

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

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): November 9, 2006

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.)

767 Fifth Avenue, Suite 4700, New York, NY

(Address of principal executive offices)

10153

(Zip Code)

Registrant's telephone number, including area code: **(212) 702-4300**

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 information is furnished pursuant to Item 8.01, "Other Events"

On November 9, 2006, American Real Estate Partners, L.P. ("AREP") issued a press release setting forth AREP's third quarter 2006 financial results. A copy of AREP's press release is attached as Exhibit 99.1.

Exhibit Index

99.1 Press Release dated November 9, 2006

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN REAL ESTATE PARTNERS, L.P.
(Registrant)

By: American Property Investors, Inc.,
its General Partner

By: /s/ Hillel Moerman
Hillel Moerman,
Chief Financial Officer
American Property Investors, Inc.,
the General Partner of
American Real Estate Partners, L.P.

Date: November 9, 2006

Investor Contact:

Andrew Skobe
Treasurer
212-702-4300

For Release: November 9, 2006**American Real Estate Partners, L.P. Reports Third-Quarter Financial Results**

- Revenues of \$373.3 million, an increase of \$83.9 million
- Earnings of \$103.1 million, compared to losses of \$126.1 million
- Investment gains of \$22.2 million, compared to investment losses of \$23.8 million
- Board of Directors approved \$0.10 per depositary unit quarterly distribution
- Entered into agreement to sell The Sands Hotel and Casino
- Entered into Letter of Intent to sell our Oil and Gas operations

New York, NY - American Real Estate Partners, L.P. ("AREP") (NYSE:ACP) today reported its third quarter 2006 earnings of \$103.1 million, or \$1.63 per LP unit, compared to third quarter 2005 losses of \$126.1 million, or \$1.99 per LP unit.

Three Months Ended September 30, 2006

For the third quarter of 2006, revenues increased to \$373.3 million from \$289.4 million during the third quarter of 2005. The increase in revenues was primarily due to the inclusion of revenue from AREP's Home Fashion segment, which was acquired in August 2005, for the full period. AREP reported an operating loss of \$13.4 million for the third quarter of 2006 compared to operating income of \$11.0 million for the third quarter of 2005. This loss is primarily attributable to the inclusion of operating losses from AREP's Home Fashion segment for the full period.

Nine Months Ended September 30, 2006

For the first nine months of 2006, revenues increased to \$1.1 billion from \$496.6 million during the first nine months of 2005. The increase in revenues was primarily due to the inclusion of revenue from AREP's Home Fashion segment, which was acquired in August 2005, for the full period. AREP reported an operating loss of \$62.9 million for the first nine months of 2006 compared to operating income of \$46.2 million for the first nine months of 2005. This loss is primarily attributable to the inclusion of operating losses from AREP's Home Fashion segment for the full period.

The following table presents results for the third quarter of 2006 and 2005 by segment and for discontinued operations (in millions):

| For three months: | Operating Income (Loss) | | Depreciation, Depletion & Amortization | |
|-----------------------------|-------------------------|-----------|--|---------|
| | 2006 | 2005 | 2006 | 2005 |
| Gaming ⁽¹⁾ | \$ 9.4 | \$ 14.3 | \$ 7.4 | \$ 5.8 |
| Real Estate | 5.7 | 4.5 | 1.5 | 1.6 |
| Home Fashion ⁽²⁾ | (24.3) | (5.1) | 6.3 | 6.9 |
| Holding Company | (4.1) | (2.7) | 1.4 | 0.5 |
| Total | \$ (13.3) | \$ 11.0 | \$ 16.6 | \$ 14.8 |
| Discontinued Ops | \$ 79.7 | \$ (41.9) | \$ 29.5 | \$ 25.9 |

(1) Includes Aquarius in the third quarter of 2006.

(2) Home fashion results included from August 8, 2005.

