request for payment of any Administrative Claim
21 and the resolution of any and all objections to the allowance or priority of Claims or Disputed
22 Claims and Equity Interests or Disputed Equity Interests;

23 2. Grant or deny any applications for allowance of compensation or reimbursement
24 of expenses authorized pursuant to the Bankruptcy Code or the Plan for periods ending on or
25 before the Effective Date;

26 3. Resolve any matters related to the assumption, assignment or rejection of any
27 Executory Contract or Unexpired Lease to which any Debtor or Reorganized Debtor is a party
28 and to hear, determine and, if necessary, liquidate any Claims arising therefrom or Cure amounts

1 related thereto;

2 4. Ensure that distributions to Holders of Allowed Claims and Equity Interests are
3 accomplished pursuant to the provisions of the Plan;

4 5. Decide or resolve any motions, adversary proceedings, contested or litigated
5 matters and any other matters and grant or deny any applications or motions involving any
6 Debtors or Reorganized Debtors that are pending on the Effective Date or commenced thereafter
7 as provided for by the Plan;

8 6. Enter any necessary or appropriate orders to implement or consummate the
9 provisions of the Plan and all contracts, instruments, releases and other agreements or documents
10 created in connection with the Plan, this Disclosure Statement or the Confirmation Order, except
11 as otherwise provided in the Plan;

12 7. Decide or resolve any cases, controversies, suits or disputes that may arise in
13 connection with the consummation, interpretation or enforcement of any Final Order, the Plan,
14 the Confirmation Order or any Person's obligations incurred in connection with any Final Order,
15 the Plan or the Confirmation Order;

16 8. Modify the Plan pursuant to Section 1127 of the Bankruptcy Code and Section
17 12.1 of the Plan or modify any contract, instrument, release or other agreement or document
18 created in connection with the Plan, this Disclosure Statement, the Confirmation Order, or the
19 Reorganized Debtors; or remedy any defect or omission or reconcile any inconsistency in any
20 Final Order, the Plan, the Confirmation Order, or any contract, instrument, release or other
21 agreement or document created in connection with the Plan, this Disclosure Statement or the
22 Confirmation Order, as may be necessary or appropriate to consummate the Plan, to the extent
23 authorized by the Bankruptcy Code;

24 9. Issue injunctions, enter and implement other orders or take such other actions as
25 may be necessary or appropriate to restrain interference by any Person with consummation,
26 implementation or enforcement of any Final Order, the Plan or the Confirmation Order, except as
27 otherwise provided in the Plan;

28 10. Enter and implement any necessary or appropriate orders if a Final Order or the

1 Confirmation Order is modified, stayed, reversed, revoked or vacated;

2 11. Determine any other matters that may arise in connection with, or relate to, the
3 Plan, any Final Order, this Disclosure Statement, the Confirmation Order or any contract,
4 instrument, release or other agreement or document created in connection with the Plan, this
5 Disclosure Statement, any Final Order or Confirmation Order, except as otherwise provided in
6 the Plan;

7 12. Enter an order closing the Chapter 11 Cases;

8 13. Hear and decide Litigation Claims and any other claim or cause of action of the
9 Debtors or Reorganized Debtors; and

10 14. Decide or resolve any matter over which the Bankruptcy Court has jurisdiction
11 pursuant to Section 505 of the Bankruptcy Code.

12 **XIV.**
13 **MODIFICATION AND AMENDMENT OF THE PLAN**

14 Prior to Confirmation, Debtors may alter, amend or modify the Plan under Section
15 1127(a) of the Bankruptcy Code at any time, provided such amendment or modification has been
16 approved by the Requisite Consenting Lenders. After the Confirmation Date and prior to the
17 Substantial Consummation Date, the Debtors may, under Section 1127(b), (c) and (d) of the
18 Bankruptcy Code, alter, amend or modify the Plan or institute proceedings in the Bankruptcy
19 Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the
20 Confirmation Order, and to make appropriate adjustments and modifications to the Plan or the
21 Confirmation Order as may be necessary to carry out the purposes and effects of the Plan so long
22 as such proceedings do not materially adversely affect the treatment of Holders of Claims under
23 the Plan and the Requisite Consenting Lenders approve any such alteration, amendment or
24 modification.

25 **XV.**
26 **CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

27 **A. Introduction.**

28 The following discussion summarizes certain U.S. federal income tax consequences of
the implementation of the Plan to the Debtors and certain Holders of Claims. The following

1 summary does not address the U.S. federal income tax consequences to Holders whose Claims
2 are Unimpaired or otherwise entitled to payment in full in Cash under the Plan (e.g., Allowed
3 Administrative Claims and Allowed Priority Tax Claims). The following summary is based on
4 the Internal Revenue Code of 1986, as amended (the “IRC”), the U.S. Department of the
5 Treasury regulations promulgated thereunder (“Treasury Regulations”), judicial decisions, and
6 published administrative rules and pronouncements of the Internal Revenue Service (the “IRS”),
7 all as in effect on the date hereof. Changes in such rules or new interpretations thereof may have
8 a retroactive effect and could significantly affect the tax consequences described below.

9 The U.S. federal income tax consequences of the Plan are complex and are subject to
10 significant uncertainties. No assurance can be given that legislative or administrative changes or
11 court decisions will not be forthcoming which would require significant modification of the
12 statements in this section. The Debtors have not requested a ruling from the IRS or an opinion of
13 counsel with respect to any tax aspects of the Plan. Therefore, no assurance can be given as to
14 the position the IRS will take on the tax consequences of the transactions that are to occur in
15 accordance with the Plan.

16 This summary does not address foreign, state or local tax consequences, nor does it
17 address the U.S. federal income tax consequences of the Plan to the particular circumstances of
18 any Holder or to Holders subject to special income tax rules (such as regulated investment
19 companies, insurance companies, financial institutions, small business investment companies,
20 broker-dealers, tax-exempt organizations (including pension funds), persons holding a Claim as
21 part of an integrated constructive sale or straddle or part of a conversion transaction, and
22 investors in pass-through entities). In addition, this summary does not include a full summary of
23 the consequences to Holders of Claims who are not “U.S. Persons” (as defined in the IRC) and
24 tax-exempt Holders. There may be some potentially significant consequences to non-U.S.
25 Persons which are not discussed below, and such non-U.S. Persons are encouraged to carefully
26 consider their particular tax consequences with their own tax advisers. Moreover, the summary
27 only contains a limited discussion of tax consequences to tax-exempt Holders.

28 This discussion assumes that the various debt and other arrangements to which Debtors

1 are a party will be respected for federal income tax purposes in accordance with their form.

2 The following discussion is a general summary of certain U.S. federal income tax aspects
3 of the Plan and should not be relied upon for purposes of determining the specific tax
4 consequences of the Plan with respect to a particular Holder of a Claim. EACH HOLDER OF A
5 CLAIM AFFECTED BY THE PLAN SHOULD CONSULT ITS OWN TAX ADVISOR
6 REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO
7 THAT HOLDER'S CLAIM, INCLUDING UNDER ANY APPLICABLE STATE, LOCAL OR
8 FOREIGN LAW.

9 TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230 AND THE
10 REQUIREMENTS IMPOSED BY THE IRS, HOLDERS OF CLAIMS ARE HEREBY
11 NOTIFIED THAT: (i) ANY DISCUSSION OF TAX ISSUES CONTAINED OR REFERRED
12 TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE
13 USED, AND CANNOT BE USED, FOR THE PURPOSE OF AVOIDING TAX-RELATED
14 PENALTIES THAT MAY BE IMPOSED UNDER THE IRC; AND (ii) THIS DISCUSSION
15 WAS WRITTEN IN CONNECTION WITH THE PROMOTION OF THE PLAN.

16 **B. Tax Consequences To The Debtors.**

17 Set forth below in this Section is a discussion of certain tax consequences to the Debtors
18 and newly formed entities in connection with the effectuation of the Plan.

19 1. **Overview Of Transaction Steps.**

20 **C. Tax Consequences To Certain Holders Of Claims And Equity Interests.**

21 1. **Consequences To Holders Of Allowed Other Priority Claims, General**
22 **Unsecured Claims And Allowed Other Secured Claims.**

23 ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS SHOULD CONSULT THEIR
24 TAX ADVISORS TO DETERMINE THE PARTICULAR TAX CONSEQUENCES TO THEM
25 OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE
26 AMOUNT AND TIMING OF ANY INCOME OR LOSS SUFFERED AS A RESULT OF ANY
27 CANCELLATION OF THE CLAIMS OR EQUITY INTERESTS HELD BY SUCH PERSON,
28 WHETHER SUCH INCOME OR LOSS IS ORDINARY OR CAPITAL, AND THE TAX

1 EFFECT OF ANY RIGHT TO, AND RECEIPT OF, ANY EQUITY INTERESTS IN
2 EXCHANGE FOR CLAIMS OR EQUITY INTERESTS.

3 THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS
4 NOT TAX ADVICE. THE TAX CONSEQUENCES ARE, IN MANY CASES, UNCERTAIN
5 AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES.
6 ACCORDINGLY, ALL HOLDERS SHOULD CONSULT THEIR TAX ADVISORS ABOUT
7 THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME TAX AND OTHER TAX
8 CONSEQUENCES OF THE PLAN.

9
10 **XVI.**
CONFIRMATION OF THE PLAN

11 **A. Confirmation Of The Plan.**

12 Pursuant to Section 1128(a) of the Bankruptcy Code, the Bankruptcy Court will hold a
13 hearing regarding confirmation of the Plan at the United States Bankruptcy Court for the District
14 of Nevada, Las Vegas, 300 Las Vegas Blvd. South, Las Vegas, NV 89102, commencing on
15 _____, 2010, at ____ a.m. (PST).

16 **B. Objections To Confirmation Of The Plan.**

17 Section 1128(b) of the Bankruptcy Code provides that any party-in-interest may object to
18 confirmation of a plan of reorganization. Any objections to confirmation of the Plan must be in
19 writing, must state with specificity the grounds for such objections and must be filed with the
20 Bankruptcy Court and served upon the following parties so as to be received on or before the
21 time fixed by the Bankruptcy Court:

22 Counsel for the Debtors:

23 Gordon Silver
24 3960 Howard Hughes Parkway, 9th Floor
25 Las Vegas, Nevada 89169
26 Telephone: 702-796-5555
27 Facsimile: 702-369-2666
28 Email: tfell@gordonsilver.com
Attn: Thomas H. Fell, Esq.

Telephone: _____
Facsimile: _____

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E-mail: _____
Attn: _____

Counsel to the Noteholder Consortium:

Telephone: _____
Facsimile: _____
E-mail: _____
Attn: _____

C. The Best Interest Test And Feasibility Of The Plan.

For the Plan to be confirmed, it must satisfy the requirements discussed below.

1. Best Interest Of Creditors.

Pursuant to Section 1129(a)(7) of the Bankruptcy Code, for the Plan to be confirmed, it must provide Holders of Allowed Claims or Allowed Equity Interests with at least as much under the Plan as they would receive in a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code (the "Best Interest Test"). The Best Interest Test with respect to each Impaired Class requires that each Holder of an Allowed Claim or Allowed Equity Interest in such Class either: (i) accepts the Plan; or (ii) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such Holder would receive or retain if the Debtors were liquidated under Chapter 7. The Bankruptcy Court will determine whether the value to be received under the Plan by the Holders of Allowed Claims in each Class of Creditors or Holders of Allowed Equity Interests equals or exceeds the value that would be allocated to such Holders in a liquidation under Chapter 7. The Debtors believe that the Plan meets the Best Interest Test and provides value which is not less than what would be recovered by each Holder of an Impaired Claim or Impaired Equity Interest in Class , Class , Class and Class in a Chapter 7 proceeding for each of the Debtors.

2. Valuation.

a. Introduction.

1 In connection with certain matters relating to the Plan, the Debtors directed XRoads to
2 prepare a reorganization valuation analysis of the Debtors on a going concern basis. The
3 valuation analysis was prepared by XRoads based on data, information (including the financial
4 projections prepared by the Debtors for the operation of the Debtors' businesses for the period
5 from _____ through _____, attached hereto as Exhibit D (the "Financial
6 Projections")) and financial and market conditions as of _____, 2010 (the "Valuation
7 Analysis") and XRoads did not undertake, and has no responsibility to update, revise or reaffirm
8 the Valuation Analysis, including as a result of data, circumstances, developments, events, or any
9 subsequent changes or modifications to any existing rules or regulations instituted by any
10 gaming or similar regulatory authority, occurring after such date.

11
12 [SUBJECT TO COMPLETION]

13 **3. Liquidation Analysis.**

14 The Liquidation Analysis attached as Exhibit B hereto summarizes the Debtors' best
15 estimate of recoveries by Creditors and Holders of Allowed Equity Interests in the event of
16 liquidation of the Debtors as of [_____, 20__].

17 Generally, to determine what Holders of Allowed Claims and Allowed Equity Interests in
18 each Impaired Class would receive if the Debtors were liquidated, the Bankruptcy Court must
19 determine what funds would be generated from the liquidation of the Debtors' Assets and
20 properties in a Chapter 7 liquidation case for each Debtor, which for unsecured Creditors would
21 consist of the proceeds from the disposition of the Assets of each of the Debtors, augmented by
22 the unencumbered Cash held by each of the Debtors at the time of commencement of the Chapter
23 7 cases. Such Cash amounts would be reduced by the costs and expenses of the liquidation and
24 by such additional Administrative Claims and Other Priority Claims as may result from the
25 termination of the Debtors' businesses in each of the Chapter 7 cases and the use of Chapter 7 for
26 the purpose of liquidation.¹⁶

27
28 ¹⁶ While the respective Holders of First Priority Senior Secured Claims and Senior Secured Claims are owed by all of the Debtors jointly and severally, the Holders of Allowed General Unsecured Claims must look to the particular

1 In a Chapter 7 liquidation, Holders of Allowed Claims would receive distributions based
2 on the liquidation of the non-exempt assets of a Debtor. There are no exempt assets in these
3 cases, and, as such, the distributions would include the same assets being collected and
4 liquidated under the Plan, namely the interests of the Debtors in Cash, the Assets [and the
5 Litigation Claims]. However, the proceeds from the collection and sale of property of the
6 Estates available for distribution to Creditors would be reduced by the satisfaction of any liens
7 and security interests in the Assets, costs of sale, any commission payable to the Chapter 7
8 trustee, the trustee's attorneys' and accounting fees, as well as the administrative costs of the
9 Chapter 7 estate. In a Chapter 7 case, the Chapter 7 trustee would be entitled to seek a sliding-
10 scale commission based upon the funds distributed by such trustee to secured creditors.

11 The Debtors are licensed for various forms of gaming operations in Nevada. In the event
12 of a conversion to Chapter 7, the trustee(s) and the Debtors may not be allowed to continue
13 gaming operations, given the change in management which would occur with the appointment of
14 one or more Chapter 7 trustees. What may be the most important assumption underlying both
15 the Liquidation Analysis and the Valuation Analysis is that the Debtors continue their gaming
16 operations. Any cessation or interruption of these operations will have a material impact upon
17 the value of the Assets and the proceeds which will then be obtained from the liquidation of the
18 Assets.

19 Administrative Claims that may arise in Chapter 7 cases or result from the Chapter 11
20 Cases would be paid in full from the liquidation proceeds before the balance of those proceeds
21 would be made available to pay unclassified Claims, Allowed Other Priority Claims, Allowed
22 General Unsecured Claims, Allowed 510(b) Claims, Allowed Intercompany Claims and Allowed
23 Intercompany Equity Interests in each Chapter 7 case.

24 [In addition, the Debtors are doubtful that a Chapter 7 trustee in each Chapter 7 case
25 would pursue any Litigation Claims as vigorously as the Reorganized Debtors, or be able to
26 identify the Litigation Claims that are cost-effective to pursue as prudently as the Reorganized

27 _____ (continued)
28 Debtors who are obligated on their Claims for recovery. As the Liquidation Analysis indicates, there is a wide
variance in available Assets among the various Debtors

1 Debtors who have the benefit of the knowledge and information that they previously obtained.]

2 The distributions from the liquidation proceeds would be paid Pro Rata according to the
3 amount of the aggregate Claims held by each Creditor in each Chapter 7 case in accordance with
4 the distribution scheme of the Bankruptcy Code. The Debtors believe that the most likely
5 outcome under Chapter 7 would be the application of the “absolute priority rule.” Under that
6 rule, no junior Creditor in a Chapter 7 case may receive any distribution until all senior Creditors
7 are paid in full, with interest, and no Holder of an Equity Interest may receive any distribution
8 until all Creditors are paid in full.

9 The Debtors have determined that Confirmation will provide each Holder of an Allowed
10 Claim or Equity Interest with not less of a recovery than it would receive if each of the Debtors
11 were liquidated under Chapter 7. In liquidation under Chapter 7, as set forth for each of the
12 Debtors in the Liquidation Analysis, the recoveries for Administrative Claims, Other Secured
13 Claims, First Priority Senior Secured Claims, Other Priority Claims, General Unsecured Claims,
14 Senior Secured Claims, 510(b) Claims, Intercompany Claims and Intercompany Equity Interests
15 would vary, but would not exceed the projected recoveries under the Plan. Holders of Equity
16 Interests in RHC would receive nothing in a Chapter 7 liquidation or under the Plan.

17 **4. Feasibility.**

18 The Bankruptcy Code requires that in order to confirm the Plan, the Bankruptcy Court
19 must find that Confirmation is not likely to be followed by liquidation or the need for further
20 financial reorganization of the Debtors (the “Feasibility Test”). For the Plan to meet the
21 Feasibility Test, the Bankruptcy Court must find that the Reorganized Debtors will possess the
22 resources and working capital necessary to meet their obligations under the Plan.

23 To demonstrate the feasibility of the Plan, the Debtors prepared the Financial Projections
24 attached hereto as Exhibit D. The Financial Projections demonstrate that the Debtors are capable
25 of satisfying the obligations proposed under the Plan, including the payment of debt service on
26 the Series A Term Loan, Series B Term Loan and Revolving Loans as well as the amounts due to
27 holders of Allowed General Unsecured Claims.

28 In addition, as can be seen from the financial reports of the Debtors since the Petition

1 Date through _____, 2010, a summary of which is included as Exhibit F (the “Cash
2 Receipt and Usage”) the Debtors have generated revenues and incurred expenses as anticipated,
3 and had Cash on hand of \$ _____ versus a projected Cash on hand of \$ _____. As
4 provided for in [the extended Cash Collateral Stipulation Budget for the period from
5 _____ through _____, 2010, which is also included as part of Exhibit F,] Cash
6 on hand is projected to be \$ _____. As such, the Debtors are capable of meeting all
7 Cash demands under the Plan.

8 THE ABOVE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD
9 COMPLIANCE WITH THE GUIDELINES OF THE AMERICAN INSTITUTE OF
10 CERTIFIED PUBLIC ACCOUNTANTS, THE PRACTICES RECOGNIZED TO BE IN
11 ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, OR THE
12 RULES AND REGULATIONS OF THE SEC REGARDING PROJECTIONS.
13 FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED BY INDEPENDENT
14 ACCOUNTANTS. ALTHOUGH PRESENTED WITH NUMERICAL SPECIFICITY, THE
15 PROJECTIONS ARE BASED UPON A VARIETY OF ASSUMPTIONS, SOME OF WHICH
16 IN THE PAST HAVE NOT BEEN ACHIEVED AND WHICH MAY NOT BE REALIZED IN
17 THE FUTURE, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND
18 COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE
19 BEYOND THE CONTROL OF THE DEBTORS. CONSEQUENTLY, THE PROJECTIONS
20 SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY THAT THE
21 PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY
22 FROM THOSE PRESENTED IN THE PROJECTIONS.

23 At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan
24 satisfies the statutory requirements for Confirmation.

25 **5. Confirmation Of The Plan Without Acceptance By All Impaired Classes:**
26 **The “Cramdown” Alternative**

27 Section 1129(b) of the Bankruptcy Code provides that a plan of reorganization may be
28 confirmed even if it has not been accepted by all Impaired classes, as long as at least one

1 Impaired class of claims has accepted it. Consequently, the Bankruptcy Court may confirm the
2 Plan at the Debtors' request notwithstanding the Plan's rejection by Impaired Classes, as long as
3 at least one Impaired Class has accepted the Plan and the Plan "does not discriminate unfairly"
4 and is "fair and equitable" as to each Impaired Class that has not accepted it.

