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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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**Form 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): December 2, 2005

**American Real Estate Partners, L.P.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation)*

**1-9516**

*(Commission File Number)*

**13-3398766**

*(IRS Employer  
Identification No.)*

**100 South Bedford Road,  
Mt. Kisco, NY**

*(Address of principal executive offices)*

**10549**

*(Zip Code)*

**Registrant's telephone number, including area code:**

**(914) 242-7700**

**N/A**

*(Former name or former address, if changed since last report)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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**Section 8 — Other Events**

**Item 8.01 Other Events**

The following pro forma financial data are filed in Exhibit 99.1 on the pages listed below and are presented to reflect the pro forma effects of the acquisition of substantially all of the assets of WestPoint Stevens Inc. and the June 2005 acquisitions as discussed in the Introductory Note.

Introductory note

[Pro Forma Condensed Consolidated Statement of Earnings for the nine months ended September 30, 2005](#)

[Pro Forma Condensed Consolidated Statement of Earnings for the year ended December 31, 2004](#)

[Notes to Unaudited Pro Forma Condensed Consolidated Financial Data](#)

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**Section 9 — Financial Statements and Exhibits**

**Item 9.01 Financial Statements and Exhibits**

(c) Exhibits

**Exhibit No.**

99.1

Unaudited Pro Forma Consolidated Financial Data for American Real Estate Partners, L.P. and Subsidiaries

[EX-99.1: UNAUDITED PROFORMA INFORMATION](#)

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**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA**

The unaudited pro forma condensed consolidated financial statement information set forth below is presented to reflect the pro forma effects of the acquisition of substantially all of the assets of WestPoint Stevens Inc. as if it occurred on the dates indicated as discussed below. The attached unaudited pro forma condensed consolidated statement of earnings for the year ended December 31, 2004, also reflect the acquisitions of NEG Holding LLC, Panaco, Inc., GB Holdings, Inc. and Atlantic Coast Entertainment, Inc. in June 2005.

The unaudited pro forma condensed consolidated statements of earnings for the nine months ended September 30, 2005 and the year ended December 31, 2004 have been prepared as if the acquisition had occurred on January 1, 2004. The unaudited pro forma condensed consolidated statements of earnings for the nine months ended September 30, 2005 and the year ended December 31, 2004 give effect to the unaudited pro forma adjustments necessary to account for the acquisition.

The unaudited pro forma condensed consolidated financial statement information is based on, and should be read together with (1) our consolidated financial statements for the nine months ended September 30, 2005 (unaudited) incorporated by reference to our Form 10-Q filed on November 14, 2005 and for the year ended December 31, 2004 incorporated by reference to our Form 8-K filed on December 1, 2005 and (2) the consolidated financial statements for the six months ended June 30, 2005 (unaudited) and for the year ended December 31, 2004, of WestPoint Stevens, Inc., incorporated by reference to our Form 8-K/ A filed on October 21, 2005. A Form 8-K was filed on August 12, 2005, disclosing the acquisition.

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA**  
**AMERICAN REAL ESTATE PARTNERS, L.P. AND SUBSIDIARIES**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS**  
**Nine Months Ended September 30, 2005**

	Historical		Consolidated	Pro Forma Adjustments		Pro Forma
	American Real Estate Partners, L.P. (Unaudited)	Westpoint Stevens Inc.		WPS Bankruptcy Adjustment(4)	Pro Forma Adjustments for WPS Acquisition (1), (2), (3) and (5)	
(In thousands, except unit and per unit data)						
<b>Revenues:</b>						
Home fashion	\$ 183,627	\$ 728,362	\$ 911,989	\$	\$	\$ 911,989
Gaming	371,474		371,474			371,474
Oil and gas	86,709		86,709			86,709
Real estate	66,947		66,947			66,947
	<u>708,757</u>	<u>728,362</u>	<u>1,437,119</u>	<u>—</u>	<u>—</u>	<u>1,437,119</u>
<b>Expenses:</b>						
Home fashion	188,717	809,153	997,870		(41,168)	956,702
Gaming	324,214		324,214			324,214
Oil and gas	115,924		115,924			115,924
Real estate	54,201		54,201			54,201
Holding company	8,054		8,054			8,054
Acquisition costs	4,099		4,099			4,099
Restructuring and impairment charges	—	4,078	4,078			4,078
	<u>695,209</u>	<u>813,231</u>	<u>1,508,440</u>	<u>—</u>	<u>(41,168)</u>	<u>1,467,272</u>
Operating income (loss)	13,548	(84,869)	(71,321)	—	41,168	(30,153)
<b>Other income (expense), net:</b>						
Interest expense	(78,874)	(52,523)	(131,397)			(78,874)
Interest and other income	37,457		37,457		(10,236)	27,221
Impairment loss from GB Holding, Inc. bankruptcy	(52,366)		(52,366)			(52,366)
Other income (expense), net	(12,218)	493	(11,725)		20,699	8,974
Chapter 11 expenses	—	(22,944)	(22,944)	22,944		—
<b>Loss from continuing operations before income taxes</b>	(92,453)	(159,843)	(252,296)	22,944	104,154	(125,198)
Income tax (expense) benefit	(18,993)	1,908	(17,085)			(17,085)
<b>Loss from continuing operations</b>	<u>\$ (111,446)</u>	<u>\$ (157,935)</u>	<u>\$ (269,381)</u>	<u>\$ 22,944</u>	<u>\$ 104,154</u>	<u>\$ (142,283)</u>
<b>Loss from continuing operations attributable to:</b>						
Limited partners	\$ (108,694)					\$ (138,917)
General partner	(2,752)					(3,366)
	<u>\$ (111,446)</u>					<u>\$ (142,283)</u>
<b>Loss from continuing operations per limited partnership unit:</b>						
Basic earnings:						
Loss from continuing operations per LP unit	<u>\$ (2.12)</u>					<u>\$ (2.71)</u>
<b>Weighted average limited partnership units outstanding</b>	<u>51,351,133</u>					<u>51,351,133</u>
<b>Diluted earnings:</b>						
Loss from continuing operations per LP unit	<u>\$ (2.12)</u>					<u>\$ (2.71)</u>
<b>Weighted average limited partnership units and equivalent partnership units outstanding</b>	<u>51,351,133</u>					<u>51,351,133</u>

**UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA**  
**AMERICAN REAL ESTATE PARTNERS, L.P. AND SUBSIDIARIES**  
**PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF EARNINGS**  
**Year Ended December 31, 2004**

	Historical		Pro Forma Adjustments			Pro Forma
	American Real Estate Partners, L.P.	Westpoint Stevens Inc.	Consolidated	WPS Bankruptcy Adjustment(4)	Pro Forma Adjustments for WPS Acquisition (1), (2), (3) and (5)	
(In thousands, except unit and per unit data)						
<b>Revenues:</b>						
Home fashion	\$ —	\$ 1,618,684	\$ 1,618,684	\$ —	\$ —	\$ 1,618,684
Gaming	470,836		470,836			470,836
Oil and gas	137,988		137,988			137,988
Real estate	61,695		61,695			61,695
	<u>670,519</u>	<u>1,618,684</u>	<u>2,289,203</u>	<u>—</u>	<u>—</u>	<u>2,289,203</u>
<b>Expenses:</b>						
Home fashion	—	1,621,694	1,621,694		(67,942)	1,553,752
Gaming	419,601		419,601			419,601
Oil and gas	104,935		104,935			104,935
Real estate	44,938		44,938			44,938
General and administrative expenses	7,779		7,779			7,779
Acquisition costs	414		414			414
Restructuring and impairment charges	—	54,396	54,396			54,396
	<u>577,667</u>	<u>1,676,090</u>	<u>2,253,757</u>	<u>—</u>	<u>(67,942)</u>	<u>2,185,815</u>
Operating income (loss)	92,852	(57,406)	35,446	—	67,942	103,388
<b>Other income (expense), net:</b>						
Interest expense	(62,183)	(78,263)	(140,446)		78,263	(62,183)
Interest and other income	45,241		45,241		(13,800)	31,441
Other income (expense), net	15,016	(7,826)	7,190		11,944	19,134
Chapter 11 expenses	—	(34,605)	(34,605)	34,605		—
Income (loss) from continuing operations before income taxes	90,926	(178,100)	(87,174)	34,605	144,349	91,780
Income tax expense	(18,312)	(5,175)	(23,487)			(23,487)
Income (loss) from continuing operations	<u>\$ 72,614</u>	<u>\$ (183,275)</u>	<u>\$ (110,661)</u>	<u>\$ 34,605</u>	<u>\$ 144,349</u>	<u>\$ 68,293</u>
<b>Income (loss) from continuing operations attributable to:</b>						
Limited partners	\$ 51,325					\$ 47,090
General partner	21,289					21,203
	<u>\$ 72,614</u>					<u>\$ 68,293</u>
<b>Income (loss) from continuing operations per limited partnership unit:</b>						
Basic earnings:						
Income from continuing operations per LP unit	<u>\$ 1.11</u>					<u>\$ 1.02</u>
<b>Weighted average limited partnership units outstanding</b>	<u>46,098,284</u>					<u>46,098,284</u>
<b>Diluted earnings:</b>						
Income from continuing operations per LP unit	<u>\$ 1.09</u>					<u>\$ 1.01</u>
<b>Weighted average limited partnership units and equivalent partnership units outstanding</b>	<u>51,542,312</u>					<u>51,542,312</u>

**AMERICAN REAL ESTATE PARTNERS, L.P. AND SUBSIDIARIES**  
**NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENT INFORMATION**

On August 8, 2005, our indirect majority owned subsidiary, WestPoint International, Inc. or WPI, consummated the purchase of substantially all the assets of WestPoint Stevens Inc., a home fashions consumer products company, pursuant to an Asset Purchase Agreement, dated June 23, 2005, by and among WS Textile Co., Inc., New Textile One, Inc., New Textile Two, Inc., Textile Co., Inc., WestPoint Stevens Inc., WestPoint Stevens Inc. I, WestPoint Stevens Stores Inc., and J.P. Stevens Enterprises, Inc. The United States Bankruptcy Court for the Southern District of New York entered an order on July 8, 2005 approving the Asset Purchase Agreement and the sale of the assets pursuant to section 363 of the United States Bankruptcy Code. As of the current date, the Company owns 67.7% of the common stock of WPI. On November 16, 2005, the United States District Court remanded the acquisition agreement to U.S. Bankruptcy Court for further proceedings. Depending upon the outcome of the proceedings the Company's share of WPI's common stock could drop below 50%.

- (1) Reflects the elimination of WestPoint Stevens interest expense as a result of the emergence from bankruptcy of WestPoint Stevens.
- (2) Reflects the elimination of interest income earned by AREP on its investment in WestPoint Stevens debt.
- (3) Reflects an adjustment to depreciation expense based upon WPI's fixed asset values of WestPoint Stevens after its emergence from bankruptcy.
- (4) Reflects the elimination of Chapter 11 bankruptcy expenses related to the emergence from bankruptcy of WestPoint Stevens.
- (5) Reflects an adjustment to record the required minority interest impact in the statement of earnings.

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