Gaming

AREP's wholly-owned subsidiary, American Casino & Entertainment Properties LLC, owns three Las Vegas casinos: Stratosphere Casino Hotel and Tower, Arizona Charlie's Decatur and Arizona Charlie's Boulder, and one casino in Laughlin, Nevada: the Aquarius Casino Resort, which was acquired on May 19, 2006.

For the third quarter of 2006, AREP's Gaming segment, excluding the Aquarius, had net revenues of \$78.6 million, a decrease of 3.8% from the third quarter of 2005, operating income of \$10.6 million, a decrease of 25.7% from the third quarter of 2005, and depreciation and amortization of \$6.0 million.

For the first nine months of 2006, AREP's Gaming segment, excluding the Aquarius, had net revenues of \$246.4 million, an increase of 0.1% from the first nine months of 2005, operating income of \$44.9 million, a decrease of 13.8% from the first nine months of 2005, and depreciation and amortization of \$17.6 million.

Real Estate

AREP's Real Estate segment is comprised of three groups: rental real estate; property development and resort operations. For the third quarter of 2006, real estate activities had revenues of \$33.1 million, an increase of 37.6% from the third quarter of 2005, operating income of \$5.7 million, an increase of 26.5% from the third quarter of 2005, and depreciation and amortization of \$1.5 million.

For the first nine months of 2006, real estate activities had revenues of \$103.0 million, an increase of 53.9% from the first nine months of 2005, operating income of \$24.1 million, an increase of 137.1% from the first nine months of 2005, and depreciation and amortization of \$4.2 million.

Home Fashion

On August 8, 2005, WestPoint International, Inc., an indirect subsidiary of AREP, completed the acquisition of substantially all the assets of WestPoint Stevens Inc. WPI is engaged in the business of manufacturing, sourcing, marketing and distributing bed and bath home fashion products.

For the third quarter of 2006, AREP's Home Fashion segment had revenues of \$240.5 million, an operating loss of \$24.3 million and depreciation of \$6.3 million. Included in the operating loss are \$3.3 million of restructuring charges.

For the first nine months of 2006, AREP's Home Fashion segment had revenues of \$721.1 million, an operating loss of \$110.6 million and depreciation of \$26.2 million. Included in the operating loss are \$33.7 million of restructuring and impairment charges.

Discontinued Operations

On September 3, 2006, our indirect majority owned subsidiary, Atlantic Coast Entertainment Holdings, Inc., or Atlantic Coast, our 99% subsidiary, American Real Estate Holdings Limited Partnership, or AREH, and certain entities owned by or affiliated with AREH, entered into an agreement with Pinnacle Entertainment, Inc., or Pinnacle, pursuant to which Pinnacle agreed to acquire all of the outstanding membership interests in ACE Gaming LLC, or ACE, which owns The Sands Hotel and Casino in Atlantic City, New Jersey and 100% of the equity interests in certain subsidiaries of AREH which own parcels of real estate adjacent to The Sands, including approximately 7.7 acres known as the Traymore site. We own, through subsidiaries, approximately 67.6% of Atlantic Coast, which owns 100% of ACE. For the third quarter of 2006, our Atlantic City Gaming activities had revenues of \$41.6 million, a decrease of 6.5% from the third quarter of 2005, and an operating loss of \$10.4 million. For the first nine months of 2006, our Atlantic City Gaming activities had revenues of \$124.0 million, a decrease of 1.1% from the first nine months of 2005, and an operating loss of \$9.3 million.

On September 7, 2006, we and AREH entered into an Exclusivity Agreement and Letter of Intent with Riata Energy, Inc., or Riata, pursuant to which Riata would acquire all of the issued and outstanding membership interests of our indirect wholly owned subsidiary, NEG Oil & Gas LLC, through which we own all of our Oil and Gas operations. For the third quarter of 2006, our Oil and Gas activities had revenues of \$135.6 million, compared to a loss of \$2.3 million for the third quarter of 2005, and operating income of \$89.3 million compared to an operating loss of \$39.7 million for the third quarter of 2005. For the first nine months of 2006, our Oil and Gas activities had revenues of \$330.5 million, an increase of 281.1% from the first nine months of 2005, and operating income of \$200.9 million compared to an operating loss of \$28.7 million for the first nine months of 2005.