5 A plan will be deemed not to discriminate unfairly under the Bankruptcy Code if a
6 dissenting class is treated equally with respect to other classes of equal rank.

7 A plan will be deemed fair and equitable as to a class of secured claims that rejects the
8 plan if the plan provides (i)(a) that the holders of claims in the rejecting class retain the lien
9 securing those claims, whether the property subject to those liens is retained by the debtor or
10 transferred to another entity, to the extent of the allowed amount of such claims, and (b) that
11 each holder of a claim in such class receives on account of that claim deferred cash payments
12 totaling at least the allowed amount of that claim of a value, as of the effective date of the plan,
13 at least equal to the value of the holder's interest in the estate's interest in such property; (ii) for
14 the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the
15 liens securing the claims included in the rejecting class, free and clear of the liens, with the liens
16 to attach to the proceeds of the sale, and the treatment of the liens on such proceeds as described
17 under clause (i) or (ii) of this paragraph; or (iii) for the realization by such holders of the
18 indubitable equivalent of such claims.

19 A plan is fair and equitable as to a class of unsecured claims that rejects the plan if the
20 plan provides (w) for each holder of a claim included in the rejecting class to receive or retain on
21 account of such claim property that has a value, as of the effective date of the plan, equal to the
22 allowed amount of such claim or (x) that the holder of any claim or interest that is junior to the
23 claims of such rejecting class will not receive or retain on account of such junior claim or interest
24 any property at all.

25 A plan is fair and equitable as to a class of equity interests that rejects the plan if the plan
26 provides that (y) each holder of an interest included in the rejecting class receives or retains on
27 account of that interest property that has a value, as of the effective date of the plan, equal to the
28 greatest of the allowed amount of any fixed liquidation preference to which such holder is

1 entitled, any fixed redemption price to which such holder is entitled, or the value of such interest
2 or (z) the holder of any interest that is junior to the interest of such rejecting class will not
3 receive or retain under the plan on account of such junior interest any property at all.

4 The votes of Holders of Equity Interests under Class 8 are not being solicited because
5 such Holders are not entitled to receive or retain under the Plan any interest or property on
6 account of their Equity Interests. Such Class therefore is deemed to have rejected the Plan. The
7 Debtors are seeking confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy
8 Code with respect to Class 8, notwithstanding such Class' deemed rejection of the Plan. The
9 Debtors also may seek confirmation as to other Classes that reject the Plan. Notwithstanding the
10 deemed rejection of the Plan by Class 8, the Debtors believe that under all of the relevant facts
11 and circumstances, Class 8 is being treated fairly and equitably under the Bankruptcy Code. The
12 Debtors therefore believe the Plan may be confirmed despite its deemed rejection by that Class.

13 **6. Accepting Impaired Class.**

14 Since at least one Class of Claims is Impaired under the Plan, in order for the Plan to be
15 confirmed, the Plan must be accepted by at least one Impaired Class of Claims (not including the
16 votes of Insiders of any Debtor).

17 **7. Acceptance Of The Plan.**

18 For an Impaired Class of Claims to accept the Plan, those representing at least two-thirds
19 in amount and a majority in number of the Allowed Claims voted in that Class must be cast for
20 acceptance of the Plan.

21 **8. Allowed Claims.**

22 You have an Allowed Claim if: (i) you or your representative timely files a proof of
23 Claim and no objection has been filed to your Claim within the time period set for the filing of
24 such objections; (ii) you or your representative timely files a proof of Claim and an objection is
25 filed to your Claim upon which the Bankruptcy Court has ruled and allowed your Claim; (iii)
26 your Claim is listed by any of the Debtors in their respective Schedules or any amendments
27 thereto (which are on file with the Bankruptcy Court as a public record) as liquidated in amount
28 and undisputed and no objection has been filed to your Claim; or (iv) your Claim is listed by any

1 Debtor in its Schedules as liquidated in amount and undisputed and an objection was filed to
2 your Claim upon which the Bankruptcy Court has ruled to allow your Claim. Under the Plan,
3 the deadline for filing objections to Claims is 120 days following the Effective Date. If your
4 Claim is not an Allowed Claim, it is a Disputed Claim and you will not be entitled to vote on the
5 Plan unless the Bankruptcy Court temporarily or provisionally allows your Claim for voting
6 purposes pursuant to Bankruptcy Rule 3018. If you are uncertain as to the status of your Claim
7 or Equity Interest or if you have a dispute with any Debtor, you should check the Bankruptcy
8 Court record carefully, including the Schedules of each Debtor, and seek appropriate legal
9 advice. Neither the Debtors nor their professionals can advise you about such matters. Pursuant
10 to the Stipulation Authorizing Use of Cash Collateral by the Debtors and Granting Adequate
11 Protection (as approved by the Bankruptcy Court), the First Priority Senior Secured Claims and
12 Senior Secured Claims are allowed and Holders thereof are not required to file proofs of claim.

13 **9. Impaired Claims And Impaired Equity Interests.**

14 Impaired Claims and Impaired Equity Interests include those whose legal, equitable or
15 contractual rights are altered by the Plan, even if the alteration is beneficial to the Creditor or
16 Holder of the Equity Interest, or if the full amount of the Allowed Claims will not be paid under
17 the Plan. Holders of Claims which are not Impaired under the Plan will be deemed to have
18 accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code, and the Debtors need not
19 solicit acceptance of the Plan by Holders of such Unimpaired Claims. Holders of Claims or
20 Equity Interests which are to receive nothing under the Plan will be deemed to have voted to
21 reject the Plan. Consequently, only Impaired Holders of Claims in Class 3, Class 4 and Class 5
22 are entitled to vote on the Plan.

23 **10. Voting Procedures.**

24 a. **Submission Of Ballots.**

25 All Creditors entitled to vote will be sent a ballot, together with instructions for voting,
26 and a copy of this approved Disclosure Statement which includes a copy of the Plan. You should
27 read the ballot carefully and follow the instructions contained therein. Please use only the ballot
28 that was sent with this Disclosure Statement.

You should complete your ballot and return it as follows:

[Garden City]

Gordon Silver
Attn: Thomas H. Fell, Esq. _____
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, NV 89169
Telephone: (702) 796-5555
Facsimile: (702) 369-2666

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED AT THE ADDRESS LISTED ABOVE BY 5:00 P.M., PACIFIC [STANDARD] TIME, ON _____, 2010.

b. Incomplete Ballots.

Unless otherwise ordered by the Bankruptcy Court, ballots which are signed, dated and timely received, but on which a vote to accept or reject the Plan has not been indicated, will be counted as a vote for the Plan.

c. Withdrawal Of Ballots.

You may not withdraw or change your ballot after it is cast unless the Bankruptcy Court permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit the withdrawal or change.

d. Questions And Lost Or Damaged Ballots.

If you have questions concerning these voting procedures, if your ballot is damaged or lost, or if you believe you should have received a ballot but did not receive one, you may contact:

Gordon Silver
Attn: Thomas H. Fell, Esq.
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, NV 89169
Telephone: (702) 796-5555
Facsimile: (702) 369-2666
E-mail: tfell@gordonsilver.com

**XVII.
MISCELLANEOUS**

A. Post-Effective Date Objections To Claims Or Equity Interests.

After the Effective Date, objections to Claims or Equity Interests will be made and

1 objections to Claims and Equity Interests made previous thereto will be pursued by the Debtors
2 or any other party properly entitled to do so after notice to the Debtors and approval by the
3 Bankruptcy Court. After the Substantial Consummation Date, objections to Claims or Equity
4 Interests will be made, and objections to Claims and Equity Interests made previously will be
5 pursued, by the Reorganized Debtors, or any other party properly entitled to do so after notice to
6 the Reorganized Debtors and approval by the Bankruptcy Court. Any objections to Pre-Petition
7 Date Claims made after the Effective Date must be filed and served not later than 120 days after
8 the Effective Date, and any objections to Claims arising after the Effective Date and up to an
9 including the Substantial Consummation Date and objections to Equity Interests must be filed
10 and served not later than 120 days after the Substantial Consummation Date, unless such period
11 is extended by the Bankruptcy Court.

12 **B. Resolution Of Objections After Effective Date; Distributions.**

13 **1. Resolution Of Objections.**

14 From and after the Effective Date, the Reorganized Debtors may litigate to judgment,
15 propose settlements of, or withdraw objections to, all pending or filed Disputed Claims and
16 Disputed Equity Interests and may settle or compromise any Disputed Claim or Disputed Equity
17 Interest without notice and a hearing and without approval of the Bankruptcy Court.

18 **2. Distributions.**

19 In order to facilitate Distributions to Holders of Allowed Claims and Allowed Equity
20 Interests, and if and to the extent there are Disputed Claims or Disputed Equity Interests, the
21 Debtors and Reorganized Debtors, as applicable, will set aside in a Disputed Claim Reserve the
22 payments or Distributions applicable to such Disputed Claims or Disputed Equity Interests as if
23 they were Allowed Claims or Allowed Equity Interests, pending the allowance or disallowance
24 of such Disputed Claims or Disputed Equity Interests. If any Debtor or Reorganized Debtor
25 wishes to deposit or hold a lesser amount and is unable to reach an agreement with the Holder of
26 the Disputed Claim or Disputed Equity Interest on the amount to be deposited or held, the
27 Bankruptcy Court will fix the amount after notice and hearing.

28 Upon Final Order with respect to a Disputed Claim or Disputed Equity Interest, the

1 Holder of such Disputed Claim or Disputed Equity Interest, to the extent such Holder has been
2 determined to hold an Allowed Claim or Allowed Equity Interest, will receive from the
3 applicable Debtor or Reorganized Debtor that payment or Distribution to which it would have
4 been entitled if the portion of the Claim or Equity Interest so allowed had been allowed as of the
5 Effective Date. Such payment or Distribution will be made as soon as practical after the order
6 allowing the Claim or Equity Interest has become a Final Order.

7 **3. Late-Filed Claims.**

8 No Claim filed after the Bar Date or, as applicable, the Administrative Claim Bar Date,
9 will be allowed. After the Bar Date or the Administrative Claim Bar Date, as applicable, no
10 Creditor will be permitted to amend any Claim to increase the claimed amount.

11 **4. Effectuating Documents; Further Transactions; Timing.**

12 Each officer of any Debtor or Reorganized Debtor will be authorized to execute, deliver,
13 file or record such contracts, instruments, releases and other agreements or documents and to
14 take such other actions as may be necessary or appropriate to effectuate and further evidence the
15 terms and conditions of the Plan and any Interests issued, transferred or canceled pursuant to the
16 Plan. All transactions that are required to occur on the Effective Date under the Plan will be
17 deemed to have occurred simultaneously. The Debtors and Reorganized Debtors are authorized
18 and directed to do such acts and execute such documents as are necessary to implement the Plan.

19 **5. Exemption From Transfer Taxes.**

20 Pursuant to Section 1146(a) of the Bankruptcy Code, the (i) issuance, distribution,
21 transfer or exchange of Estate property; (ii) creation, modification, consolidation or recording of
22 any deed of trust or other interest, the securing of additional indebtedness by, in furtherance of,
23 or in connection with, the Plan or the Confirmation Order; (iii) making, assignment, modification
24 or recording of any lease or sublease; or (iv) making, delivery or recording of a deed or other
25 instrument of transfer under, in furtherance of, or in connection with, the Plan, Confirmation
26 Order or any transaction contemplated above, or any transactions arising out of, contemplated by
27 or in any way related to the foregoing will not be subject to any document recording tax, stamp
28 tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage

1 recording tax or similar tax or governmental assessment.

2 **6. Revocation Or Withdrawal Of The Plan.**

3 The Debtors reserve the right to revoke or withdraw the Plan prior to the Confirmation
4 Date. If the Plan is withdrawn or revoked or if the Bankruptcy Court denies confirmation of the
5 Plan, then the Plan will be null and void and nothing in the Plan will constitute a waiver or
6 release of any Claims nor will such withdrawal or revocation prejudice the rights of any Debtor
7 or any other Person in any further proceedings involving any Debtors. If the Plan is withdrawn
8 or revoked or if the Bankruptcy Court denies confirmation of the Plan, nothing in the Plan will
9 be deemed an admission of any sort.

10 If the Substantial Consummation Date does not occur within _____ following the
11 Effective Date, then upon notification by the Debtors to the Bankruptcy Court: (i) the
12 Confirmation Order will be vacated; (ii) no additional Distributions under the Plan will be made,
13 except that Distributions pursuant to unclassified Allowed Administrative Claims, Allowed Class
14 1 Claims and Allowed Class 2 Claims under Sections _____ of the Plan (collectively,
15 "Excepted Claims") will continue unaffected; (iii) the Debtors and all Holders of Claims (except
16 for Holders of Administrative Claims, Other Priority Claims, Other Secured Claims and General
17 Unsecured Claims) will be restored to the status quo ante as of the day immediately preceding
18 the Confirmation Date as though the Confirmation Date had never occurred; and (iv) the
19 Debtors' obligations with respect to Claims will remain unchanged (except to the extent of any
20 post-Effective Date payments and contingency payments pursuant to Excepted Claims), and
21 nothing in the Plan will (y) constitute or be deemed a waiver or release of any Claims by or
22 against the Debtors or any other Person or (z) prejudice the rights of the Debtors or any Person in
23 any further proceedings involving the Debtors.

24
25 **7. Binding Effect.**

26 The Plan will be binding upon, and will inure to the benefit of, the Debtors and their
27 Estates, the Reorganized Debtors, and Holders of all Claims and Equity Interests, and their
28 respective successors and assigns.

1 **8. Governing Law.**

2 Except to the extent that the Bankruptcy Code or other federal law is applicable or as
3 provided in any contract, instrument, release or other agreement entered into in connection with
4 the Plan or in any document which remains unaltered by the Plan, the rights, duties and
5 obligations of the Debtors and any other Person arising under the Plan will be governed by the
6 internal laws of the State of Nevada without giving effect to the choice of law provisions of
7 Nevada law.

8 **9. Modification Of Payment Terms.**

9 The Debtors and Reorganized Debtors reserve the right to modify the treatment of any
10 Allowed Claim or Allowed Equity Interest in any manner adverse only to the Holder of such
11 Allowed Claim or Allowed Equity Interest at any time after the Effective Date upon the prior
12 written consent of that Holder.

13 **10. Allocation Of Plan Distributions Between Principal And Interest.**

14 To the extent that any Allowed Claim entitled to a Distribution under the Plan is
15 comprised of indebtedness and accrued but unpaid interest thereon, such Distribution will, to the
16 extent permitted by law, be allocated for income tax purposes to the principal amount of the
17 Claim first and then, to the extent that the consideration exceeds the principal amount of the
18 Claim, to the portion of such Claim representing accrued but unpaid interest.

19 **11. Means Of Cash Payment.**

20 Payments of Cash pursuant to the Plan will be in U.S. dollars and will be made, in the
21 sole discretion of the Debtors or Reorganized Debtors, as the case may be, by checks drawn on,
22 or wire transfer from, a domestic bank selected by the Debtors or Reorganized Debtors. Cash
23 payments to foreign Creditors may be made, at the option of the Debtors or Reorganized Debtors
24 in such funds and by such means as are necessary or customary in a particular foreign
25 jurisdiction.

26 **12. Providing For Claims Payments.**

27 Distributions to Holders of Allowed Claims will be made by the Debtors or Reorganized
28 Debtors, as the case may be: (i) at the addresses set forth on the proofs of Claim filed by such

1 Holders (or at the last known addresses of such Holders if no proof of Claim is filed or if the
2 Debtors have been notified of a change of address); (ii) at the addresses set forth in any written
3 notices of address changes delivered to the Disbursing Agent after the date of any related proof
4 of Claim; or (iii) at the addresses reflected in the Schedules if no proof of Claim has been filed
5 and the Disbursing Agent has not received a written notice of a change of address. Distributions
6 to Holders of Allowed Equity Interests will be made to such Holders as of the Record Date. If
7 any Holder's Distribution is returned as undeliverable, no further Distributions to such Holder
8 will be made unless and until the Disbursing Agent is notified of such Holder's current address,
9 at which time all missed Distributions will be made to such Holder without interest. Amounts in
10 respect of undeliverable Distributions made through the Disbursing Agent will be returned to the
11 Debtors or Reorganized Debtors, as applicable, until such Distributions are claimed. All claims
12 for undeliverable Distributions must be made on or before the second anniversary of the
13 Effective Date. After such date, all unclaimed property will revert to the Debtors and
14 Reorganized Debtors, as applicable, and the Claim of any Holder or successor to such Holder
15 with respect to such property will be discharged and forever barred notwithstanding any escheat
16 laws to the contrary. Nothing in the Plan will require the Debtors, the Reorganized Debtors, or
17 the Disbursing Agent to attempt to locate any Holder of an Allowed Claim or Allowed Equity
18 Interest.

19 **13. Set-Offs.**

20 The Debtors or Reorganized Debtors may, but will not be required to, set off or recoup
21 against any Claim or Equity Interest and the payments or other Distributions to be made pursuant
22 to the Plan in respect of such Claim or Equity Interest (before any Distribution is made on
23 account of such Claim or Equity Interest), claims of any nature that the applicable Debtors or
24 Reorganized Debtors may have against the Holder of such Claim or Equity Interest, to the extent
25 such Claims or Equity Interests may be set off or recouped under applicable law. However,
26 neither the failure to do so nor the allowance of any Claim or Equity Interest under the Plan will
27 constitute a waiver or release by the Debtors or Reorganized Debtors of any such Claim against
28 such Holder.

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14. Notices.

Any notice required or permitted to be given under the Plan must be in writing and served by: (i) certified mail, return receipt requested, postage prepaid; (ii) hand delivery; or (iii) reputable overnight courier service, freight prepaid, addressed as follows:

If to the Debtors:

Tel: _____
Fax: _____

With a copy to:

Gordon Silver
Attn: Gerald M. Gordon, Esq.
3960 Howard Hughes Parkway, 9th Floor
Las Vegas, NV 89169
Tel: (702) 796-5555

15. Statutory Committee.

Any Statutory Committee will terminate on the Effective Date and will thereafter have no further responsibilities in respect of the Chapter 11 Cases, except with respect to the preparation or filing of applications for compensation and reimbursement of expenses.

16. Severability.

If any provision of the Plan is determined by the Bankruptcy Court to be invalid, illegal or unenforceable or the Plan is determined to be not confirmable pursuant to Section 1129 of the Bankruptcy Code, the Bankruptcy Court, at the request of the Debtors, will have the power to alter and interpret such provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the provision held to be invalid, void or unenforceable, and such provision will then be applicable as altered or interpreted. The remainder of the Plan will remain in full force and effect and will not be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

1 **17. Withholding And Reporting Requirements.**

2 In connection with the Plan and all instruments and Equity Interests issued in connection
3 therewith and Distributions thereon, the Reorganized Debtors will comply with all withholding
4 and reporting requirements imposed by any taxing authority and all Distributions will be subject
5 to any such withholding and reporting requirements. The Reorganized Debtors will be
6 authorized to take any and all action that may be necessary to comply with such withholding and
7 recording requirements. Each Holder of an Allowed Claim or Allowed Equity Interest that has
8 received a Distribution will have sole and exclusive responsibility for the satisfaction or payment
9 of any tax obligation imposed by any governmental unit, including income and withholding tax,
10 on account of such Distribution.

11 **18. Cramdown.**

12 If any Impaired Class is determined to have rejected the Plan in accordance with Section
13 1126 of the Bankruptcy Code, the Debtors may invoke the provisions of Section 1129(b) of the
14 Bankruptcy Code to satisfy the requirements for Confirmation. The Debtors reserve the right to
15 modify the Plan to the extent, if any, that Confirmation pursuant to Section 1129(b) of the
16 Bankruptcy Code requires modification.

