SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(MARK ONE)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________TO __________

COMMISSION FILE NUMBER 1-9516

AMERICAN REAL ESTATE PARTNERS, L.P.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	13-3398766 (I.R.S. EMPLOYER IDENTIFICATION NO.)
100 SOUTH BEDFORD ROAD, MT. KISCO, NY (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	10549 (ZIP CODE)

(914) 242-7700
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [x] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2) Yes [x] No [ ]

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AMERICAN REAL ESTATE PARTNERS, L.P.
FORM 10-Q SEPTEMBER 30, 2003

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The financial information contained herein is unaudited; however, in the opinion of management, all adjustments necessary for a fair presentation of such financial information have been included. All such adjustments are of a normal recurring nature.

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

	SEPTEMBER 30, 2003	DECEMBER 31, 2002
	(IN $000'S)	
ASSETS		
Real estate leased to others:		
Accounted for under the financing method	$ 143,538	$ 155,458
Accounted for under the operating method, net of accumulated depreciation	204,164	204,242
Investment in U.S. Government and Agency obligations	360,299	336,051
Note receivable due from affiliate	250,000	250,000
Cash and cash equivalents	70,494	51,394
Marketable equity and debt securities	27,693	26,728
Mortgages and notes receivable	64,712	56,216
Equity interest in GB Holdings, Inc.	34,419	37,280
Hotel, casino and resort operating properties net of accumulated depreciation:		
Stratosphere Corporation hotel and casino	168,986	171,430
Hotel and resort	42,034	44,346
Land and construction-in-progress	41,534	40,415
Receivables and other assets	46,456	48,111
Total	$1,454,329	$1,421,671
LIABILITIES AND PARTNERS' EQUITY		
Mortgages payable	$ 182,605	$ 171,848
Accounts payable, accrued expenses and other liabilities	44,289	46,657
Preferred Limited Partnership units:		
$10 liquidation preference, 5% cumulative pay-in-kind redeemable; 9,900,000 authorized; 9,797,511 issued and outstanding as of September 30, 2003	100,424	--
	327,318	218,505
Commitments and contingencies (Notes 2 and 3)		
Limited partners:		
Preferred units, $10 liquidation preference, 5% cumulative pay-in-kind redeemable; 9,400,000 authorized; 9,330,963 issued and outstanding as of Dec. 31, 2002	--	96,808
Depositary units; 47,850,000 authorized; 47,235,484 outstanding	1,092,051	1,071,857
General partner	46,881	46,422
Treasury units at cost:		
1,137,200 depositary units	(11,921)	(11,921)
Partners' equity	1,127,011	1,203,166
Total	$1,454,329	$1,421,671

See notes to consolidated financial statements.

AMERICAN REAL ESTATE PARTNERS, L.P.
FORM 10-Q SEPTEMBER 30, 2003
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

THREE MONTHS ENDED
SEPTEMBER 30,

	2003	2002
	(IN $000'S EXCEPT PER UNIT DATA)	
Revenues:		
Hotel and casino operating income	$42,513	$41,146
Land, house and condominium sales	4,346	11,177
Interest income on financing leases	3,260	3,666
Interest income on U.S. Government and Agency obligations and other investments	4,305	5,911
Rental income	7,362	6,613
Hotel and resort operating income	6,158	6,704
Dividend and other income	463	318
Equity in (losses) earnings of GB Holdings, Inc	(428)	411
	67,979	75,946
Expenses:		
Hotel and casino operating expenses	36,261	35,418
Cost of land, house and condominium sales	2,860	9,009
Hotel and resort operating expenses	4,261	4,907
Interest expense	4,613	3,146
Depreciation and amortization	5,370	5,432
General and administrative expenses	1,784	1,734
Rental property expenses	1,753	1,536
	56,902	61,182
Operating income	11,077	14,764
Other gains and (losses):		
Provision for loss on real estate	(100)	--
Gain on sales and disposition of real estate	501	2,891
Gain on sale of marketable equity securities	2,168	--
Minority interest in net earnings of Stratosphere Corporation	--	(612)
Income from continuing operations	13,646	17,043
Discontinued operations:		
Income from discontinued operations	87	182
Gain on sales and disposition of real estate	1,430	--
Income from discontinued operations	1,517	182
Net earnings	$15,163	$17,225
Net earnings attributable to (Note 11):		
Limited partners	$14,861	$16,882
General partner	302	343
	$15,163	$17,225
Net earnings per limited partnership unit:		
Basic earnings:		
Income from continuing operations	$ 0.29	$ 0.34
Income from discontinued operations	0.03	0.00
Basic earnings per LP unit	$ 0.32	$ 0.34
Weighted average limited partnership units outstanding	46,098,284	46,098,284
Diluted earnings:		
Income from continuing operations	$ 0.27	$ 0.30
Income from discontinued operations	0.03	0.00
Diluted earnings per LP unit	$ 0.30	$ 0.30
Weighted average limited partnership units and equivalent partnership units outstanding	54,644,613	56,607,742

See notes to consolidated financial statements.