Holding Company Activity

Total general and administrative expenses (including acquisition costs) incurred by the holding company were \$4.1 million for the third quarter of 2006 compared to \$2.7 million for the third quarter of 2005 and \$19.1 million for the first nine months of 2006 compared to \$10.9 million for the first nine months of 2005.

Conference Call Information

AREP will discuss third quarter results on a conference call and Webcast on Thursday, November 9, 2006 at 10:00 a.m. EST. The Webcast can be viewed live on AREP's website at www.arep.com. It will also be archived and made available at www.arep.com under the Investor Relations Section. The dial-in number for the conference call is (888) 935-4577. The access code is 8142995.

* * *

American Real Estate Limited Partners, L.P. (NYSE: ACP), a master limited partnership, is a diversified holding company engaged in three primary business segments: Gaming, Real Estate and Home Fashion. For more information, please visit the company's website at www.arep.com.

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Caution Concerning Forward-Looking Statements

This release contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, many of which are beyond our ability to control or predict. Forward-looking statements may be identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” or words of similar meaning and include, but are not limited to, statements about the expected future business and financial performance of AREP and its subsidiaries. Among these risks and uncertainties are risks related to our gaming and associated hotel, restaurant and entertainment operations, including the effects of regulation, substantial competition, rising operating costs and economic downturns; risks related to our real estate activities, including the extent of any tenant bankruptcies and insolvencies, our ability to maintain tenant occupancy at current levels, our ability to obtain, at reasonable costs, adequate insurance coverage and competition for investment properties; risks related to our home fashion operations, including changes in the availability and price of raw materials, changes in customer preferences and changes in transportation costs and delivery times and other risks and uncertainties detailed from time to time in our filings with the SEC. We undertake no obligation to publicly update or review any forward-looking information, whether as a result of new information, future developments or otherwise.

APPENDIX I

CONSOLIDATED STATEMENTS OF OPERATIONS

In millions of dollars except per unit data

| | Three Months Ended September 30, | |
|--|---|----------------------------|
| | 2006 | 2005 (Restated) |
| Revenues | \$ 373.3 | \$ 289.4 |
| Operating income (loss) | \$ (13.4) | \$ 11.0 |
| Interest expense | (27.8) | (24.7) |
| Interest income | 11.5 | 10.6 |
| Other income (expense), net | 22.4 | (22.8) |
| Pre-tax income (loss) | (7.3) | (25.9) |
| Income tax expense | (1.5) | (3.5) |
| Minority interests | 8.9 | 2.4 |
| Income (loss) from continuing operations | 0.1 | (27.0) |
| Income (loss) from discontinued operations | 103.0 | (99.1) |
| Net earnings (loss) | <u>\$ 103.1</u> | <u>\$ (126.1)</u> |
| Net earnings (loss) attributable to: | | |
| Limited partners | \$ 101.0 | \$ (122.9) |
| General partner | 2.1 | (3.2) |
| Income tax expense | 103.1 | (126.1) |
| Net earnings (loss) per LP unit: | | |
| Basic earnings (loss): | | |
| Income (loss) from continuing operations | \$ - | \$ (0.42) |
| Income (loss) from discontinued operations | 1.63 | (1.57) |
| Basic earnings (loss) per LP unit | <u>\$ 1.63</u> | <u>\$ (1.99)</u> |
| Weighted average units | | |
| Outstanding | <u>61,857</u> | <u>61,857</u> |
| Diluted earnings (loss): | | |
| Income (loss) from continuing operations | \$ - | \$ (0.42) |
| Income (loss) from discontinued operations | 1.63 | (1.57) |
| Diluted earnings (loss) per L.P. unit | <u>\$ 1.63</u> | <u>\$ (1.99)</u> |
| Weighted average units and equivalent units outstanding | <u>61,857</u> | <u>61,857</u> |