17 **19. Quarterly Fees To The United States Trustee.**

18 Prior to the Substantial Consummation Date, the Debtors, and after the Substantial
19 Confirmation Date, the Reorganized Debtors shall pay all quarterly fees payable to the Office of
20 the United States Trustee after Consummation, consistent with applicable provisions of the
21 Bankruptcy Code and Bankruptcy Rules.

22 **XVIII.**
23 **ALTERNATIVES TO THE PLAN**

24 The Debtors believe that the Plan provides Creditors and Holders of Equity Interests the
25 best and most complete form of recovery available. As a result, the Debtors believe that the Plan
26 serves the best interests of all Creditors and parties-in-interest in the Chapter 11 Cases.

27 In formulating and developing the Plan, the Debtors explored numerous alternatives. The
28 Debtors believe not only that the Plan fairly adjusts the rights of various Classes of Creditors

1 and Holders of Equity Interests and enables the Creditors and Holders of Equity Interests to
2 realize the greatest sum possible under the circumstances, but also that rejection of the Plan in
3 favor of some theoretical alternative method of reconciling the Claims and Equity Interests of the
4 various Classes would require, at the very least, an extensive and time-consuming negotiation
5 process and would not result in a better recovery for any Class. It is not atypical for bankruptcy
6 proceedings involving substantial entities to continue for months or years before a plan of
7 reorganization is consummated and payments are made.

8 **A. Alternative Plans Of Reorganization.**

9 Under the Bankruptcy Code, a debtor has an exclusive period of 120 days and an
10 additional vote solicitation period of 60 days from the entry of the order for relief during which
11 time, assuming that no trustee has been appointed by the Bankruptcy Court, only a debtor may
12 propose a plan of reorganization. After the expiration of the initial 180-day period and any
13 extensions thereof, the Debtors or any other party-in-interest may propose a different plan, unless
14 the Bankruptcy Court has extended the exclusivity periods.

15 **B. Liquidation Under Chapter 7.**

16 If a plan of reorganization cannot be confirmed, the Chapter 11 Cases may be converted
17 to Chapter 7 cases, in which a trustee would be elected or appointed to liquidate the assets of
18 each Debtor for distribution to Creditors and Holders of Equity Interests in accordance with the
19 priorities established by the Bankruptcy Code. For a discussion of the effect that a Chapter 7
20 liquidation would have on recovery by Creditors, see Section XVI.C., "The Best Interest Test
21 And Feasibility Of The Plan."

22 As previously stated, the Debtors believe that liquidation under Chapter 7 would result in
23 a substantially reduced recovery of funds by the Estates because of: (i) the risk that some or all
24 of the Debtors may cease or lose business; (ii) additional administrative expenses involved in the
25 appointment of one or more trustees for the Debtors and attorneys and other professionals to
26 assist such trustee(s); and (iii) additional expenses and Claims, some of which would be entitled
27 to priority, which would be generated during the liquidation and from the rejection of leases and
28 other executory contracts in connection with a cessation of the Debtors' operations.

1 Accordingly, the Debtors believe that Holders of certain Classes of Claims or Equity Interests
2 will receive substantially smaller distributions in a Chapter 7 liquidation than under the Plan.

3 **XIX.**
4 **PREFERENCE AND OTHER AVOIDANCE ACTIONS**

5 A bankruptcy trustee (or the entity as a debtor-in-possession) may avoid as a preference a
6 transfer of property made by a debtor to a creditor on account of an antecedent debt while a
7 debtor was insolvent, where that creditor receives more than it would have received in a
8 liquidation of the entity under Chapter 7 had the payment not been made, if (i) the payment was
9 made within 90 days before the date the bankruptcy case was commenced or (ii) the creditor is
10 found to have been an "insider," as defined in the Bankruptcy Code, within one year before the
11 commencement of the bankruptcy case. A debtor is presumed to have been insolvent during the
12 90 days preceding the commencement of the case.

13 A bankruptcy trustee (or the entity as a debtor-in-possession) may avoid as a fraudulent
14 transfer a transfer of property made by a debtor within two years (and under applicable Nevada
15 law, four years) before the date the bankruptcy case was commenced if the debtor (i) received
16 less than reasonably equivalent value in exchange for such transfer and (ii) was insolvent on the
17 date of such transfer or became insolvent as a result of such transfer, such transfer left the debtor
18 with an unreasonably small capital, or the debtor intended to incur debts that would be beyond
19 the debtor's ability to pay as such debts matured.

20 Although the Debtors have not fully analyzed various potential preference or other
21 avoidance actions, it is possible that some pre-Petition transactions may be avoidable.

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XX.
RECOMMENDATION AND CONCLUSION

The Plan provides the best possible recovery for all parties-in-interest. Accordingly, the Debtors recommend that all Creditors and Holders of Equity Interests who are entitled to vote on the Plan should vote to accept the Plan.

DATED this 6 day of July, 2010.

Riviera Holdings Corporation, a Nevada corporation,

By: 

Its: SECRETARY

Riviera Operating Corporation, a Nevada corporation

By: 

Its: SECRETARY


Riviera Black Hawk, Inc., a Colorado corporation

By: 

Its: SECRETARY

PREPARED AND SUBMITTED BY:

GORDON SILVER

By: 

GERALD M. GORDON, ESQ.
THOMAS H. FELL, ESQ.
3960 Howard Hughes Pkwy., 9th Floor
Las Vegas, Nevada 89169
[Proposed] Attorneys for the Debtors

EXHIBIT A
PLAN OF REORGANIZATION

E-Filed 7-12-10

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GORDON SILVER
GERALD M. GORDON, ESQ.
Nevada Bar No. 229
E-mail: ggordon@gordonsilver.com
THOMAS H. FELL, ESQ.
Nevada Bar No. 3717
E-mail: tfell@gordonsilver.com
3960 Howard Hughes Pkwy., 9th Floor
Las Vegas, Nevada 89169
Telephone (702) 796-5555
Facsimile (702) 369-2666
[Proposed] Attorneys for Debtors

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEVADA**

In re:
RIVIERA HOLDINGS CORPORATION,
 Affects this Debtor.
 Affects all Debtors.
 Affects RIVIERA OPERATING CORPORATION
 Affects RIVIERA BLACK HAWK, INC.

Case No.: 10-22910-LBR;
Chapter 11 Jointly Administered with:
10-22913-LBR Riviera Operating Corp.
10-22915-LBR Riviera Black Hawk, Inc.

Date: To Be Determined
Time: To Be Determined

DEBTORS' JOINT PLAN OF REORGANIZATION

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1 Riviera Holdings Corporation, a Nevada corporation ("RHC") and its directly wholly-
 2 owned subsidiaries, Riviera Operating Corporation, a Nevada corporation ("ROC") and Riviera
 3 Black Hawk, Inc., a Colorado corporation ("RBH" and, together with the foregoing entities, the
 4 "Debtors"), propose this Joint Plan of Reorganization ("Plan") for the resolution of Debtors'
 5 outstanding Claims and Equity Interests (as these terms are defined herein). All Creditors (as
 defined herein), Holders of Equity Interests (as defined herein) and other parties-in-interest
 should refer to the Disclosure Statement (as this term is defined herein) for a discussion of
 Debtors' history, assets, historical financial data, and for a summary and analysis of this Plan and
 certain related matters.

6 All Holders of Claims against and Equity Interests in Debtors are encouraged to read this
 7 Plan, the Disclosure Statement and the related solicitation materials in their entirety before
 8 voting to accept or reject this Plan. Holders of Equity Interests in Class 8 are deemed to have
 rejected this Plan.

9 Subject to the restrictions on modifications set forth in Section 1127 of the Bankruptcy
 10 Code and Bankruptcy Rule 3019, and those restrictions on modifications set forth in Article 12 to
 this Plan, Debtors expressly reserve the right to alter, amend, strike, withdraw or modify this
 Plan one or more times before the Substantial Consummation Date.

11 1. DEFINITIONS, RULES OF INTERPRETATION AND COMPUTATION OF 12 TIME

13 1.1. **Definitions.** For purposes of this Plan, and except as expressly provided herein or
 14 unless the context otherwise requires, all capitalized terms not otherwise defined shall have the
 15 meanings ascribed to them in this Article 1. Any term used in this Plan that is not defined
 16 herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning
 ascribed thereto in the Bankruptcy Code or the Bankruptcy Rules, in that order of priority.
 Whenever the context requires, such terms shall include the plural as well as the singular, the
 masculine gender shall include the feminine, and the feminine gender shall include the
 masculine.

17 1.1.1. **Administrative Claim.** A Claim for any cost or expense of administration
 18 of the Estates allowed under Sections 503(b), 507(b), 546(c)(2) and 1114(e)(2) of the
 19 Bankruptcy Code and entitled to priority under Section 507(a)(2) of the Bankruptcy Code,
 20 including, but not limited to: (i) any fees payable pursuant to Section 1930 of Title 28 of the
 21 United States Code; (ii) the actual and necessary costs and expenses, including Taxes, incurred
 22 on or after the Petition Date of preserving the respective Estates and operating the business of the
 23 Debtors, including wages, salaries, or commissions for services rendered after the
 commencement of the Chapter 11 Cases; (iii) the value of any goods received by Debtors within
 20 days before the Petition Date which goods have been sold to Debtors in the ordinary course of
 their business; (iv) all Professional Fees approved by the Bankruptcy Court pursuant to interim
 and final allowances; (v) the Superpriority Claims (as defined in the Cash Collateral Stipulation)
 granted in favor of the Agent and Senior Secured Lenders and approved by the Bankruptcy Court
 in the Cash Collateral Order; and (vi) the administrative claim granted in favor of the Backstop
 Lenders and approved by the Bankruptcy Court in the Backstop Order. To the extent that a
 Claim is allowed as an Administrative Claim pursuant to Section 365(d)(3) and (d)(5) of the
 Bankruptcy Code, such Claim shall also be deemed an Administrative Claim under this
 paragraph.

26 1.1.2. **Administrative Claim Bar Date.** The end of the first Business Day
 27 occurring on or after the sixtieth (60th) day after the Substantial Consummation Date.

28 1.1.3. **Affiliate.** This term has the meaning set forth in Section 101(2) of the
 Bankruptcy Code.

1 **1.1.4. Agent.** Cantor Fitzgerald Securities, in its capacity as administrative agent
2 and collateral agent under the Senior Secured Credit Agreement.

3 **1.1.5. Allowed Administrative Claim.** An Administrative Claim: (i) as to which
4 no objection has been filed or, if an objection has been filed, has been resolved by the allowance
5 of such Administrative Claim by a Final Order of the Bankruptcy Court; or (ii) which requires
6 payment in the ordinary course of a Debtor’s business and as to which there is no Final Order of
7 the Bankruptcy Court in effect which prohibits any such payment.

8 **1.1.6. Allowed Claim.** A Claim or any portion thereof that is not a Disputed
9 Claim: (i) that is allowed pursuant (w) to this Plan or Final Order of the Bankruptcy Court, (x) to
10 any stipulation with the Debtors executed prior to the Confirmation Date and approved by the
11 Bankruptcy Court, (y) to any stipulation with Debtors or the Reorganized Debtors, as applicable,
12 executed on or after the Confirmation Date and approved by the Bankruptcy Court or (z) to any
13 contract, instrument, indenture or other agreement entered into or assumed in connection
14 herewith; (ii) proof of which, requests for payment of which, or application for allowance of
15 which, was filed or deemed to be filed on or before the Bar Date, as the case may be, for filing
16 proofs of Claim or requests for payment of Claims of such type against the Debtors; or (iii)
17 which has been or hereafter is listed by the Debtors in the Schedules as liquidated in amount and
18 not disputed or contingent; and in the case of (ii) or (iii) no objection to the allowance thereof has
19 been interposed within the applicable period of limitation fixed by this Plan, the Bankruptcy
20 Code, the Bankruptcy Rules or the Bankruptcy Court or the Bankruptcy Court has entered a
21 Final Order allowing all or a portion of such Claim. Notwithstanding anything herein to the
22 contrary, by treating a Claim as an Allowed Claim for estimation purposes under Section 502(c)
23 Debtors do not waive their rights to contest the amount and validity of any disputed, contingent
24 or unliquidated Claim in the manner and venue in which such Claim would have been
25 determined, resolved or adjudicated if the Chapter 11 Cases had not been commenced. Any
26 Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated or disputed,
27 and for which no proof of Claim has been filed on or before the Bar Date, shall not be considered
28 an Allowed Claim hereunder and shall be deemed disallowed upon entry of the Confirmation
Order.

17 **1.1.7. Allowed Equity Interest.** An Equity Interest that is allowed pursuant to:
18 (i) this Plan; (ii) any stipulation executed with the Debtors prior to the Confirmation Date and
19 approved by the Bankruptcy Court; (iii) any stipulation with the Debtors or the Reorganized
20 Debtors, as applicable, executed on or after the Confirmation Date and approved by the
21 Bankruptcy Court; or (iv) any contract, instrument, indenture or other agreement entered into or
22 assumed in connection herewith.

21 **1.1.8. Assets.** All of the assets, property, interests, including equity interests, and
22 effects, Cash, receivables, real and personal, tangible and intangible, wherever situated, of
23 Debtors, as they exist on the Effective Date.

23 **1.1.9. Avoidance Actions.** All avoidance, recovery, subordination and other
24 similar actions preserved for the Estate under the Bankruptcy Code, including but not limited to
25 those set forth in Sections 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, 553(b) and
26 724(a) of the Bankruptcy Code regardless of whether or not such action has been commenced
27 prior to the Effective Date.

26 **1.1.10. Backstop Commitment Agreement.** That certain agreement between
27 the Backstop Lenders and Debtors executed prior to the Petition Date pursuant to which the
28 Backstop Lenders commit to provide the New Money Investment in the event that less than all
Senior Secured Lenders elect to participate therein.

28 **1.1.11. Backstop Lenders** Senior Secured Lenders from time to time party to the

1 Backstop Commitment Agreement.

2 **1.1.12. Backstop Order.** Final Order, inter alia, approving the Backstop
3 Commitment Agreement and authorizing and directing the Debtors to implement the Backstop
4 Commitment Agreement.

4 **1.1.13. Bankruptcy Code.** The Bankruptcy Reform Act of 1978, Title 11,
5 United States Code, as applicable to the Chapter 11 Cases, as now in effect or hereafter
6 amended, 11 U.S.C. §§ 101 et seq.

6 **1.1.14. Bankruptcy Court.** The United States Bankruptcy Court for the District
7 of Nevada, having jurisdiction over the Chapter 11 Cases and, to the extent of the withdrawal of
8 any reference under Section 157 of title 28 of the United States Code and/or the General Order of
9 the District Court pursuant to Section 151 of title 28 of the United States Code, the United States
10 District Court for the District of Nevada.

9 **1.1.15. Bankruptcy Rules.** The Federal Rules of Bankruptcy Procedure, as
10 applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075 and the general, local
11 and chambers rules of the Bankruptcy Court.

11 **1.1.16. Bar Date.** The date or dates established by this Plan, order of the
12 Bankruptcy Court or the Bankruptcy Code or Bankruptcy Rules for the filing of proofs of Claim
13 for all Creditors.

13 **1.1.17. Business Day.** Any day, other than a Saturday, Sunday or "legal holiday"
14 (as defined in Bankruptcy Rule 9006(a)).

14 **1.1.18. Cash.** The legal tender of the United States of America or the equivalent
15 thereof, including bank deposits, checks, wire transfers and other cash equivalents.

15 **1.1.19. Cash Collateral Order.** The Final Order approving the Cash Collateral
16 Stipulation.

16 **1.1.20. Cash Collateral Stipulation.** That Stipulation Authorizing Use of Cash
17 Collateral by the Debtors and Granting Adequate Protection.

17 **1.1.21. Causes of Action.** All actions, causes of action, Litigation Claims,
18 Claims, liabilities, obligations, rights, suits, debts, damages, judgments, remedies, demands,
19 setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims,
20 contribution claims and any other claims disputed or undisputed, suspected or unsuspected,
21 foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law,
22 equity or otherwise, based in whole or in part upon any act or omission or other event occurring
23 prior to the Petition Date or during the course of the Chapter 11 Cases, up to and through the
24 Substantial Consummation Date.

23 **1.1.22. Chapter 11 Cases.** When used with reference to a particular Debtor, the
24 chapter 11 case for that Debtor in the Bankruptcy Court, and when used with reference to all
25 Debtors, the procedurally consolidated chapter 11 cases for all of the Debtors in the Bankruptcy
26 Court.

26 **1.1.23. Claim.** Any right to payment from a Debtor, whether or not such right is
27 reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed,
28 undisputed, legal, equitable, secured or unsecured or any right to an equitable remedy for breach
of performance if such breach gives rise to a right of payment from a Debtor, whether or not
such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured,

1 disputed, undisputed, secured or unsecured.

2 **1.1.24. Class.** A category of Holders of Claims or Equity Interests pursuant to
3 Section 1122(a) of the Bankruptcy Code as classified in this Plan.

4 **1.1.25. Class A Shares.** New common stock consisting of 100% of the full-
5 voting common shares authorized and issued by Reorganized RHC to Riviera Voteco, L.L.C. on
6 the Substantial Consummation Date. The holders of Class A Shares shall not be entitled to any
7 economic distributions or other analogous or related rights vis-à-vis Reorganized RHC.

8 **1.1.26. Class B Shares.** New common stock consisting of 100% of the limited-
9 voting common shares authorized and issued by Reorganized RHC to various parties in interest
10 on the Substantial Consummation Date and Designated New Money Election Date, as applicable,
11 as set forth in this Plan, entitling the holders thereof, in the aggregate, to 100% of the economic
12 distributions made by Reorganized RHC. In any liquidation, dissolution or winding up of
13 Reorganized RHC, all assets of Reorganized RHC will be distributed to holders of the Class B
14 Shares on a pro rata basis. Holders of Class B Shares will be entitled to a separate class vote
15 only with respect to the approval of: (i) any amendment or modification to the certificate of
16 incorporation or bylaws of Reorganized RHC; (ii) any sale, lease or transfer of all or
17 substantially all assets of Reorganized RHC, or any merger or consolidation of Reorganized
18 RHC with or into another person; (iii) any liquidation, dissolution or winding up of Reorganized
19 RHC; and (iv) any decision by Reorganized RHC to exit the gaming business. Except as
20 provided in the immediately prior sentence, holders of the Class B Shares shall not have any
21 voting rights whatsoever.

22 **1.1.27. Company.** Collectively, all the Debtors in these Chapter 11 Cases and
23 each subsidiary.

24 **1.1.28. Confirmation.** The entry of the Confirmation Order on the docket of the
25 Chapter 11 Cases, subject to all conditions specified therein and in this Plan having been
26 satisfied or waived by the Person having the authority to do so.

27 **1.1.29. Confirmation Date.** The date upon which the Bankruptcy Court enters
28 the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of
29 Bankruptcy Rules 5003 and 9021.

30 **1.1.30. Confirmation Hearing.** The duly noticed initial hearing held by the
31 Bankruptcy Court to confirm this Plan pursuant to Section 1128 of the Bankruptcy Code, and
32 any subsequent hearing held by the Bankruptcy Court from time to time to which the initial
33 hearing is adjourned without further notice other than the announcement of the adjourned dates
34 at the Confirmation Hearing.

35 **1.1.31. Confirmation Order.** The order of the Bankruptcy Court confirming this
36 Plan pursuant to Section 1129 of the Bankruptcy Code.

37 **1.1.32. Consenting Lenders.** Senior Secured Lenders party to the Lockup
38 Agreement.

39 **1.1.33. Consummation.** The occurrence of the Substantial Consummation Date.

40 **1.1.34. Contingent Claim.** A Claim which is contingent, unmatured or
41 unliquidated on or immediately before the Confirmation Date.

42 **1.1.35. Credit Facilities.** The First Lien Credit Agreement, the Second Lien
43 Credit Agreement (to the extent the Total New Money Investment Alternative is effectuated) and

1 the related loan documents, in each case, to be executed by Reorganized RHC, each other
2 Reorganized Debtor and certain of their other Subsidiaries on the Substantial Consummation
Date and Designated New Money Election Date, as applicable.

3 **1.1.36. Creditor.** Any Holder of a Claim, whether or not such Claim is an
4 Allowed Claim.

5 **1.1.37. Cure.** The distribution on the Effective Date or as soon thereafter as
6 practicable of Cash, or such other property as may be agreed upon by the parties or ordered by
7 the Bankruptcy Court, with respect to the assumption of an Executory Contract or Unexpired
Lease, pursuant to Section 365(b) of the Bankruptcy Code, in an amount equal to all unpaid
monetary obligations, due under such Executory Contract or Unexpired Lease, to the extent such
obligations are enforceable under the Bankruptcy Code and applicable non-bankruptcy law.

8 **1.1.38. Debtors.** As defined in the introduction above.

9 **1.1.39. Designated Consenting Lenders.** Each of: SCH/VIII Bonds, L.L.C.,
10 SCH/VIII Bonds II, L.L.C., SCH/VIII Bonds III, L.L.C., SCH/VIII Bonds IV, L.L.C.,
Strategic Value Special Situations Master Fund, L.P., Cerberus Series Four Holdings, LLC or its
11 designated affiliates, and Desert Rock Enterprises, LLC, excluding each of their respective non-
Affiliate transferees, but including each of their respective Affiliate transferees, successors,
12 assigns, heirs, executors, administrators and representatives.

13 **1.1.40. Designated New Money Election.** An affirmative election made by the
14 New Board within 10 days following the Substantial Consummation Date to accept, on behalf of
the Reorganized Debtors, the Designated New Money Investment.

15 **1.1.41. Designated New Money Election Date.** The date on which the New
Board makes the Designated New Money Election; it being understood that in no event shall
16 such date occur later than the 10th day following the Substantial Consummation Date.

17 **1.1.42. Designated New Money Investment.** To the extent the Designated New
Money Election is made, additional liquidity in the amount of \$20.0 million to be provided to
18 Reorganized RHC by certain participating Senior Secured Lenders on the Designated New
Money Election Date and evidenced by the Series B Term Loan.

19 **1.1.43. Disbursing Agent.** The Reorganized Debtors or any party designated by
20 the Reorganized Debtors to serve as disbursing agent under this Plan.

21 **1.1.44. Disclosure Statement.** The disclosure statement for this Plan, as
22 amended, supplemented or modified from time to time, describing this Plan that is prepared and
distributed in accordance with, among others, Sections 1125, 1126(b) and 1145 of the
Bankruptcy Code, Bankruptcy Rule 3018 and other applicable law.

23 **1.1.45. Disputed Claim or Disputed Equity Interest.** A Claim or Equity
24 Interest or any portion thereof that is: (i) subject to timely objection interposed by a Debtor,
Reorganized Debtor, or any party-in-interest entitled to file and prosecute such objection in a
25 Debtor's Chapter 11 Case, if at such time such objection has not been withdrawn or determined
by Final Order; (ii) a Claim that is listed by a Debtor as disputed, unliquidated or contingent in
26 the Schedules; or (iii) if no objection has been timely filed, a Claim which has been asserted in a
timely filed proof of Claim in an amount greater than or in a Class different than that listed by a
27 Debtor in the Schedules as liquidated in amount and not disputed or contingent; provided,
however, that the Bankruptcy Court may estimate a Disputed Claim for purposes of allowance
28 pursuant to Section 502(c) of the Bankruptcy Code. The term "Disputed", when used to modify
a reference in this Plan to any Claim or Equity Interest (or Class of Claims or Equity Interest),

1 shall mean a Claim or Equity Interest (or any Claim or Equity Interest in such Class) that is a
2 Disputed Claim or Disputed Equity Interest. In the event there is a dispute as to classification or
3 priority of a Claim or Equity Interest, it shall be considered a Disputed Claim or Disputed Equity
4 Interest in its entirety. Until such time as a Contingent Claim becomes fixed and absolute, such
5 Claim shall be treated as a Disputed Claim and not an Allowed Claim for purposes related to
6 allocations and distributions under this Plan.

7 **1.1.46. Disputed Claim Reserve.** A reserve(s) established to hold in one or more
8 accounts Cash or other Assets on account of Disputed Claims.

9 **1.1.47. Distribution.** Any distribution by Debtors or Reorganized Debtors to the
10 Holders of Allowed Claims and Holders of Allowed Equity Interests as of the Record Date.

11 **1.1.48. D&O Liability Insurance Policy.** As defined in Section 10.9 of this
12 Plan.

13 **1.1.49. Effective Date.** The first Business Day after the 14th day following the
14 entry of the Confirmation Order and after which the conditions as set forth in Section 9.2 below
15 have been satisfied or waived.

16 **1.1.50. Equity Interest.** Any share of common stock, preferred stock,
17 membership interest or other instrument evidencing an ownership interest in a Debtor, whether
18 or not transferable, and any option, warrant or right, contractual or otherwise, to acquire any such
19 interest in a Debtor that existed immediately prior to the Substantial Consummation Date.

20 **1.1.51. Estate.** As to each Debtor, the estate created for the Debtor in its Chapter
21 11 Case pursuant to Section 541 of the Bankruptcy Code.

22 **1.1.52. Exculpated Claim.** Any Claim related to any act or omission in
23 connection with, relating to, or arising out of the Debtors' in or out of court restructuring efforts,
24 the Chapter 11 Cases, formulation, preparation, dissemination, negotiation or filing of the
25 Disclosure Statement, the Plan (including any term sheets related thereto) or any contract,
26 instrument, release or other agreement or document created or entered into in connection with
27 the Disclosure Statement, the Plan, the filing of the Chapter 11 Cases, the pursuit of
28 Confirmation, the pursuit of Consummation, the administration and implementation of the Plan,
including the issuance of the Class A Shares and Class B Shares and implementation of the
Credit Facilities, or the distribution of Assets under the Plan or any other agreement.

1.1.53. Exculpated Party (i) The Debtors, the Reorganized Debtors and their
Affiliates; (ii) the Agent; (iii) each Holder of a First Priority Senior Secured Claim, in its
capacity as such; (iv) each Holder of a Senior Secured Claim in its capacity as such; (v) the
Requisite Consenting Lenders, in their capacity as such; (vi) each Backstop Lender in its
capacity as such; (vii) the Designated Consenting Lenders in their capacity as such; (viii) each
member of any Statutory Committee; (ix) with respect to each of the foregoing entities in clauses
(i) through (viii), such Person's current and former Affiliates, managed accounts or funds,
Subsidiaries, officers, directors, principals, employees, agents, financial advisors, attorneys,
accountants, investment bankers, consultants, representatives and other professionals, in each
case in their capacity as such; and (x) the Debtors' and the Reorganized Debtors' current and
former officers, directors, principals, employees, agents, financial advisors, attorneys,
accountants, investment bankers, consultants, representatives and other professionals.

1.1.54. Executory Contract. A contract to which one or more of Debtors is a
party that is subject to assumption or rejection under Section 365 of the Bankruptcy Code.

1.1.55. Final Order. An order or judgment of the Bankruptcy Court, or other

1 court of competent jurisdiction, entered on the docket of such court, that has not been reversed,
2 rescinded, stayed, modified or amended, that is in full force and effect, and as to which order or
3 judgment: (i) the time to appeal, seek review or rehearing, or petition for certiorari has expired
4 and no timely filed appeal or petition for review, rehearing, remand or certiorari is pending; or
5 (ii) any appeal taken or petition for certiorari or request for reargument or further review or
6 rehearing filed (a) has been resolved by the appellate court to which the order or judgment was
7 appealed or from which review, rehearing or certiorari was sought or (b) has not yet been
8 resolved by such appellate court, but such order has not been stayed pending appeal.
9 Notwithstanding the foregoing, the Confirmation Order shall become a Final Order on the 14th
10 day following entry of such Confirmation Order unless any appeal of such Confirmation Order is
11 accompanied by a stay pending appeal.

12 **1.1.56. First Lien Credit Agreement.** The credit agreement to be executed on
13 the Substantial Consummation date evidencing and governing the terms and conditions of the
14 Series A Term Loan and Working Capital Facility.

15 **1.1.57. First Priority Senior Secured Claims.** All Claims to the Petition Date (i)
16 arising under, or in any way related to the Senior Secured Credit Agreement for prepetition
17 interest and fees on account of the Term Loans and Revolving Credit Loans and (ii) with respect
18 to the periodic payments due under the Secured Hedging Agreement and any interest accrued
19 thereon.

20 **1.1.58. Gaming Applications.** All applications required to be completed and
21 filed with Gaming Authorities to effectuate the transactions contemplated by this Plan under
22 Gaming Laws.

23 **1.1.59. Gaming Approvals.** All approvals, findings of suitability, clearances,
24 waivers and/or variances being issued, granted or given by or under the authority of any Gaming
25 Authorities or under any Gaming Laws regarding or related to a transaction under this Plan.

26 **1.1.60. Gaming Authorities.** The Governmental or Regulatory Authorities
27 which regulate gaming activities in Nevada and Colorado.

28 **1.1.61. Gaming Laws.** The Nevada and Colorado gaming laws, ordinances and
regulations as promulgated from time to time by a Governmental or Regulatory Authority having
jurisdiction over the activities of the Debtors or Reorganized Debtors, as applicable.

1.1.62. General Unsecured Claim. Any prepetition unsecured Claim against any
Debtor that is not an Administrative Claim, Other Priority Claim, Priority Tax Claim, or
Intercompany Claim.

1.1.63. Governmental and Regulatory Authority. Any court, tribunal, arbiter,
authority, agency, commission, official or other governmental body or instrumentality in the
United States, any foreign country or any domestic or foreign county, city or other political
subdivision.

1.1.64. Holder. Each Person holding an Equity Interest or Claim.

1.1.65. Impaired. Impaired within the meaning of Section 1124 of the
Bankruptcy Code.

1.1.66. IRS. The Internal Revenue Service.

1.1.67. Intercompany Claims. Any and all Claims of a Debtor against another
Debtor, whether or not set forth in an account reflecting intercompany book entries by one

1 Debtor with respect to another Debtor.

2 **1.1.68. Intercompany Equity Interests.** An Equity Interest in a Debtor or
3 Subsidiary of a Debtor held by another Debtor or Subsidiary of a Debtor.

4 **1.1.69. Libor.** This term shall have the meaning set forth in the Credit Facilities.

5 **1.1.70. Lien.** This term shall have the meaning set forth in Section 101(37) of the
6 Bankruptcy Code and, with respect to any Asset, includes, without limitation, any mortgage,
7 lien, pledge, charge, security interest or other encumbrance of any kind, or any other type of
8 preferential arrangement that has the practical effect of creating a security interest, in respect of
9 such Asset.

10 **1.1.71. Litigation Claims.** All rights, claims, torts, liens, liabilities, obligations,
11 actions, causes of action, Avoidance Actions, derivative actions, proceedings, debts, contracts,
12 judgments, damages and demands whatsoever in law or in equity, whether known or unknown,
13 contingent or otherwise, that any Debtor or its Estate may have against any Person, including but
14 not limited to those listed on Schedule 1.1.71 hereto. Failure to list a Litigation Claim on
15 Schedule 1.1.71 shall not constitute a waiver or release by any Debtor or Reorganized Debtor of
16 such Litigation Claim.

17 **1.1.72. Lockup Agreement.** The restructuring and lockup letter agreement dated
18 July 12, 2010, among the Debtors and the Consenting Lenders.

19 **1.1.73. Nevada Secretary.** The Secretary of State of the State of Nevada.

20 **1.1.74. New Money Investment.** (i) if the Total New Money Investment
21 Alternative is effectuated under this Plan, consummation of the Designated New Money
22 Investment and the Working Capital Facility, or (ii) if the Partial New Money Investment
23 Alternative is effectuated under this Plan, consummation of the Working Capital Facility. Each
24 Senior Secured Lender participating in the New Money Investment will receive, based on its
25 amount of participation in the New Money Investment and in addition to any amounts received
26 in respect of its First Priority Senior Secured Claims and Senior Secured Claims as provided
27 hereunder, the consideration described in Section 6.3 below.

28 **1.1.75. NRS.** The Nevada Revised Statutes, as amended from time to time.

1.1.76. Other Priority Claims. Any and all Claims accorded priority in right of
payment under Section 507(a) of the Bankruptcy Code, other than Administrative Claims and
Priority Tax Claims.

1.1.77. Other Secured Claims. Any Secured Claim other than a Senior Secured
Claim or a First Priority Senior Secured Claim.

1.1.78. Partial New Money Investment Alternative. (i) The exchange by each
Holder of an Allowed First Priority Senior Secured Claim of its Allowed First Priority Senior
Secured Claim for a portion of the Series A Term Loan in a principal amount equal to such
Allowed First Priority Senior Secured Claim; (ii) the exchange by each Holder of an Allowed
Senior Secured Claim of its Allowed Senior Secured Claim for: (a) a portion of the Series A
Term Loan in principal amount up to such Holder's Pro Rata share of \$50,000,000 less the
portion of the Series A Term Loan received by the Holders of First Priority Senior Secured
Claims; and (b) such Holder's Pro Rata share of 93.0% of the Class B Shares (subject to dilution
under certain circumstances described herein) and (iii) the consummation by those certain
participating Senior Secured Lenders participating therein of the Working Capital Facility.

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1.1.79. Person. An individual, corporation, limited liability company, partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, governmental unit or any subdivision thereof or any other entity.

1.1.80. Petition Date. The date on which Debtors filed their voluntary petitions commencing the Chapter 11 Cases.

1.1.81. Plan. This plan of reorganization, either in its present form or as it may be amended, supplemented or modified from time to time, including all exhibits and schedules annexed hereto or referenced herein, with the approval of the Requisite Consenting Lenders.

1.1.82. Plan Supplement. The compilation of documents and forms of documents, schedules and exhibits to the Plan to be filed by the Debtors no later than five (5) Business Days before the Voting Deadline, and additional documents filed before the Effective Date as amendments to the Plan Supplement, including, without limitation, the following: (a) new by laws and certificate of incorporation of Reorganized RHC; (b) operating agreement and certificate of formation of Riviera Voteco, L.L.C.; (c) amended organizational documents for each Reorganized Debtor (other than Reorganized RHC); (d) the Credit Facilities; (e) a list of retained Causes of Action, if any; (f) employee agreements and senior management incentive plan; and (g) the amount of Cure, if any, associated with each Executory Contract and Unexpired Lease assumed pursuant to Article 7 of the Plan. The form of the Plan Supplement shall be subject to the consent (which consent shall not be unreasonably withheld) of the Requisite Consenting Lenders; provided, however, the new by-laws, the new certificates of incorporation and Credit Facilities shall be subject to the consent of the Requisite Consenting Lenders in all respects. Any reference to the Plan Supplement in this Plan shall include each of the documents identified above as (a) through (g).

1.1.83. Priority Tax Claim. Any unsecured Claim against Debtors entitled to priority in payment under Sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.1.84. Pro Rata. The ratio of an Allowed Claim or Allowed Equity Interest in a particular Class to the aggregate amount of all such Allowed Claims or Allowed Equity Interests in any such Class.

1.1.85. Professional Fees. Claims for compensation and reimbursement submitted pursuant to Sections 330, 331 or 503(b) of the Bankruptcy Code of Persons: (i) employed pursuant to an order of the Bankruptcy Court under Sections 327, 328 or 1103 of the Bankruptcy Code; or (ii) for whom compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Section 503(b)(4) of the Bankruptcy Code or by other Final Order, in each case, to the extent that any such fees and expenses have not been previously paid (regardless of whether a fee application has been filed for any such amount) and after applying any retainer that has been provided to such Professional. To the extent that the Bankruptcy Court or any higher court of competent jurisdiction denies or reduces by a Final Order any amount of a Professional's fees or expenses, then those reduced or denied amounts shall no longer constitute Allowed Professional Fees.

1.1.86. Record Date. The date that is thirty (30) days after the Petition Date for the purpose of determining the Holders of Equity Interests and Holders of Senior Secured Claims.

1.1.87. Released Party. (i) Each Holder of a First Priority Senior Secured Claims, in its capacity as such; (ii) the Agent; (iii) each Holder of a Senior Secured Claim in its capacity as such; (iv) the Requisite Consenting Lenders in their capacity as such; (v) the Designated Consenting Lenders, in their capacity as such; (vi) each Backstop Lender in its capacity as such; (vii) each member of any Statutory Committee; (viii) with respect to each of

1 the foregoing entities in clauses (i) through (vii), such Person's current and former Affiliates,
2 managed accounts or funds, subsidiaries, officers, directors, principals, employees, agents,
3 financial advisors, attorneys, accountants, investment bankers, consultants, representatives and
4 other professionals, in each case in their capacity as such; and (ix) the Debtors' and the
5 Reorganized Debtors' current and former officers, directors, principals, employees, agents,
6 financial advisors, attorneys, accountants, investment bankers, consultants, representatives and
7 other professionals.

8 **1.1.88. Reorganized Debtor(s).** Each of or collectively, RHC, ROC and RBH, as
9 such entities exist on or after the Substantial Consummation Date in each case, or any successor
10 thereto, by merger, consolidation or otherwise.

11 **1.1.89. Requisite Consenting Lenders.** Designated Consenting Lenders holding
12 no less than two-thirds in aggregate amount of the First Priority Senior Secured Claims and
13 Senior Secured Claims held by all Designated Consenting Lenders.

14 **1.1.90. Revolving Loans.** This term shall have the meaning set forth in the
15 definition of Working Capital Facility below. The Revolving Loans shall bear interest with
16 interest payable quarterly in cash at an interest rate equal to Libor plus 5.0%, with a Libor floor
17 equal to 2.0%.

18 **1.1.91. Riviera Voteco, L.L.C.** Riviera Voteco, L.L.C., a Nevada limited
19 liability company, to be organized on or before the Substantial Consummation Date.

20 **1.1.92. Schedules.** The schedules of assets and liabilities and any amendments
21 thereto filed by Debtors with the Bankruptcy Court in accordance with Section 521(1) of the
22 Bankruptcy Code.

23 **1.1.93. Second Lien Credit Agreement.** The credit agreement to be executed on
24 the Designated New Money Election Date if the Total New Money Investment Alternative is
25 effectuated, evidencing and governing the terms and conditions of the Series B Term Loan.

26 **1.1.94. Section 510(b) Claim.** Any Claim (a) arising from rescission of a
27 purchase or sale of a security of the Debtors or any Affiliate of the Debtors, (b) for damages
28 arising from the purchase or sale of such security or (c) for reimbursement or contribution
allowed under Section 502 of the Bankruptcy Code on account of such Claim.

1.1.95. Secured Claim. A Claim that is secured by a Lien against property of the
Estate to the extent of the value of any interest in such property of the Estate securing such Claim
which Lien is valid, perfected and enforceable pursuant to applicable law or by reason of a
Bankruptcy Court order or to the extent of the amount of such Claim subject to setoff in
accordance with Section 553 of the Bankruptcy Code, in either case as determined pursuant to
Section 506(a) of the Bankruptcy Code.

1.1.96. Senior Hedging Agreement. That certain Master Agreement dated as of
May 31, 2007 by and between RHC and Wachovia Bank, National Association).

1.1.97. Senior Secured Claims. All obligations of any kind whatsoever arising
under, or related to, the Senior Secured Credit Agreement and Secured Hedging Agreement,
other than the First Priority Senior Secured Claims, including all accrued, unpaid interest and
fees thereunder regardless of whether such interest is Allowed or allowable under section 506(b)
of the Bankruptcy Code.

1.1.98. Senior Secured Credit Agreement. That certain Credit Agreement dated
as of June 8, 2007 (as amended from time to time), which as of the Petition Date provided for a

1 \$225,000,000 seven year term loan (“Term Loans”) and a \$3,000,000 five year revolver
2 (“Revolving Credit Loans”).

3 **1.1.99. Senior Secured Lender.** Each existing Holder of a Senior Secured Claim
4 or First Priority Senior Secured Claim.

5 **1.1.100. Series A Term Loan.** The \$50,000,000 first priority senior secured term
6 loan to be issued on the Substantial Consummation Date evidenced by the First Lien Credit
7 Agreement, maturing on the fifth anniversary of the Substantial Consummation Date, with
8 interest payable quarterly in cash at an interest rate equal to Libor plus 5.0% with a Libor floor
9 equal to 2.0%.