APPENDIX II

CONSOLIDATED STATEMENTS OF OPERATIONS

In millions of dollars except per unit data

| | Nine Months Ended September 30, | |
|--|--|------------------|
| | 2006 | 2005 |
| | | (Restated) |
| Revenues | \$ 1,102.9 | \$ 496.6 |
| Operating income (loss) | \$ (62.9) | \$ 46.2 |
| Interest expense | (79.2) | (70.4) |
| Interest income | 35.8 | 35.4 |
| Other income (expense), net | 88.6 | (16.3) |
| Pre-tax income (loss) | (17.7) | (5.1) |
| Income tax expense | (10.1) | (13.4) |
| Minority interests | 49.6 | 2.4 |
| Income (loss) from continuing operations | 21.8 | (16.1) |
| Income (loss) from discontinued operations | 202.1 | (73.1) |
| Net earnings (loss) | <u>\$ 223.9</u> | <u>\$ (89.2)</u> |
| Net earnings (loss) attributable to: | | |
| Limited partners | \$ 219.5 | \$ (82.6) |
| General partner | 4.4 | (6.6) |
| Income tax expense | 223.9 | (89.2) |
| Net earnings (loss) per LP unit: | | |
| Basic earnings (loss): | | |
| Income (loss) from continuing operations | \$ 0.35 | \$ (0.40) |
| Income (loss) from discontinued operations | 3.20 | (1.21) |
| Basic earnings (loss) per LP unit | <u>\$ 3.55</u> | <u>\$ (1.61)</u> |
| Weighted average units | | |
| Outstanding | <u>61,857</u> | <u>51,351</u> |
| Diluted earnings (loss): | | |
| Income (loss) from continuing operations | \$ 0.35 | \$ (0.40) |
| Income (loss) from discontinued operations | 3.20 | (1.21) |
| Diluted earnings (loss) per L.P. unit | <u>\$ 3.55</u> | <u>\$ (1.61)</u> |
| Weighted average units and equivalent units outstanding | <u>61,867</u> | <u>51,351</u> |

APPENDIX III

CONSOLIDATED SUMMARY BALANCE SHEET

The following table presents AREP's consolidated summary balance sheet data as of September 30, 2006 and December 31, 2005 (\$ in millions):

| | <u>September 30,</u> 2006 | <u>December 31,</u> 2005 (Restated) |
|---|------------------------------|---|
| Assets | | |
| Cash and cash equivalents | \$ 280.7 | \$ 460.1 |
| Investments | 1,037.2 | 820.7 |
| Assets of disc. ops. available for sale | 1,305.0 | 1,177.4 |
| Other current assets | 569.7 | 657.0 |
| Total current assets | 3,192.6 | 3,115.2 |
| Non-current investments | 15.4 | 3.0 |
| Property, plant and equipment | 804.7 | 747.2 |
| Other assets | 64.1 | 77.7 |
| Intangible assets | 26.5 | 23.4 |
| Total assets | \$ 4,103.3 | \$ 3,966.5 |
| Liabilities | | |
| Current liabilities | \$ 393.1 | \$ 426.1 |
| Liabilities of disc. ops. available for sale | 420.9 | 489.6 |
| Long-term debt | 1,185.9 | 1,111.7 |
| Other long term-term liabilities | 21.6 | 24.0 |
| Preferred limited partnership units | 116.2 | 112.1 |
| Total liabilities | 2,137.7 | 2,163.5 |
| Minority interests | 266.3 | 304.6 |
| Partners' equity | 1,699.3 | 1,498.4 |
| Total liabilities and partners' equity | \$ 4,103.3 | \$ 3,966.5 |