10 **1.1.101. Series B Term Loan.** The \$20,000,000 second priority senior secured
11 term loan to be made if the Total New Money Investment Alternative is effectuated on the
12 Designated New Money Election Date for general working capital and other general corporate
13 purposes under the Second Lien Credit Agreement, maturing on the 8th anniversary of the
14 Designated New Money Election Date, with interest payable quarterly (i) in cash at an interest
15 rate equal to Libor plus 3.0% and (ii) in kind at an interest rate equal to Libor plus 13.0%, in
16 each case, with a Libor floor equal to 2.0%.

17 **1.1.102. Series B Term Loan Budget.** The budget, if any, unanimously
18 consented to by the Designated Consenting Lenders, pursuant to the terms of which the
19 Designated New Money Investment shall be made available to Reorganized RHC.

20 **1.1.103. Statutory Committee.** Collectively, any committee appointed pursuant
21 to Section 1102 of the Bankruptcy Code.

22 **1.1.104. Subsidiary.** As to any Debtor, any Person more than 50% of whose
23 equity interest having by its terms ordinary voting power to elect a majority of the directors of
24 such Person is at the time owned by such Debtor directly, or indirectly through such Debtor’s
25 other Subsidiaries

26 **1.1.105. Substantial Consummation Date.** The day that is the third Business
27 Day after the Effective Date on which: (i) no stay of the Confirmation Order is in effect; (ii) all
28 conditions to the Effective Date contained in Section 9.2 hereof have occurred or been waived
(as provided in Section 9.5; and (iii) all conditions to the Substantial Consummation Date
contained in Section 9.4 hereof have occurred or been waived as provided in Section 9.5.
Notwithstanding the foregoing, the Substantial Consummation Date must occur no later than six
(6) months following the Effective Date unless extended by mutual agreement of Debtors and
Consenting Lenders; provided that all applications and supporting documentation necessary for
applicable Governmental and Regulatory Authorities to commence the full licensing process
shall be submitted within seven (7) Business Days of the Effective Date and, if not so submitted,
the six (6) month period shall commence upon the date that all applications and licensing
materials are deemed fully submitted by each of the Governmental and Regulatory Authorities.

1.1.106. Taxes. All income, gaming, franchise, excise, sales, use, employment,
withholding, property, payroll or other taxes, assessments, of governmental charges, together
with any interest penalties, additions to tax, fines, and similar amounts relating thereto, whether
or not yet assessed or imposed, collected by, or due to any federal, state, local or foreign
governmental authority. This shall include all Taxes arising out of or attributable to the business
of the Debtors up to and including the Substantial Consummation Date, whether assessed or
determined or payable prior to or after the Substantial Consummation Date.

1.1.107. Total New Money Investment Alternative. (i) The exchange by each
Holder of an Allowed First Priority Senior Secured Claim of its Allowed First Priority Senior

1 Secured Claim for a portion of the Series A Term Loan in a principal amount equal to such
 2 Allowed First Priority Senior Secured Claim, (ii) the exchange by each Holder of an Allowed
 3 Senior Secured Claim of its Allowed Senior Secured Claim for (a) a portion of the Series A
 4 Term Loan in principal amount up to such Holder's Pro Rata share of \$50,000,000 less the
 5 portion of the Series A Term Loan received by the Holders of First Priority Senior Secured
 Claims and (b) such Holder's Pro Rata share of 80.0% of the Class B Shares (subject to dilution
 under certain circumstances described herein) and (iii) the consummation by those Senior
 Secured Lenders participating therein of the Designated New Money Investment and the
 Working Capital Facility.

6 **1.1.108. Unexpired Lease.** A lease of non-residential real property to which one
 7 or more of Debtors is a party that is subject to assumption or rejection under Section 365 of the
 Bankruptcy Code.

8 **1.1.109. Unimpaired.** Not Impaired within the meaning of Section 1124 of the
 9 Bankruptcy Code.

10 **1.1.110. Voting Deadline.** Means 4:00 p.m. (pacific standard time) on
 _____, 2010.

11 **1.1.111. Working Capital Facility.** The \$10.0 million revolving credit facility to
 12 be provided by participating Senior Secured Lenders on the Substantial Consummation Date
 13 under the First Lien Credit Agreement pursuant to which such Senior Secured Lenders make
 14 available up to \$10.0 million in aggregate principal amount of revolving loans (the "Revolving
 Loans") to Reorganized RHC from time to time subject to the conditions contained therein the
 proceeds of which will be used by RHC for general working capital and other corporate
 purposes.

15 **1.2. Exhibits and Plan Schedules.** All exhibits and plan schedules attached hereto
 16 are incorporated into and are a part of this Plan as if set forth in full herein.

17 **1.3. Rules of Interpretation.** For purposes of this Plan only: (i) any reference in this
 18 Plan to a contract, instrument, release, or other agreement or documents being in particular form
 19 or on particular terms and conditions means that such document shall be substantially in such
 20 form or substantially on such terms and conditions; (ii) any reference in this Plan to an existing
 21 document or exhibit filed or to be filed means such document or exhibit as it may have been or
 22 may be amended, modified, or supplemented; (iii) unless otherwise specified, all references in
 23 this Plan to Sections, Articles, Schedules and Exhibits are references to Sections, Articles,
 Schedules and Exhibits of or to this Plan; (iv) the words "herein", "hereof", "hereto", and
 "hereunder" refer to this Plan in its entirety rather than to a particular portion of this Plan; (v)
 captions and headings to Articles and Sections are inserted for convenience of reference only and
 are not intended to be a part of or to affect the interpretation of this Plan; and (vi) the rules of
 construction and definitions set forth in Sections 101 and 102 of the Bankruptcy Code and in the
 Bankruptcy Rules shall apply unless otherwise expressly provided.

24 **1.4. Computation of Time.** In computing any period of time prescribed or allowed by
 25 this Plan, unless otherwise expressly provided herein, the provisions of Bankruptcy Rule 9006(a)
 shall apply.

26 **2. TREATMENT OF UNCLASSIFIED CLAIMS**

27 **2.1. General.** Pursuant to Section 1123(a)(1) of the Bankruptcy Code, the Claims
 28 against each of the Debtors set forth in this Article 2 are not classified within any Classes. The
 Holders of such Claims are not entitled to vote on this Plan. The treatment of the Claims set
 forth below is consistent with the requirements of Section 1129(a)(9)(A) of the Bankruptcy

1 Code. The Chapter 11 Cases for each of the Debtors will not be substantively consolidated.
 2 Accordingly, Holders of unclassified Claims against a particular Debtor shall have their Claims
 3 allowed and treated in such respective Debtor's Estate. As such, each category of unclassified
 4 Claims shall be deemed to exist for each applicable Debtor.

5 **2.2. Treatment of Administrative Claims.** Except to the extent that a Holder of an
 6 Allowed Administrative Claim and the applicable Debtor(s) agree to less favorable treatment
 7 with respect to such Holder, each such Holder shall be paid in full and final satisfaction of such
 8 Claim, by the applicable Debtor, or after the Substantial Consummation Date, the applicable
 9 Reorganized Debtor (or otherwise satisfied in accordance with its terms), upon the latest of: (i)
 10 the Effective Date or as soon thereafter as practicable; (ii) such date as may be fixed by the
 11 Bankruptcy Court; (iii) the fourteenth (14th) Business Day after such Claim is Allowed or as
 12 soon thereafter as practicable; (iv) the date such Claim becomes due by its terms; and (v) such
 13 date as is agreed to by the Holder of such Claim and the applicable Debtor or applicable
 14 Reorganized Debtor.

15 **2.2.1. Requests for Payment.** All requests for payment of Administrative Claims
 16 against a Debtor and all final applications for allowance and disbursement of Professional Fees
 17 must be filed by the Administrative Claim Bar Date or the Holders thereof shall be forever
 18 barred from asserting such Administrative Claims against Debtors and the Reorganized Debtors.
 19 All Professional Fee applications must be in compliance with all of the terms and provisions of
 20 any applicable order of the Bankruptcy Court, including the Confirmation Order, and all other
 21 orders governing payment of Professional Fees. Unless otherwise ordered by the Bankruptcy
 22 Court, from and after the Effective Date no professional shall be required to file fee applications
 23 with the Bankruptcy Court, and the Debtors or the Reorganized Debtors, as applicable, may pay
 24 all professionals in the ordinary course for reasonable fees and expenses related to
 25 implementation and consummation of the Plan incurred after the Effective Date.
 26 Notwithstanding the foregoing, no request for payment of an Administrative Claim shall be filed
 27 with respect to an Administrative Claim previously allowed by the Cash Collateral Order, the
 28 Backstop Order or any other Final Order.

29 **2.2.2. Allowed Priority Tax Claims.** Except to the extent a Holder of an
 30 Allowed Priority Claim agrees to less favorable treatment, each Holder of an Allowed Priority
 31 Tax Claim, if any, will, in full and final satisfaction of such Claim, be paid in full (or be treated
 32 in compliance with Section 1129(a)(9)(C) of the Bankruptcy Code) by the applicable Debtor, or
 33 after the Substantial Consummation Date, by the applicable Reorganized Debtor on the latest of
 34 (i) the Effective Date or as soon thereafter as practicable; (ii) such date as may be fixed by the
 35 Bankruptcy Court; (iii) the fourteenth (14th) Business Day after the date on which an order
 36 allowing such Claim becomes a Final Order; or (iv) such date as is agreed to by the Holder of
 37 such Claim and the applicable Debtor or the applicable Reorganized Debtor.

3. DESIGNATION OF CLASSES OF CLAIMS AND EQUITY INTERESTS

38 Pursuant to this Plan and in accordance with Section 1123(a)(1) of the Bankruptcy Code,
 39 all Claims and Equity Interests (except Administrative Claims and Priority Tax Claims) are
 40 placed in the Classes described below with respect to each Debtor, as applicable. A Claim or
 41 Equity Interest is classified in a particular Class only to the extent that the Claim or Equity
 42 Interest qualifies within the description of that Class and is classified in other Classes only to
 43 the extent that any remainder of the Claim or Equity Interest qualifies within the description of such
 44 other Classes. A Claim or Equity Interest is also classified in a particular Class only to the extent
 45 that such Claim or Equity Interest is an Allowed Claim or Allowed Equity Interest in that Class
 46 and has not been paid, released or otherwise satisfied prior to the Effective Date. With respect to
 47 Classes of Claims described as Unimpaired under this Plan, except as otherwise provided under
 48 this Plan, nothing shall affect the rights and legal and equitable defenses of a Debtor, or a
 Reorganized Debtor, regarding such Claims classified as Unimpaired under this Plan, including

1 but not limited to all rights in respect of legal and equitable defenses to setoff or recoupment
2 against such Claims.

3 **3.1. Summary of Classification.**

4 Class 1	Other Priority Claims	Unimpaired- deemed accepted - no solicitation required
5 Class 2	Other Secured Claims	Unimpaired- deemed accepted - no solicitation required
6 Class 3	General Unsecured Claims	Impaired- entitled to vote - solicitation required
7 Class 4	First Priority Senior Secured Claims	Impaired-entitled to vote - solicitation required
8 Class 5	Senior Secured Claims	Impaired- entitled to vote - solicitation required
9 Class 6	Section 510(b) Claims	Impaired – deemed rejected – no solicitation required
10 Class 7	Intercompany Claims	Impaired/Unimpaired- deemed accepted/deemed rejected - no solicitation required
11 Class 8	Equity Interest in RHC	Impaired- deemed rejected - no solicitation required
12 Class 9	Intercompany Equity Interests	Unimpaired- deemed accepted - no solicitation required

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18 **3.2. Specific Classification.**

19 **3.2.1. Class 1: Other Priority Claims.** Class 1 consists of all Other Priority
20 Claims against a Debtor.

21 **3.2.2. Class 2: Other Secured Claims.** Class 2 consists of all Other Secured
22 Claims against a Debtor.

23 **3.2.3. Class 3: General Unsecured Claims.** Class 3 consists of all General
24 Unsecured Claims against a Debtor other than with respect to deficiency claims arising from
25 Senior Secured Claims.

26 **3.2.4. Class 4: First Priority Senior Secured Claims.** Class 4 consists of all
27 First Priority Senior Secured Claims.

28 **3.2.5. Class 5: Senior Secured Claims.** Class 5 consists of all Senior Secured
Claims.

3.2.6. Class 6: Section 510(b) Claims. Class 6 consists of all Section 510(b)
Claims.

1 **3.2.7. Class 7: Intercompany Claims.** Class 7 consists of all Intercompany
Claims against Debtors.

2 **3.2.8. Class 8: Equity Interest in RHC.** Class 8 consists of all RHC Equity
3 Interests.

4 **3.2.9. Class 9: Intercompany Equity Interests.** Class 9 consists of all
Intercompany Equity Interests in Debtors.

5
6 **4. DESIGNATION OF AND PROVISIONS FOR TREATMENT OF CLASSES OF
CLAIMS NOT IMPAIRED BY THIS PLAN**

7 **4.1. Class 1 – Other Priority Claims.** Except to the extent that a Holder of an
Allowed Other Priority Claim agrees to less favorable treatment, each Holder of an Allowed
8 Other Priority Claim, if any, shall, in full and final satisfaction of such Claim, be paid in full in
Cash by the applicable Debtor or applicable Reorganized Debtor, as the case may be, upon the
9 latest of: (i) the Effective Date or as soon thereafter as practicable; (ii) such date as may be fixed
by the Bankruptcy Court; (iii) the fourteenth (14th) Business Day after such Claim is Allowed;
10 and (iv) such date as agreed upon by the Holder of such Claim and the applicable Debtor, and
after the Substantial Consummation Date, the applicable Reorganized Debtor. Holders of Claims
11 in Class 1 are Unimpaired under this Plan, deemed to have accepted this Plan pursuant to Section
1126(f) of the Bankruptcy Code, and are not entitled to vote on this Plan.

12 **4.2. Class 2 – Other Secured Claims.** Except to the extent that a Holder of an
Allowed Other Secured Claim agrees to less favorable treatment, each Holder of an Allowed
13 Other Secured Claim, if any, shall, in full and final satisfaction of such Claim, be paid in full in
Cash or otherwise left Unimpaired by the applicable Debtor or applicable Reorganized Debtor,
14 as the case may be, upon the latest of: (i) the Effective Date or as soon thereafter as practicable;
15 (ii) such date as may be fixed by the Bankruptcy Court; (iii) the fourteenth (14th) Business Day
after such Claim is Allowed; and (iv) such date as agreed upon by the Holder of such Claim and
16 the applicable Debtor, and after the Substantial Consummation Date, the applicable Reorganized
Debtor. Creditors in Class 2 are Unimpaired under this Plan, deemed to have accepted this Plan,
17 and are not entitled to vote on this Plan.

18 **4.3. Class 9– Intercompany Equity Interests.** Except as otherwise provided herein,
Intercompany Equity Interests shall be retained and the legal, equitable, and contractual rights to
19 which the Holders of such Intercompany Equity Interests are entitled shall remain unaltered.
Holders of Class 9 Intercompany Equity Interests are Unimpaired under this Plan and are not
20 entitled to vote on this Plan.

21 **5. DESIGNATION OF AND PROVISIONS FOR TREATMENT OF CLASSES OF
CLAIMS AND EQUITY INTERESTS IMPAIRED BY THIS PLAN**

22 **5.1. Class 3 -- General Unsecured Claims.** On the Substantial Consummation Date,
23 each holder of an Allowed General Unsecured Claim, other than with respect to deficiency
claims arising from the Senior Secured Claims, will receive from the applicable Reorganized
24 Debtor, in full satisfaction of its Allowed Claim, payment in full thereof, but in no event shall the
total payment to the Holders of Allowed General Unsecured Claims exceed \$3,000,000 in total;
25 it being understood that if such total payment would exceed \$3,000,000, the Holders of Allowed
General Unsecured Claims shall instead receive their Pro Rata share of \$3,000,000 in full
26 satisfaction of their Allowed General Unsecured Claims. Holders of Class 3 Claims are
Impaired under this Plan and are entitled to vote on this Plan.

27 **5.2. Class 4 – First Priority Senior Secured Claims** The First Priority Senior
28 Secured Claims shall be Allowed and deemed to be Allowed Claims in the aggregate amount of

1 \$[•] and shall not be subject to any right or legal or equitable defense of any Debtor. On the
 2 Substantial Consummation Date, the First Priority Senior Secured Claims shall be cancelled and
 3 each existing Holder of such Claims shall receive in full and final satisfaction of such Claims a
 4 portion of the Series A Term Loan in a principal amount equal to such First Priority Senior
 5 Secured Claim. Holders of Class 4 Claims are Impaired under this Plan and are entitled to vote
 6 on this Plan.

7 **5.3. Class 5 – Senior Secured Claims.** The Senior Secured Claims shall be Allowed
 8 and deemed to be Allowed Claims in the aggregate amount of \$[•] and shall not be subject to any
 9 right or legal or equitable defense of any Debtor. On the Substantial Consummation Date, the
 10 Senior Secured Claims shall, subject to the right of Holders of Senior Secured Claims to receive
 11 the consideration described in the last sentence of this paragraph on account thereof, be cancelled
 12 and each Holder of such Claims shall receive in full and final satisfaction of such Claims: (i) a
 13 portion of the Series A Term Loan in a principal amount up to such Holder's Pro Rata share of
 14 \$50,000,000 less the portion of the Series A Term Loan received by the Holders of First Priority
 15 Senior Secured Claims and (ii) such Holder's Pro Rata share of 80.0% of the Class B Shares
 16 subject to dilution under certain circumstances described herein. Further, each Holder of such
 17 Claims shall receive such Holder's Pro Rata share of an additional 13.0% of the Class B Shares
 18 subject to dilution under certain circumstances described herein on (i) if the Partial New Money
 19 Investment Alternative is effectuated as a result of the Designated Consenting Lenders being
 20 unable to unanimously agree on the terms of the Series B Term Loan Budget on or before the
 21 date that is 30 days after the entry of the order approving the adequacy of the Disclosure
 22 Statement, the Substantial Consummation Date and (ii) if the Partial New Money Investment
 23 Alternative is effectuated as a result of the Designated New Money Election not being made, the
 24 Designated New Money Election Date.

25 Holder of Class 5 Claims are Impaired under this Plan and are entitled to vote on this
 26 Plan.

27 **5.4. Class 6 – 510(b) Claims.** Holders of Section 510(b) Claims shall not receive any
 28 distribution on account of such Claims. On the Effective Date all Section 510(b) Claims shall be
 discharged. Holders of Class 6 Claims are Impaired under this Plan, not entitled to vote on this
 Plan and deemed to have rejected this Plan.

5.5. Class 7 – Intercompany Claims. On the Substantial Consummation Date, at the
 option of the Debtors or the Reorganized Debtors, the Intercompany Claims of any Debtor
 against any other Debtor shall either be reinstated, in full or in part, or cancelled and discharged,
 in full or in part, in which case such cancelled and discharged portion shall be eliminated and the
 Holders thereof shall not be entitled to, and shall not receive or retain, any property or interest in
 property on account of such portion. Holders of Class 7 Claims shall be either Impaired or
 Unimpaired, not entitled to vote on this Plan and deemed to have either rejected or accepted this
 Plan, as applicable.

5.6. Class 8 – Equity Interests in RHC. On the Substantial Consummation Date, all
 Class 8 Equity Interests in RHC shall be cancelled and Holders of Class 8 Equity Interests shall
 not receive any distribution on account of such Equity Interests. Holders of Class 8 Equity
 Interests in RHC are Impaired under this Plan, not entitled to vote on this Plan and deemed to
 have rejected this Plan.

6. MEANS FOR IMPLEMENTATION OF PLAN

6.1. Reorganized Debtors. Except as provided for herein, the Reorganized Debtors
 shall continue to exist after the Substantial Consummation Date as separate entities in
 accordance with applicable law. Where applicable, the existing articles of incorporation and
 bylaws or articles of organization and operating agreements will continue in effect following the

1 Substantial Consummation Date, except to the extent that such articles of incorporation and
2 bylaws or articles of organization and operating agreements are amended in conformance with
this Plan, or by proper corporate actions implemented after the Substantial Consummation Date.

3 **6.2. The Total New Money Investment Alternative and the Partial New Money**
4 **Investment Alternative.** This Plan provides for potential implementation of one of two
5 financing alternatives: (1) the Total New Money Investment Alternative or (2) the Partial New
6 Money Investment Alternative. In the event (a) the Designated Consenting Lenders have
7 unanimously agreed upon the terms of the Series B Term Loan Budget on or before the date that
8 is 30 days after the entry of the order approving the adequacy of the Disclosure Statement and
9 (b) the Designated New Money Election is made, the Total New Money Investment Alternative
shall be effectuated hereunder. If, however, (x) the Designated Consenting Lenders are unable to
unanimously agree on the terms of the Series B Term Loan Budget on or before the date that is
30 days after the entry of the order approving the adequacy of the Disclosure Statement or (y) the
Designated Consenting Lenders unanimously so agree but the Designated New Money
Election is not made, the Partial New Money Investment Alternative shall be effectuated
hereunder instead of the Total New Money Investment Alternative.

10 **6.3. Substantial Consummation Date Events and Designated New Money Election**
11 **Date Events**

12 **6.3.1. Substantial Consummation Date Events.**

13 a) (i) The Working Capital Facility shall be consummated, (ii) the First Lien
14 Credit Agreement shall be executed and delivered and (iii) each Senior Secured Lender
15 will receive its ratable share of notes evidencing the Series A Term Loan and each Senior
Secured Lender electing to participate in the Working Capital Facility will receive its
ratable share of notes evidencing the Revolving Loans outstanding from time to time
under the Working Capital Facility;

16 b) Reorganized RHC shall issue 100% of the Class A Shares to Riviera
17 Voteco, L.L.C.; and

18 c) Reorganized RHC shall issue (i) 80% of the Class B Shares ratably to
19 Holders of Senior Secured Claims, (ii) 7.0% of the Class B Shares ratably to those certain
20 Senior Secured Lenders electing to participate in the Working Capital Facility and (iii) if
21 the Partial New Money Investment Alternative is effectuated as a result of the Designated
Consenting Lenders being unable to unanimously agree on the terms of the Series B
Term Loan Budget on or before the date that is 30 days after the entry of the order
approving the adequacy of the Disclosure Statement, 13.0% of the Class B Shares ratably
to Holders of Senior Secured Claims.

22 **6.3.2. Designated New Money Election Date Events.**

23 a) To the extent the Total New Money Investment Alternative is effectuated,
24 (i) the Series B Term Loan shall be consummated, (ii) the Second Lien Credit Agreement
25 shall be executed and delivered and (iii) each Senior Secured Lender electing to
26 participate in the Series B Term Loan will receive its ratable share of notes evidencing
27 the Series B Term Loan, which shall be issued and delivered in accordance with the
28 Credit Facilities, and penny warrants to purchase up to 10.0% of the Class B Shares (it
being understood that such penny warrants shall result in dilution of the amount of Class
B Shares received by all Holders of Senior Secured Claims under Section 5.3 above and
otherwise received by those certain Senior Secured Lenders as consideration for
participating in the New Money Investment);

1 b) Riviera Voteco, L.L.C. shall issue (i) if the Total New Money Alternative
 2 is effectuated, (A) 80.0% of its membership interest (the "Voteco Interest") ratably to the
 3 Holders of Senior Secured Claims or their designees, as applicable, (B) 15.0% of the
 4 Voteco Interests ratably to those Holders of Senior Secured Claims (including, without
 5 limitation, the Backstop Lenders) electing to participate in the New Money Investment or
 6 their designees, as applicable, and (C) 5.0% of the Voteco Interests ratably to the
 7 Backstop Lenders in accordance with the Backstop Commitment Agreement or their
 8 designees, as applicable; or (ii) if the Partial New Money Investment Alternative is
 9 effectuated: (A) 93.0% of the Voteco Interest ratably to the Holders of Senior Secured
 10 Claims or their designees, as applicable, and (B) 7.0% of the Voteco Interests ratably to
 11 those Holders of Senior Secured Claims (including, without limitation, the Backstop
 12 Lenders) electing to participate in the New Money Investment or their designees, as
 13 applicable; provided, however, that in the case of both clause (i) and (ii) above, any such
 14 Holder (or, if applicable, designated Person) which fails to obtain necessary licenses
 15 under the Gaming Laws on or prior to the Designated New Money Election Date shall,
 16 instead of receiving Voteco Interest, receive penny warrants to purchase such Person's
 17 ratable share of the Voteco Interest immediately upon such Person becoming so licensed;
 18 and

19 c) Reorganized RHC shall issue, (i) if the Total New Money Investment
 20 Alternative is effectuated: (A) 8% of the Class B Shares ratably to those Holders of
 21 Senior Secured Claims electing to participate in the New Money Investment; and (B) 5%
 22 of the Class B Shares ratably to the Backstop Lenders in accordance with the Backstop
 23 Commitment Agreement and (ii) if the Partial New Money Investment is effectuated as a
 24 result of the Designated New Money Election not being made, 13.0% of the Class B
 25 Shares ratably to Holders of Senior Secured Claims.

26 **6.4. Post-Effective Date and Pre-Substantial Consummation Date Management
 27 and Operations.** From the Effective Date until the Substantial Consummation Date, the Debtors
 28 will continue to be managed by the existing managers, officers and directors under their existing
 29 employment agreements regarding the management of operations, maintenance of working
 30 capital and utilization of cash flows of the Reorganized Debtors, all in accordance with
 31 applicable Gaming Laws and the Budget (as defined in the Cash Collateral Stipulation). The
 32 Debtors and, after the Substantial Consummation Date, Reorganized Debtors, shall be
 33 responsible for the payment of all Allowed Claims to be paid pursuant to this Plan which are not
 34 paid on or before the Substantial Consummation Date, as well as all Allowed Claims, including
 35 Taxes and Professional Fees, incurred by the Debtors.

36 **6.5. Post-Substantial Consummation Date Officers and Directors.** On the
 37 Substantial Consummation Date the existing board of directors of RHC (the "Old Board") will
 38 be deemed to have resigned without any further action on the part of RHC or the Old Board, and
 39 the initial board of directors of Reorganized RHC (the "New Board") will be composed of five
 40 directors, including a chairman, which will be selected by Riviera Voteco, L.L.C. prior to the
 41 commencement of the Confirmation Hearing.

42 **6.6. Initial Officers and Directors of Reorganized Debtors.** Debtors will disclose,
 43 at or prior to the Confirmation Hearing, the identity and affiliations of each Person proposed to
 44 serve on the New Board and each initial board of directors of each other Reorganized Debtor,
 45 and, to the extent such Person is an insider other than by virtue of being a director, the nature of
 46 any compensation for such Person. Each such director and officer shall serve from and after the
 47 Substantial Consummation Date pursuant to applicable law and the terms of the organizational
 48 documents of the applicable Reorganized Debtors.

49 **6.7. No Corporate Action Required.** As of the Effective Date and Substantial
 50 Consummation Date, as the case may be: (i) the adoption, execution, delivery and

1 implementation or assignment of all contracts, leases, instruments, releases and other agreements
 2 related to or contemplated by this Plan; and (ii) the other matters provided for under or in
 3 furtherance of this Plan involving corporate action to be taken by or required of each Debtor
 4 shall be deemed to have occurred and be effective as provided herein, and shall be authorized
 5 and approved in all respects without further order of the Bankruptcy Court or any requirement of
 6 further action by the officers of each Debtor. Without limiting the foregoing, the adoption of the
 7 new and/or amended organizational documents, and the selection of directors and officers for,
 8 each of the Reorganized Debtors, and all other actions contemplated by or described in this Plan
 9 with respect thereto, shall be authorized and approved and be binding and in full force and effect
 10 in all respects (subject to the provisions of this Plan and the Confirmation Order), in each case
 11 without further notice to or order of the Bankruptcy Court, act or action under applicable law,
 12 regulation, order, or rule (other than filing such organizational documents with the applicable
 13 governmental unit as required by applicable law) or the vote, consent, authorization or approval
 14 of any Person.

15 **6.8. Effectuation of Transactions.** On the Effective Date, the Substantial
 16 Consummation Date or Designated New Money Election Date, as applicable, the appropriate
 17 officers of the Debtors and the Reorganized Debtors and members of their respective boards of
 18 directors are authorized to issue, execute, and deliver, and consummate the transactions
 19 contemplated by, the contracts, agreements, documents, guarantees, pledges, consents, securities,
 20 certificates, resolutions and instruments contemplated by or described in this Plan to be
 21 effectuated on the Effective Date, the Substantial Consummation Date or the Designated New
 22 Money Election Date, as applicable, in the name of and on behalf of the Debtors and
 23 Reorganized Debtors, in each case without further notice to or order of the Bankruptcy Court, act
 24 or action under applicable law, regulation, order, or rule or any requirement of further action,
 25 vote or other approval or authorization by any Person.

26 **6.9. Debtors Organizational Documents.** As of the Substantial Consummation Date,
 27 the certificates or articles of incorporation and by-laws or other organizational documents of
 28 each of the Debtors shall be amended as necessary to satisfy the provisions of this Plan and the
 Bankruptcy Code, and shall: (i) include, among other things, pursuant to section 1123(a)(6) of
 the Bankruptcy Code, a provision prohibiting, the issuance of non-voting equity securities, but
 only to the extent required by section 1123(a)(6) of the Bankruptcy Code; and (ii) to the extent
 necessary or appropriate, include such provisions as may be needed to effectuate and
 consummate this Plan and the transactions contemplated herein.

6.10. Dissolution. On the Substantial Consummation Date, Debtors' affiliates Riviera
 Gaming Management, Inc. and Riviera Gaming Management of Colorado, Inc., shall be
 dissolved.

6.11. Filing with Secretary of State. To the extent applicable, in accordance with
 NRS 78.622 and any such analogous Colorado statute, on the Effective Date a certified copy of
 this Plan and the Confirmation Order shall be filed with the Nevada Secretary. Each corporate
 Debtor, from the Confirmation Date until the Effective Date, is authorized and directed to take
 any action or carry out any proceeding necessary to effectuate this Plan pursuant to NRS 78.622.
 To the extent there is an analogous Colorado statute, the same shall apply to each Debtor.

7. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1. Executory Contracts. Except for Executory Contracts and Unexpired Leases
 specifically addressed in this Plan or set forth on the schedule of Rejected Executory Contracts
 and Unexpired Leases attached as Schedule 7.1 hereto (which may be supplemented and
 amended up to the date the Bankruptcy Court enters the Confirmation Order only with the
 approval of the Debtors and the Requisite Consenting Lenders), all Executory Contracts and
 Unexpired Leases that exist on the Confirmation Date shall be deemed assumed by the

1 applicable Debtor on the Effective Date. Neither the exclusion nor inclusion of any Executory
2 Contract or Unexpired Lease on Schedule 7.1 hereto, nor anything contained in this Plan shall
3 constitute an admission by the Debtors that any such contract or lease is in fact an Executory
4 Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If
5 there is a dispute regarding whether a contract or lease is or was executory or unexpired at the
6 time of assumption or rejection, the Debtors or Reorganized Debtors, as applicable, shall have 30
7 days following entry of a Final Order resolving such dispute to alter their treatment of such
8 contract or lease hereunder.

9
10 **7.2. Approval of Assumption or Rejection.** Entry of the Confirmation Order shall
11 constitute as of the Effective Date: (i) approval, pursuant to Section 365(a) of the Bankruptcy
12 Code, of the assumption by the applicable Debtor of each Executory Contract and Unexpired
13 Lease to which a Debtor is a party not listed on Schedule 7.1, not otherwise provided for in this
14 Plan and neither assumed, assumed and assigned nor rejected by separate order prior to the
15 Effective Date; and (ii) rejection by the Debtor of each Executory Contract and Unexpired Lease
16 to which such Debtor is a party listed on Schedule 7.1. Upon the Effective Date, each counter
17 party to an assumed Executory Contract or Unexpired Lease shall be deemed to have consented
18 to assumption contemplated by Section 365(c)(1)(B) of the Bankruptcy Code, to the extent such
19 consent is necessary for such assumption. To the extent applicable, all Executory Contracts or
20 Unexpired Leases of Reorganized Debtors assumed pursuant to this Section 7 shall be deemed
21 modified such that the transactions contemplated by this Plan shall not be a "change of control,"
22 however such term may be defined in the relevant Executory Contract or Unexpired Lease and
23 any required consent under any such Executory Contract or Unexpired Lease shall be deemed
24 satisfied by the confirmation of this Plan.

25
26 **7.3. Cure of Defaults.** The applicable Debtor shall Cure any defaults in respect of
27 each Executory Contract or Unexpired Lease assumed pursuant to this Section 7 upon the latest
28 of (i) the Effective Date or as soon thereafter as practicable; (ii) such dates as may be fixed by
the Bankruptcy Court or agreed upon by such Debtor, and after the Substantial Consummation
Date, the Reorganized Debtor; or (iii) the fourteenth (14th) Business Day after the entry of a
Final Order resolving any dispute regarding (a) a Cure amount; (b) the ability of the Debtor or
the Reorganized Debtor to provide adequate assurance of future performance under the
Executory Contract or Unexpired Lease assumed pursuant to this Plan in accordance with
Section 365(b)(1) of the Bankruptcy Code; or (c) any matter pertaining to assumption,
assignment or the Cure of a particular Executory Contract or an Unexpired Lease. Schedule 7.3
to the Plan lists the Debtors' proposed Cure amounts, if any, that will be paid as provided for
above, which Schedule 7.3 may be amended up to and including the five (5) days prior to the
commencement of the Confirmation Hearing.

29
30 **7.4. Objection to Cure Amounts.** Any party to an Executory Contract or Unexpired
31 Lease who objects to the listed Cure amounts must file and serve an objection on Debtors
32 counsel no later than thirty (30) days after the Effective Date. Failure to file and serve a timely
33 objection shall be deemed consent to the Cure amounts listed on Schedule 7.3. Any Cure
34 amounts shall be the responsibility of the applicable Reorganized Debtor. If there is a dispute
35 regarding: (i) the amount of any Cure payment; (ii) the ability of a Reorganized Debtor to
36 provide "adequate assurance of future performance" under the Executory Contract or Unexpired
37 Lease to be assumed or assigned; or (iii) any other matter pertaining to assumption, the Cure
38 payments required by Section 365(b)(1) of the Bankruptcy Code will be made following the
entry of a Final Order resolving the dispute and approving the assumption.

39
40 **7.5. Confirmation Order.** The Confirmation Order will constitute an order of the
41 Bankruptcy Court approving the assumptions described in this Section 7, pursuant to Section 365
42 of the Bankruptcy Code, as of the Effective Date. Notwithstanding the foregoing, if, as of the
43 date the Bankruptcy Court enters the Confirmation Order, there is pending before the Bankruptcy
44 Court a dispute concerning the cure amount or adequate assurance for any particular Executory

1 Contract or Unexpired Lease (or if the time period for a non-Debtor to object to the Cure has not
2 yet lapsed), the assumption of such Executory Contract or Unexpired Lease shall be effective as
3 of the date the Bankruptcy Court enters an order resolving any such dispute and authorizing
4 assumption by the applicable Debtor.

5 **7.6. Post-Petition Date Contracts and Leases.** Each such Executory Contract and
6 Unexpired Lease entered into by a Debtor after the Petition Date shall be performed by the
7 Debtor or the Reorganized Debtor, as applicable, in the ordinary course of its business.

8 **7.7. Bar Date.** All proofs of Claims with respect to Claims arising from the rejection
9 of any Executory Contract or Unexpired Lease shall be filed no later than thirty (30) days after
10 the Effective Date. Any Claim not filed within such time shall be forever barred.

11 **8. MANNER OF DISTRIBUTION OF PROPERTY UNDER THIS PLAN**

12 **8.1. Distributions.** Each Debtor, and if applicable, Reorganized Debtor, shall be
13 responsible for making Distributions described in this Plan. Except as otherwise provided in this
14 Plan or the Confirmation Order, all Cash necessary for the Reorganized Debtors to make
15 payments pursuant to this Plan shall be obtained from existing Cash balances, the operations of
16 the Debtors and the Reorganized Debtors or the New Money Investment. The Reorganized
17 Debtors may also make such payments using Cash received from their subsidiaries through their
18 consolidated cash management systems. Holders of Claims and Equity Interests shall not be
19 entitled to interest, dividends or accruals on the distributions provided for in this Plan, regardless
20 of whether such distributions are delivered on or at any time after the Effective Date or
21 Substantial Consummation Date, as applicable. The Debtors shall have no obligation to
22 recognize any transfer of Claims or Equity Interest occurring on or after the Record Date.

23 **8.2. No Postpetition Interest on Claims.** Unless otherwise specifically provided for
24 in the Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition
25 interest, late fees and penalties shall not accrue or be paid on any Claims and no Holder of a
26 Claim shall be entitled to interest accruing on or after the Petition Date on any such Claim.

27 **8.3. Delivery of Distributions.** Except as otherwise provided in the Plan,
28 distributions to Holders of Allowed Claims shall be made to Holders of record as of the
Confirmation Date by the Debtors or Reorganized Debtors: (1) in case of Holders of First
Priority Senior Secured Claims and Senior Secured Claims, directly to the Holder thereof; (2) to
the signatory set forth on any of the proofs of Claim filed by such Holder or other representative
identified therein; (3) at the addresses set forth in any written notices of address changes
delivered to the Debtors or Reorganized Debtors after the date of any related proof of Claim; (4)
at the addresses reflected in the Schedules if no proof of Claim has been filed and the Debtors or
Reorganized Debtors has not received a written notice of a change of address; or (5) on any
counsel that has appeared in the Chapter 11 Cases on the Holder's behalf. The Debtors, the
Reorganized Debtors, and the Disbursing Agent, as applicable, shall not incur any liability
whatsoever on account of any distributions under the Plan except for gross negligence or willful
misconduct.

8.4. Minimum Distributions. No fractional Class A Shares or Class B Shares shall
be distributed and no Cash shall be distributed in lieu of such fractional amounts. When any
distribution pursuant to this Plan on account of an Allowed Claim would otherwise result in the
issuance of a number of Class A Shares or Class B Shares that is not a whole number, the actual
distribution of such shares shall be rounded as follows: (a) fractions of one half ($\frac{1}{2}$) or greater
shall be rounded to the next higher whole number and (b) fractions of less than one half ($\frac{1}{2}$) shall
be rounded to the next lower whole number with no further payment therefore. The total number
of authorized Class A Shares and Class B Shares to be distributed to holders of Allowed Claims
and the Backstop Lenders shall be adjusted as necessary to account for the foregoing rounding.

1 **8.5. Undeliverable Distributions and Unclaimed Property.** In the event that any
2 distribution to any Holder is returned as undeliverable, no distribution to such Holder shall be
3 made unless and until the Debtors or Reorganized Debtors, as applicable, have determined the
4 then current address of such Holder, at which time such distribution shall be made to such
5 Holder without interest; provided, however, that such distributions shall be deemed unclaimed
6 property under section 347(b) of the Bankruptcy Code at the expiration of one year from the
7 Effective Date or Substantial Consummation Date, as applicable. After such date, all unclaimed
8 property or interests in property shall revert to the Reorganized Debtors automatically and
9 without need for a further order by the Bankruptcy Court (notwithstanding any applicable
10 federal, provincial or state escheat, abandoned or unclaimed property laws to the contrary), and
11 the Claim of any Holder to such property or interest in property shall be discharged and forever
12 barred.

13 **8.6. No Recourse.** No recourse shall ever be had, directly or indirectly, against
14 Debtors, the Reorganized Debtors or against any agent, attorney, accountant or other
15 professional for the Reorganized Debtors, by legal or equitable proceedings or by virtue of any
16 statute or otherwise, nor upon any promise, contract, instrument, undertaking, obligation,
17 covenant or agreement whatsoever executed by the Debtors or the Reorganized Debtors under
18 this Plan, or by reason of the creation of any indebtedness by the Debtors or the Reorganized
19 Debtors under this Plan for any purpose authorized by this Plan, it being expressly understood
20 and agreed that all such liabilities, covenants, and agreements of the Debtors and the
21 Reorganized Debtors, whether in writing or otherwise, shall be enforceable only against and be
22 satisfied only out of the Assets or such part thereof as shall under the terms of any such
23 agreement be liable therefore or shall be evidence only of a right of payment out of the Assets.

24 **8.7. Reserves.** Each Debtor, and if applicable, Reorganized Debtor, shall establish
25 and maintain a Disputed Claim Reserve.

26 **8.8. Statements.** Debtors and, if applicable, the Reorganized Debtors, shall maintain
27 a record of the names and addresses of all Holders of Allowed General Unsecured Claims as of
28 the Effective Date and all Holders as of the Record Date of Equity Interests of Debtors for
purposes of mailing Distributions to them. The Debtors and the Reorganized Debtors may rely
on the name and address set forth in Debtors' Schedules and/or proofs of Claim and the ledger
and records regarding Holders of Equity Interests as of the Record Date as being true and correct
unless and until notified in writing. Each Debtor and Reorganized Debtor shall file all tax
returns and other filings with governmental authorities on behalf of the Debtor and Reorganized
Debtor and the Assets it holds.

8.9. Further Authorization. Each Debtor and Reorganized Debtor shall be entitled
to seek such orders, judgments, injunctions and rulings as it deems necessary to carry out the
intentions and purposes, and to give full effect to the provisions of this Plan.

22 **9. CONDITIONS PRECEDENT TO CONFIRMATION AND THE EFFECTIVE
23 DATE**

24 **9.1. Conditions to Confirmation.** The following are conditions precedent to the
Confirmation of this Plan:

25 a) The Confirmation Order shall be in form and substance reasonably
26 acceptable to the Debtors and the Requisite Consenting Lenders;

27 b) The Confirmation Order confirming this Plan shall be entered by the
28 Bankruptcy Court no later than 135 days after the Petition Date; provided, further that
notwithstanding this clause (b) the Company shall use reasonable best efforts to obtain
entry of the Confirmation Order no later than 105 days after the Petition Date;

1 c) The Bankruptcy Court shall have entered the Backstop Order and the
2 Backstop Order shall remain in full force and effect, or alternatively, the terms and
3 conditions of the Backstop Commitment Agreement shall have been incorporated into
4 this Plan, as amended;

5 d) The Bankruptcy Court shall have authorized the assumption and rejection
6 of Executory Contracts and Unexpired Leases by the Reorganized Debtors as
7 contemplated by this Plan;

8 e) The Designated Consenting Lenders in their sole and absolute discretion
9 not having determined and notified the Debtors in writing no later than 2 Business Days
10 prior to the commencement of the Confirmation Hearing that the aggregate amount of (a)
11 Administrative Claims, (b) Other Priority Claims or (c) Other Secured Claims are
12 unacceptable; and

13 f) The Designated Consenting Lenders in their sole and absolute discretion
14 not having determined that the assumption and rejection of Executory Contracts pursuant
15 to Sections 7.1 and 7.2 of this Plan is unacceptable and so notifying the Debtors in
16 writing.

17 **9.2. Conditions to Effectiveness.** The following are conditions precedent to the
18 occurrence of the Effective Date:

19 a) The Confirmation Order shall be a Final Order reasonably acceptable to
20 the Debtors and the Requisite Consenting Lenders;

21 b) No request for revocation of the Confirmation Order under Section 1144
22 of the Bankruptcy Code shall have been made, or, if made, shall remain pending
23 (including any appeal);

24 c) The Plan Supplement, including any amendments, modifications or
25 supplements thereto, shall be in form and substance acceptable to Debtors and the
26 Requisite Consenting Lenders;

27 d) Sufficient Cash and other Assets shall be set aside, reserved and withheld
28 by each Debtor to make the distributions required by the Bankruptcy Code and this Plan;

e) Amendments or modifications to the Plan, if any, shall be reasonably
acceptable to the Debtors and Requisite Consenting Lenders; and

f) The Backstop Order (which shall be in form acceptable in all respects to
the Backstop Lenders) having been entered by the Bankruptcy Court and continuing to be
in full force and effective, or alternatively, this Plan, as amended, providing for the
approval of the Backstop Commitment Agreement.

9.3. Notice of Effectiveness. When all of the steps contemplated by Section 9.2 have
been completed, the Debtors shall file with the Bankruptcy Court and serve upon all Creditors
and all potential Holders of Administrative Claims known to the Debtors (whether or not
disputed), a notice of Effective Date of Plan. The notice of Effective Date of Plan shall include
notice of the Administrative Claim Bar Date.

9.4. Conditions to Substantial Consummation. The following are conditions
precedent to the Substantial Consummation Date:

a) The Effective Date shall have occurred;

1 b) All approvals as required for the transactions as set forth in this Plan and
2 effectuating documents, including, without limitation, all required Gaming Approvals,
have been obtained from the Governmental and Regulatory Authorities;

3 c) None of the Designated Consenting Lenders or Reorganized Debtors are
4 in material breach of this Plan or any other effectuating documents in effect from the
Effective Date through the Substantial Consummation Date;

5 d) The voting securities of Reorganized RHC shall be registered under the
6 Exchange Act of 1934, as amended;

7 e) The entire Working Capital Facility is available to Reorganized RHC;

8 f) Amendment or modifications to the Plan, if any, shall be reasonably
acceptable to the Debtors and Requisite Consenting Lenders; and

9 g) The Designated Consenting Lenders in their sole and absolute discretion
10 not having determined and notified the Debtors in writing no later than 5 Business Days
11 prior to the Substantial Consummation Date that the aggregate amount of (a)
Administrative Claims, (b) Other Priority Claims, or (c) Other Secured Claims are
unacceptable.

12 **9.5. Waiver of Conditions.** The conditions set forth in this Article 9 may be waived
13 (except for Section 9.4(a)) only by the Person whom is entitled to satisfaction of such condition
14 (it being understood that the conditions contained in Sections 9.1(a), 9.2 (a), (c) and (e) and
9.4(f) may be waived only by the Requisite Consenting Lenders), without notice, leave or order
of the Bankruptcy Court or any formal action other than a proceeding to confirm or consummate
the Plan.

15
16 **10. TITLE TO PROPERTY; DISCHARGE; INJUNCTION**

17 **10.1. Vesting of Assets.** Subject to and as provided for in this Plan, the Assets shall be
18 vested and/or transferred to and by the Reorganized Debtors on the Substantial Consummation
Date, free and clear of all Liens, Claims, charges or other encumbrance, except for Lien securing
19 the obligations under the Credit Facilities. On and after the Substantial Consummation Date, the
Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property
20 and compromise or settle any Claims without supervision of or approval by the Bankruptcy
Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than
restrictions expressly imposed by this Plan or the Confirmation Order.

21 **10.2. Preservation of Litigation Claims.** In accordance with Section 1123(b)(3) of the
22 Bankruptcy Code, and except as otherwise expressly provided herein, on the Substantial
Consummation Date all Litigation Claims shall be assigned and transferred to the Reorganized
23 Debtors. The Reorganized Debtors, as the successors in interest to the Debtors and the Estates,
may, and shall have the exclusive right to, enforce, sue on, settle, compromise, transfer or assign
24 (or decline to do any of the foregoing) any or all of the Litigation Claims, including, without
limitation, any and all derivative actions pending or otherwise existing against the Debtors as of
the Substantial Consummation Date.

25 **10.3. Settlement of Litigation Claims.** At any time after the Confirmation Date and
26 before the Substantial Consummation Date, notwithstanding anything in this Plan to the contrary,
the Debtors may settle any or all of the Litigation Claims with the approval of the Bankruptcy
27 Court pursuant to Bankruptcy Rule 9019 and the consent of the Requisite Consenting Lenders
(such consent not to be unreasonably withheld). After the Substantial Consummation Date, the
28 Reorganized Debtors may, and shall have the exclusive right to, compromise and settle any

1 Claims against them and claims they may have against any other Person or entity, including,
2 without limitation, the Litigation Claims, without notice to or approval from the Bankruptcy
3 Court, including, without limitation, any and all derivative actions pending or otherwise existing
4 against the Debtors as of the Effective Date.

5 **10.4. Discharge.** On the Effective Date, Debtors shall be discharged and released from
6 any and all Claims in Classes 1, 2 and 6 to the fullest extent provided in Sections 524 and 1141
7 of the Bankruptcy Code. On the Substantial Consummation Date, the Debtors shall be
8 discharged and released from any and all of the Claims and Equity Interests, including those in
9 Classes 3, 4, 5, 7 and 8 to the fullest extent provided in Sections 524 and 1141 of the Bankruptcy
10 Code. The Discharge shall be to the fullest extent provided under Section 1141(d)(1)(A) and (B)
11 and other applicable provisions of the Bankruptcy Code. Except as otherwise expressly provided
12 by this Plan or the Confirmation Order, all consideration distributed under this Plan shall be in
13 exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims and
14 Equity Interests of any kind or nature whatsoever against the Debtors or any of their assets or
15 properties, and regardless of whether any property shall have been distributed or retained
16 pursuant to this Plan on account of such Claims.

17 **10.5. Releases by the Debtors.** Pursuant to section 1123(b) of the Bankruptcy Code,
18 for good and valuable consideration, including the service of the Released Parties to facilitate the
19 expeditious reorganization of the Debtors and the implementation of the restructuring
20 contemplated by the Plan, on and after the Substantial Consummation Date, the Released Parties
21 are deemed released and discharged by the Debtors, the Reorganized Debtors, and their
22 respective Estates from any and all Claims, obligations, rights, suits, damages, Causes of Action,
23 remedies and liabilities whatsoever, including any derivative Claims asserted on behalf of the
24 Debtors, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in
25 law, equity or otherwise, that the Debtors, the Reorganized Debtors, or and their respective
26 Estates would have been legally entitled to assert in their own right (whether individually or
27 collectively) or on behalf of the Holder of any Claim or Equity Interest or other Entity, based on
28 or relating to, or in any manner arising from, in whole or in part, the Debtors, the Debtors'
restructuring, the Debtors' Chapter 11 Cases, the purchase, sale or rescission of the purchase or
sale of any security of the Debtors or the Reorganized Debtors, the subject matter of, or the
transactions or events giving rise to, any Claim or Equity Interest that is treated in the Plan, the
business or contractual arrangements between any Debtor and any Released Party, the
restructuring of Claims and Equity Interests before or during the Chapter 11 Cases, the
negotiation, formulation or preparation of the Plan, the Plan Supplement, the Disclosure
Statement or related agreements, instruments or other documents, or any other act or omission,
transaction, agreement, event or other occurrence relating to the Debtors taking place on or
before the Confirmation Date of the Plan, other than Claims or liabilities arising out of or
relating to any act or omission of a Released Party that constitutes willful misconduct or gross
negligence.

29 **10.6. Releases by Holders.** As of the Effective Date for Classes 1, 2, and 6, and as of
30 the Substantial Consummation Date for Classes 3, 4, 5, 7, 8 and 9, each Holder of a Claim or an
31 Equity Interest shall be deemed to have conclusively, absolutely, unconditionally, irrevocably
32 and forever, released and discharged the Debtors, the Reorganized Debtors and the Released
33 Parties (to the extent allowed by applicable law) from any and all Claims, Interests, obligations,
34 rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, including any
35 derivative Claims asserted on behalf of a Debtor, whether known or unknown, foreseen or
36 unforeseen, existing or hereafter arising, in law, equity or otherwise, that such entity would have
37 been legally entitled to assert (whether individually or collectively), based on or relating to, or in
38 any manner arising from, in whole or in part, the Debtors, the Debtors' restructuring, the
Debtors' Chapter 11 Cases, the purchase, sale or rescission of the purchase or sale of any
security of the Debtors or the Reorganized Debtors, the subject matter of, or the transactions or
events giving rise to, any Claim or Equity Interest that is treated in the Plan, the business or

1 contractual arrangements between any Debtor and any Released Party, the restructuring of
2 Claims and Equity Interests before or during the Chapter 11 Cases, the negotiation, formulation
3 or preparation of the Plan, the Plan Supplement, the Disclosure Statement or related agreements,
4 instruments or other documents, or any other act or omission, transaction, agreement, event or
5 other occurrence relating to the Debtors taking place on or before the Confirmation Date of the
6 Plan, other than Claims or liabilities arising out of or relating to any act or omission of a
7 Released Party that constitutes willful misconduct or gross negligence. Notwithstanding
8 anything contained herein or otherwise, no Backstop Lender shall be deemed to have released
9 any Defaulting Backstop Lender (as defined in the Backstop Commitment Agreement) from any
10 such Claim, Interest, obligation, right, suit, damage, Cause of Action, remedy and liability
11 whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in
12 law, equity or otherwise.

13
14 **10.7. Injunction.** From and after the Effective Date for Classes 1, 2, and 6, and as of
15 the Substantial Consummation Date for Classes 3, 4, 5, 7, 8 and 9, all entities are permanently
16 enjoined from commencing or continuing in any manner, any cause of action released or to be
17 released pursuant to the Plan or the Confirmation Order.

18
19 Except as otherwise expressly provided in this Plan, the Plan Supplement or related
20 documents, or in obligations issued pursuant to this Plan, all entities who have held, hold or may
21 hold Claims or Equity Interests that have been released pursuant to Section 10.5 or Section 10.6,
22 discharged pursuant to Section 10.4, or are subject to exculpation pursuant to Section 10.8 are
23 permanently enjoined, from and after the Effective Date, from taking any of the following
24 actions: (1) commencing or continuing in any manner any action or other proceeding of any
25 kind on account of or in connection with or with respect to any such Claims or Equity Interests;
26 (2) enforcing, attaching, collecting or recovering by any manner or means any judgment, award,
27 decree or order against such entities on account of or in connection with or with respect to any
28 such Claims or Equity Interests; (3) creating, perfecting or enforcing any encumbrance of any
kind against such entities or the property or estate of such entities on account of or in connection
with or with respect to any such Claims or Equity Interests; and (4) commencing or continuing in
any manner any action or other proceeding of any kind on account of or in connection with or
with respect to any such Claims or Equity Interests released or settled pursuant to this Plan.

The rights afforded in this Plan and the treatment of all Claims and Interests herein shall
be in exchange for and in complete satisfaction of Claims and Equity Interests of any nature
whatsoever, including any interest accrued on Claims from and after the Petition Date, against
the Debtors or any of their Assets, property or Estates.

Except as otherwise expressly provided for herein or in obligations issued pursuant hereto
from and after the Effective Date for Classes 1, 2, and 6, and as of the Substantial Consummation
Date for Classes 3, 4, 5, 7, 8 and 9, all Claims shall be fully released and discharged, and the
Equity Interests shall be cancelled, and the Debtors' liability with respect thereto shall be
extinguished completely, including any liability of the kind specified under section 502(g) of the
Bankruptcy Code.

All entities shall be precluded from asserting against the Debtors, the Debtors' Estates,
the Reorganized Debtors, each of their respective successors and assigns and each of their assets
and properties, any other Claims or interests based upon any documents, instruments or any act
or omission, transaction or other activity of any kind or nature that occurred before the Effective
Date.

10.8. Exculpation. From and after the Substantial Consummation Date, no Exculpated
Party shall have or incur, and each Exculpated Party is hereby released and exculpated from, any
Exculpated Claim or obligation, Cause of Action or liability for any Exculpated Claim, except
for gross negligence or willful misconduct, but in all respects the Exculpated Parties shall be

1 entitled to reasonably rely upon the advice of counsel with respect to their duties and
 2 responsibilities under this Plan or in the context of the Chapter 11 Cases. No Holder of a Claim
 3 or Equity Interest, or any other party-in-interest, including their respective agents, employees,
 4 representatives, financial advisors, attorneys or Affiliates, shall have any right of action against
 5 any Exculpated Party relating to, or arising out of the Exculpated Claims, except for their willful
 6 misconduct and gross negligence. Notwithstanding anything contained herein or otherwise, no
 7 Backstop Lender shall be deemed to have released or exculpated any Defaulting Backstop
 8 Lender from any such Exculpated Claim or obligation, Cause of Action or liability for any
 9 Exculpated Claim.

10 **10.9. Director and Officer Liability Insurance.** As of the Substantial Consummation
 11 Date Reorganized RHC will obtain sufficient tail coverage under a directors and officers'
 12 liability insurance policy (the "D&O Liability Insurance Policy", and, together with all insurance
 13 policies for directors and officers' liability maintained by the Debtors as of the Petition Date, the
 14 "D&O Liability Insurance Policies") for the current and former directors and officers for a period
 15 of six (6) years. As of the Substantial Consummation Date, the Reorganized Debtors shall
 16 assume all of the D&O Liability Insurance Policies pursuant to Section 365(a) of the Bankruptcy
 17 Code, and RHC will assume and, if applicable, assign to Reorganized Debtors all of the D&O
 18 Liability Insurance Policies pursuant to Section 365(a) of the Bankruptcy Code. Entry of the
 19 Confirmation Order will constitute approval by the Bankruptcy Court of Debtors' foregoing
 20 assumption and assignment by Reorganized Debtors of each of the D&O
 21 Liability Insurance Policies. Notwithstanding anything to the contrary contained in this Plan,
 22 Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity
 23 obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and
 24 each such indemnity obligation will be deemed and treated as an Executory Contract that has
 25 been assumed by Debtors and Reorganized Debtors under this Plan as to which no proof of
 26 Claim need be filed.

27 **10.10. Indemnification.** All indemnification provisions currently in place (whether in
 28 the by-laws, articles or certificates of incorporation, articles of limited partnership, limited
 liability company agreements, board resolutions (or resolutions of similar bodies) or employment
 contracts) for the current directors, officers, employees, attorneys, other professionals and agents
 of the Debtors, and such current directors and officers of the Debtors' respective Affiliates, in
 each case, who will continue in such capacities or similar capacities after the Effective Date,
 shall be assumed and shall survive effectiveness of this Plan. Nothing in the Plan shall limit,
 diminish or otherwise alter the Reorganized Debtors' defenses, claims, Causes of Action or other
 rights with respect to any such indemnification provisions.

29 **11. RETENTION OF JURISDICTION**

30 **11.1. Jurisdiction.** Notwithstanding the entry of the Confirmation Order and the
 31 occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the
 32 Chapter 11 Cases and the Reorganized Debtors after the Effective Date as is legally permissible,
 33 including jurisdiction to:

34 a) Allow, disallow, determine, liquidate, classify, estimate or establish the
 35 priority or secured or unsecured status of any Claim or Equity Interest or Disputed Claim
 36 or Disputed Equity Interests, including the resolution of any request for payment of any
 37 Administrative Claim and the resolution of any and all objections to the allowance or
 38 priority of Claims or Disputed Claims and Equity Interests or Disputed Equity Interests;

b) Grant or deny any applications for allowance of compensation or
 reimbursement of expenses authorized pursuant to the Bankruptcy Code or this Plan for
 periods ending on or before the Effective Date;

1 c) Resolve any matters related to the assumption, assignment or rejection of
2 any Executory Contract or Unexpired Lease to which Debtors or the Reorganized
3 Debtors are party and to hear, determine and, if necessary, liquidate any Claims arising
4 therefrom or Cure amounts related thereto;

5 d) Ensure that distributions to Holders of Allowed Claims and Equity
6 Interests are accomplished pursuant to the provisions of this Plan;

7 e) Decide or resolve any motions, adversary proceedings, contested or
8 litigated matters and any other matters and grant or deny any applications or motions
9 involving Debtors or the Reorganized Debtors that may be pending on the Effective Date
10 or commenced thereafter as provided for by this Plan;

11 f) Enter such orders as may be necessary or appropriate to implement or
12 consummate the provisions of this Plan and all contracts, instruments, releases and other
13 agreements or documents created in connection with this Plan or the Disclosure
14 Statement or the Confirmation Order, except as otherwise provided herein;

15 g) Decide or resolve any cases, controversies, suits or disputes that may arise
16 in connection with the consummation, interpretation or enforcement of any Final Order,
17 this Plan, the Confirmation Order or obligations of any Persons incurred in connection
18 with such Final Order, this Plan or the Confirmation Order;

19 h) Modify this Plan before or after the Effective Date pursuant to Section
20 1127 of the Bankruptcy Code and Section 12.1 of this Plan or modify any contract,
21 instrument, release or other agreement or document created in connection with this Plan,
22 the Disclosure Statement, the Confirmation Order, or the Reorganized Debtors; or
23 remedy any defect or omission or reconcile any inconsistency in any Final Order, this
24 Plan, the Confirmation Order, or any contract, instrument, release or other agreement or
25 document created in connection with this Plan, the Disclosure Statement or the
26 Confirmation Order, in such manner as may be necessary or appropriate to consummate
27 this Plan, to the extent authorized by the Bankruptcy Code;

28 i) Issue injunctions, enter and implement other orders or take such other
actions as may be necessary or appropriate to restrain interference by any Person with
consummation, implementation or enforcement of any Final Order, this Plan or the
Confirmation Order, except as otherwise provided herein;

j) Enter and implement such orders as are necessary or appropriate if a Final
Order or the Confirmation Order is for any reason modified, stayed, reversed, revoked or
vacated;

k) Determine any other matters that may arise in connection with or relate to
this Plan, any Final Order, the Disclosure Statement, the Confirmation Order or any
contract, instrument, release or other agreement or document created in connection with
this Plan, the Disclosure Statement, any Final Order or Confirmation Order, except as
otherwise provided herein;

l) Enter an order closing the Chapter 11 Cases;

m) Hear and decide Litigation Claims and continue to hear and decide
pending Litigation Claims and any other claim or cause of action of Debtors and the
Reorganized Debtors; and

///

1 n) Decide or resolve any matter over which the Bankruptcy Court has
2 jurisdiction pursuant to Section 505 of the Bankruptcy Code.

3 **12. MODIFICATION AND AMENDMENT OF PLAN**

4 **12.1. Modification and Amendment.** Prior to Confirmation, Debtors may alter,
5 amend or modify this Plan under Section 1127(a) of the Bankruptcy Code at any time, provided
6 such amendment or modification has been approved by the Requisite Consenting Lenders. After
7 the Confirmation Date and prior to the Substantial Consummation Date, the Debtors may, under
8 Section 1127(b), (c) and (d) of the Bankruptcy Code, alter, amend or modify this Plan or institute
9 proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any
10 inconsistencies in this Plan or the Confirmation Order, and to make appropriate adjustments and
11 modifications to this Plan or the Confirmation Order as may be necessary to carry out the
12 purposes and effects of this Plan so long as such proceedings do not materially adversely affect
13 the treatment of Holders of Claims under this Plan and the Requisite Consenting Lenders
14 approve any such alteration, amendment or modification.

15 **13. MISCELLANEOUS**

16 **13.1. Filing of Objections to Claims or Equity Interests.** After the Effective Date,
17 objections to Claims or Equity Interests (other than Allowed Claims and Equity Interests) shall
18 be made and objections to Claims and Equity Interests (other than Allowed Claims or Equity
19 Interests) made previous thereto shall be pursued by the Debtors or any other party properly
20 entitled to do so after notice to the Debtors and approval by the Bankruptcy Court. After the
21 Substantial Consummation Date, objections to Claims or Equity Interests (other than Allowed
22 Claims or Equity Interests) shall be made and objections to Claims and Equity Interests (other
23 than Allowed Claims or Equity Interests) made previous thereto shall be pursued by the
24 Reorganized Debtors or any other party properly entitled to do so after notice to the Reorganized
25 Debtors and approval by the Bankruptcy Court. Any objections made after the Effective Date to
26 Claims (other than Allowed Claims) arising prior to the Petition Date shall be filed and served
27 not later than one hundred and twenty (120) days after the Effective Date, and any objections to
28 Claims (other than allowed Claims) arising after the Effective Date and up to and including the
Substantial Consummation Date and to Equity Interests (other than Allowed Equity Interests)
shall be filed and served not later than one hundred and twenty (120) days after the Substantial
Consummation Date; provided, however, that such period may be extended by order of the
Bankruptcy Court for good cause shown.

13.2. Resolution of Objections After Effective Date; Distributions.

a) Resolution of Objections. From and after the Effective Date, the Debtors,
or Reorganized Debtors, as applicable, may litigate to judgment, propose settlements of,
or withdraw objections to, all pending or filed Disputed Claims and Disputed Equity
Interests and may settle or compromise any Disputed Claim or Disputed Equity Interest
without notice and a hearing and without approval of the Bankruptcy Court.

b) Distributions. In order to facilitate Distributions to Holders of Allowed
Claims, and only to the extent there are Disputed Claims in any Class, the Debtors or
Reorganized Debtors as applicable, shall set aside such amounts of Assets as the Debtors
or Reorganized Debtors determine in consultation with and upon the approval of the
Requisite Consenting Lenders, in the Disputed Claim Reserve for potential payments or
Distributions to Holders of such Disputed Claims. Upon Final Order with respect to a
Disputed Claim, the Holder of such Disputed Claim, to the extent it has been determined
to hold an Allowed Claim, shall receive from the respective Debtor or Reorganized
Debtor, in each case first out of the Disputed Claims Reserve applicable to such Claim,
that payment or Distribution to which it would have been entitled if the portion of the

1 Claim so Allowed had been Allowed as of the Effective Date or Substantial
2 Consummation Date, as applicable. Such payment or distribution shall be made as soon
as practical after the order allowing the Claim has become a Final Order.

3 c) Late-Filed Claims. No Claim filed after the Bar Date or, as applicable, the
4 Administrative Claim Bar Date shall be allowed, and all such Claims are hereby
5 disallowed in full. After the Bar Date or the Administrative Claim Bar Date, as
6 applicable, no Creditor shall be permitted to amend any claim to increase the claimed
amount; and any such amendment shall be disallowed to the extent of the late-filed
increase in the claimed amount.

7 **13.3. Effectuating Documents; Further Transactions; Timing.** Each of the officers
of Debtors or Reorganized Debtors are authorized to execute, deliver, file or record such
8 contracts, instruments, releases and other agreements or documents and to take such actions as
9 may be necessary or appropriate to effectuate and further evidence the terms and conditions of
this Plan and any Equity Interests issued, transferred or canceled pursuant to this Plan. All
10 transactions that are required to occur on the Effective Date under the terms of this Plan shall be
deemed to have occurred simultaneously. Debtors and Reorganized Debtors are authorized and
directed to do such acts and execute such documents as are necessary to implement this Plan.

11 **13.4. Exemption from Transfer Taxes.** Pursuant to Section 1146(a) of the
12 Bankruptcy Code, (i) the issuance, distribution, transfer or exchange of Estate property; (ii) the
creation, modification, consolidation or recording of any deed of trust or other interest, the
13 securing of additional indebtedness by such means or by other means in furtherance of, or
connection with this Plan or the Confirmation Order; (iii) the making, assignment, modification
or recording of any lease or sublease; or (iv) the making, delivery or recording of a deed or other
14 instrument of transfer under, in furtherance of, or in connection with, this Plan, the Confirmation
Order or any transaction contemplated above, or any transactions arising out of, contemplated by
15 or in any way related to the foregoing shall not be subject to any document recording tax, stamp
tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act or real estate transfer tax,
16 mortgage recording tax or other similar tax or governmental assessment and the appropriate state
or local government officials or agents shall be, and hereby are, directed to forego the collection
17 of any such tax or assessment and to accept for filing or recordation any of the foregoing
instruments or other documents without the payment of any such tax or assessment.

18 **13.5. Revocation or Withdrawal of this Plan.** Debtors reserve the right to revoke or
19 withdraw this Plan at any time prior to the Confirmation Date. If this Plan is withdrawn or
revoked or if the Bankruptcy Court denies confirmation of this Plan, then this Plan shall be
20 deemed null and void and nothing contained herein shall be deemed to constitute a waiver or
release of any Claims by or against Debtors or any other Person nor shall the withdrawal or
21 revocation of this Plan prejudice in any manner the rights of Debtor or any Person in any further
proceedings involving Debtors. In the event this Plan is withdrawn or revoked, nothing set forth
22 herein shall be deemed an admission of any sort and this Plan and any transaction contemplated
thereby shall be inadmissible into evidence in any proceeding.

23
24 In the event that the Substantial Consummation Date does not occur within the time
provided hereunder, upon notification submitted by the Debtors to the Court: (i) the
25 Confirmation Order shall be vacated; (ii) no additional distributions under this Plan shall be
made except that distribution pursuant to Sections 2.2, 4.1 and 4.2 shall continue unaffected; (iii)
26 the Debtors and all Holders of Claims (except for Holders of Administrative Claims, Other
Priority Claims, and Other Secured Claims) shall be restored to the status quo ante as of the day
27 immediately preceding the Confirmation Date as though the Confirmation Date had never
occurred, and (iv) the Debtors' obligations with respect to the Claims shall remain unchanged
28 (except to the extent of any post-Effective Date payments and continuing payments pursuant to
Sections 2.2, 4.1 and 4.2) and nothing contained in this Plan shall constitute or be deemed a

1 waiver or release of any Claims by or against the Debtors or any other Person or to prejudice in
2 any manner the rights of the Debtors or any Person in any further proceedings involving the
Debtors.

3 **13.6. Binding Effect.** This Plan shall be binding upon, and shall inure to the benefit of,
4 the Debtors and their Estates, the Reorganized Debtors and the Holders of all Claims and Equity
Interests and their respective successors and assigns.

5 **13.7. Governing Law.** Except to the extent that the Bankruptcy Code or other federal
6 law is applicable or as provided in any contract, instrument, release or other agreement entered
7 into in connection with this Plan or in any document which remains unaltered by this Plan, the
8 rights, duties and obligations of Debtors and any other Person arising under this Plan shall be
governed by, and construed and enforced in accordance with, the internal laws of the State of
Nevada without giving effect to Nevada choice of law provisions.

9 **13.8. Modification of Payment Terms.** The Debtors and Reorganized Debtors, as
10 applicable, reserve the right to modify the treatment of any Allowed Claim or Allowed Equity
11 Interest in any manner adverse only to the Holder of such Allowed Claim or Allowed Equity
Interest at any time after the Effective Date upon the prior written consent of the Holder whose
Allowed Claim or Allowed Equity Interest treatment is being adversely affected.

12 **13.9. Allocation of Plan Distributions Between Principal and Interest.** To the
13 extent that any Allowed Claim entitled to a distribution under this Plan is comprised of
14 indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent
permitted by applicable law, be allocated for income tax purposes to the principal amount of the
Claim first and then, to the extent that the consideration exceeds the principal amount of the
Claim, to the portion of such Claim representing accrued but unpaid interest.

15 **13.10. Means of Cash Payment.** Payments of Cash made pursuant to this Plan shall be
16 in U.S. dollars and shall be made, at the option and in the sole discretion of the Debtors or
17 Reorganized Debtors, as the case may be, by (a) checks drawn on, or (b) wire transfer from, in
18 each case, a domestic bank selected by the Debtors or Reorganized Debtors as applicable. Cash
payments to foreign Creditors may be made, at the option of such Debtors or Reorganized
Debtors, in such funds and by such means as are necessary or customary in a particular foreign
jurisdiction.

19 **13.11. Providing for Claims Payments.** Distributions to Holders of Allowed Claims
20 shall be made by the Debtors or Reorganized Debtors, as applicable: (i) at the addresses set forth
21 on the proofs of Claim filed by such Holders; (ii) at the addresses set forth in any written notices
22 of address changes delivered to the Disbursing Agent after the date of any related proof of
23 Claim; or (iii) at the addresses reflected in the Schedules if no proof of Claim has been filed and
24 the Disbursing Agent has not received a written notice of a change of address. Distributions to
25 Holders of Allowed Equity Interests shall be made to the Holder of such Allowed Equity Interest
26 as of the Record Date. If any Holder's distribution is returned as undeliverable, no further
27 distributions to such Holder shall be made unless and until the Disbursing Agent is notified of
28 such Holder's then current address, at which time all missed distributions shall be made to such
Holder without interest. Amounts in respect of undeliverable Distributions made through the
Disbursing Agent shall be returned to the Debtors or Reorganized Debtors, as applicable, until
such Distributions are claimed. All claims for undeliverable Distributions shall be made on or
before the second anniversary of the Effective Date. After such date, all unclaimed property
shall revert to the Debtors or Reorganized Debtors, as applicable, and the Claim of any Holder or
successor to such Holder with respect to such property shall be discharged and forever barred
notwithstanding any federal or state escheat laws to the contrary. Nothing contained in this Plan
shall require Debtors, the Reorganized Debtors, or the Disbursing Agent to attempt to locate any
Holder of an Allowed Claim or Allowed Equity Interest.

1 **13.12. Set Offs.** Debtors and Reorganized Debtors may, but shall not be required to, set
 2 off or recoup against any Claim or Equity Interest and the payments or other distributions to be
 3 made pursuant to this Plan in respect of such Claim or Equity Interest (before any distribution is
 4 made on account of such Claim or Equity Interest), claims of any nature whatsoever that the
 5 applicable Debtors or Reorganized Debtors may have against the Holder of such Claim or Equity
 Interest to the extent such Claims or Equity Interests may be set off or recouped under applicable
 law, but neither the failure to do so nor the allowance of any Claim or Equity Interest hereunder
 shall constitute a waiver or release by Debtors or Reorganized Debtors of any such Claim that it
 may have against such Holder.

6 **13.13. Notices.** Any notice required or permitted to be provided under this Plan shall be
 7 in writing and served by either: (a) certified mail, return receipt requested, postage prepaid; (b)
 8 hand delivery or (c) reputable overnight courier service, freight prepaid, to be addressed as
 follows:

9 If to the Debtors: Riviera Holdings Corporation
 10 Attn: Tullio J. Marchionne, Esq.
 2901 Las Vegas Blvd., South
 11 Las Vegas, NV 89109
 Tel: (702) 794-9504
 Fax: (702) 794-9560

12 With a Copy to: Gordon Silver
 13 Attn: Thomas H. Fell, Esq.
 3960 Howard Hughes Pkwy, 9th Floor
 14 Las Vegas, NV 89169
 15 Tel: (702) 796-5555
 Fax: (702) 369-2666

16 **13.14. Statutory Committee.** Any Statutory Committee appointed in the Chapter 11
 17 Cases shall terminate on the Effective Date and shall thereafter have no further responsibilities in
 18 respect of the Chapter 11 Cases, except with respect to preparation of the filing of applications
 for compensation and reimbursement of expenses.

19 **13.15. Severability.** If any provision of this Plan is determined by the Bankruptcy Court
 20 to be invalid, illegal or unenforceable or this Plan is determined to be not confirmable pursuant
 21 to Section 1129 of the Bankruptcy Code, the Bankruptcy Court, at the request of Debtors shall
 22 have the power to alter and interpret such term to make it valid or enforceable to the maximum
 23 extent practicable, consistent with the original purpose of the term or provision held to be
 24 invalid, void or unenforceable, and such term or provision shall then be applicable as altered or
 interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the
 terms and provisions of this Plan shall remain in full force and effect and will in no way be
 affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation
 Order shall constitute a judicial determination and shall provide that each term and provision of
 this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid
 and enforceable pursuant to its terms.

25 **13.16. Withholding and Reporting Requirements.** In connection with this Plan and all
 26 instruments and Equity Interests distributed hereunder, the Reorganized Debtors shall comply
 27 with all withholding and reporting requirements imposed by any federal, state, local, or foreign
 28 taxing authority and all Distributions hereunder shall be subject to any such withholding and
 reporting requirements. The Reorganized Debtors shall be authorized to take any and all action
 that may be necessary to comply with such withholding and reporting requirements.
 Notwithstanding any other provision of this Plan, each Holder of an Allowed Claim or Allowed

1 Equity Interest that has received a Distribution pursuant to this Plan shall have sole and exclusive
2 responsibility for the satisfaction or payment of any tax obligation imposed by any governmental
unit, including income, withholding and other tax obligation on account of such distribution.

3 **13.17. Post Confirmation Reporting.** Until the entry of the final decree closing the
4 Chapter 11 Cases, the Reorganized Debtors shall comply with the post-confirmation reporting
5 requirements found in Local Rule 3020 of the Bankruptcy Court. Additionally, to the extent
required, the Reorganized Debtors shall file post-confirmation quarterly operating reports as
required by the United States Trustee Guidelines, para. 7.2.

6 **13.18. No Strict Construction.** This Plan is the product of extensive discussions and
7 negotiations between and among, inter alia, the Debtors and the Designated Consenting Lenders.
8 Each of the foregoing was represented by counsel of its choice who either (i) participated in the
9 formulation and documentation of, or (ii) was afforded the opportunity to review and provide
10 comments on, this Plan, the Disclosure Statement, exhibits and schedules, and the agreements
and documents ancillary or related thereto. Accordingly, unless explicitly indicated otherwise,
the general rule of contract construction known as "contra proferentem" shall not apply to the
construction or interpretation of any provision of this Plan, the exhibits and schedules, and the
documents ancillary and related thereto.

11 **13.19. Cramdown.** In the event that any Impaired Class is determined to have rejected
12 this Plan in accordance with Section 1126 of the Bankruptcy Code, Debtors may invoke the
13 provisions of Section 1129(b) of the Bankruptcy Code to satisfy the requirements for
Confirmation of this Plan. Debtors reserve the right to modify this Plan to the extent, if any, that
Confirmation pursuant to Section 1129(b) of the Bankruptcy Code requires modification.

14 **13.20. Quarterly Fees to the United States Trustee.** Prior to the Substantial
15 Consummation Date, the Debtors, and after the Substantial Consummation Date, the

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Reorganized Debtors shall pay all quarterly fees payable to the Office of the United States Trustee consistent with applicable provisions of the Bankruptcy Code and Bankruptcy Rules.

DATED this 12 day of July, 2010.

Riviera Holdings Corporation, a Nevada corporation,

By: [Signature]
Its: SECRETARY

Riviera Operating Corporation, a Nevada corporation

By: [Signature]
Its: SECRETARY

Riviera Black Hawk, Inc., a Colorado corporation

By: [Signature]
Its: SECRETARY

PREPARED AND SUBMITTED BY:

GORDON SILVER LTD.

By: [Signature]

GERALD M. GORDON, ESQ.
THOMAS H. FELL, ESQ.
3960 Howard Hughes Pkwy., 9th Floor
Las Vegas, Nevada 89169
[Proposed] Attorneys for Joint Debtors

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SCHEDULE 1.1.71
TO PLAN OF REORGANIZATION
CERTAIN PRESERVED POTENTIAL CAUSES OF ACTION

All defined terms used herein shall have the meanings set forth in this Plan. The following is a non-exhaustive list of potential parties against whom the Debtors, and/or the Reorganized Debtors may hold Litigation Claims. The Debtors and Reorganized Debtors reserve their right to modify this list to amend or add parties or causes of action, but disclaim any obligation to do so. In addition to the Litigation Claims listed below, the Debtors and the Reorganized Debtors have or may have, in the ordinary course of their business, numerous causes of action and claims or rights against contractors, subcontractors, suppliers and others with whom they deal in the ordinary course of their business (the "Ordinary Course Claims"). The Debtors and Reorganized Debtors reserve their right to enforce, sue on, settle or compromise (or decline to do any of the foregoing) the Ordinary Course Claims, as well as the claims and causes of action listed below and all other claims and causes of action, in each case, except as otherwise provided in Article X of this Plan. The Debtors and Reorganized Debtors also have, or may have, and are retaining, various claims or causes of action arising under or pursuant to its insurance policies, and all rights arising under, relating to, or in connection with such policies are expressly reserved and retained.

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SCHEDULE 7.1
TO
PLAN OF REORGANIZATION

REJECTED EXECUTORY CONTRACTS AND UNEXPIRED LEASES

EXHIBIT B

LIQUIDATION ANALYSIS

[TO BE SUBMITTED]

EXHIBIT C

LOCKUP LETTER

[TO BE SUBMITTED]

EXHIBIT D

FINANCIAL PROJECTIONS

[TO BE SUBMITTED]

EXHIBIT E

[RESERVED]

[TO BE SUBMITTED]

EXHIBIT F

[CASH RECEIPTS AND USAGE]

[TO BE SUBMITTED]