AMERICAN REAL ESTATE PARTNERS, L.P.
FORM 10-Q SEPTEMBER 30, 2003
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30, 2003	NINE MONTHS ENDED SEPTEMBER 30, 2002
	(IN $000'S EXCEPT PER UNIT DATA)	
Revenues:		
Hotel and casino operating income	$123,869	$117,147
Land, house and condominium sales	10,757	45,637
Interest income on financing leases	10,019	11,392
Interest income on U.S. Government and Agency obligations and other investments	12,683	25,085
Rental income	22,382	20,112
Hotel and resort operating income	14,828	14,888
Dividend and other income	2,173	2,067
Equity in (losses) earnings of GB Holdings, Inc.	(641)	2,268
	196,070	238,596
Expenses:		
Hotel and casino operating expenses	105,376	100,119
Cost of land, house and condominium sales	7,861	33,678
Hotel and resort operating expenses	11,259	12,191
Interest expense	11,203	10,821
Depreciation and amortization	16,242	15,545
General and administrative expenses	5,021	5,239
Rental property expenses	5,431	5,142
	162,393	182,735
Operating income	33,677	55,861
Other gains and (losses):		
Provision for loss on real estate	(300)	(926)
Gain on sales and disposition of real estate	1,367	4,530
Write-down of equity securities available for sale	(961)	(8,476)
Write-down of mortgages and notes receivable	(18,798)	--
Gain on sale of marketable equity securities	2,168	--
Minority interest in net earnings of Stratosphere Corporation	--	(1,608)
Income from continuing operations	17,153	49,381
Discontinued operations:		
Income from discontinued operations	190	322
Gain on sales and disposition of real estate	3,354	--
Income from discontinued operations	3,544	322
Net earnings	$ 20,697	$ 49,703
Net earnings attributable to (Note 11):		
Limited partners	$ 20,285	$ 48,714
General partner	412	989
	$ 20,697	$ 49,703

Net earnings per limited partnership unit:

Basic earnings:		
Income from continuing operations	$ 0.31	$ 0.97
Income from discontinued operations	0.08	0.01
Basic earnings per LP unit	$ 0.39	$ 0.98
Weighted average limited partnership units outstanding	46,098,284	46,098,284
Diluted earnings:		
Income from continuing operations	$ 0.31	$ 0.86
Income from discontinued operations	0.06	0.01
Diluted earnings per LP unit	$ 0.37	$ 0.87
Weighted average limited partnership units and equivalent partnership units outstanding	54,816,525	56,259,876

See notes to consolidated financial statements.

AMERICAN REAL ESTATE PARTNERS, L.P.
FORM 10-Q SEPTEMBER 30, 2003
CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' EQUITY AND COMPREHENSIVE INCOME
NINE MONTHS ENDED SEPTEMBER 30, 2003 (IN $000'S)
(UNAUDITED)

	GENERAL PARTNER'S EQUITY	LIMITED PARTNERS' EQUITY: DEPOSITARY UNITS	LIMITED PARTNERS' EQUITY: PREFERRED UNITS	HELD IN TREASURY: AMOUNTS	HELD IN TREASURY: UNITS	TOTAL PARTNERS' EQUITY
Balance, December 31, 2002	$46,422	$1,071,857	$ 96,808	$(11,921)	1,137	$1,203,166
Comprehensive income:						
Net earnings	412	20,285	--	--	--	20,697
Reversal of unrealized losses on securities available for sale	15	746				761
Net unrealized gains on securities available for sale	37	1,829				1,866
Sale of marketable equity securities available for sale	(6)	(274)	--	--	--	(280)
Comprehensive income	458	22,586	--	--	--	23,044
Pay-in-kind distribution	--	(2,391)	2,391	--	--	--
Reclassification of Preferred LP units to liabilities	--	--	(99,199)	--	--	(99,199)
Balance, September 30, 2003	$46,880	$1,092,052	$ --	$(11,921)	1,137	$1,127,011

Accumulated other comprehensive income at September 30, 2003 was $1,866.

See notes to consolidated financial statements.

AMERICAN REAL ESTATE PARTNERS, L.P.
FORM 10-Q SEPTEMBER 30, 2003
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30, 2003	2002
	(IN $000'S)	
Cash flows from operating activities:		
Income from continuing operations	$ 17,153	$ 49,381
Adjustments to reconcile income from continuing operations to net cash provided by continuing operations:		
Depreciation and amortization	16,242	15,545
Gain on sales and disposition of real estate	(1,367)	(4,530)
Gain on sales of marketable equity securities	(2,168)	--
Provision for loss on real estate	300	926
Write-down of equity securities available for sale	961	8,476
Write-down of mortgages and notes receivable	18,798	--
Minority interest in net earnings of Stratosphere Corporation	--	1,608
Equity in losses (earnings) of GB Holdings, Inc.	641	(2,268)
Changes in operating assets and liabilities:		
(Increase) decrease in land and construction-in progress	(1,149)	8,753
Increase in accounts payable, accrued expenses and other liabilities	3,017	5,652
Decrease in receivables and other assets	2,472	254
Net cash provided by continuing operations	54,900	83,797
Income from discontinued operations	3,544	322
Depreciation and amortization	21	--
Gain on sales and disposition of real estate	(3,354)	--
Net cash provided by discontinued operations	211	322
Net cash provided by operating activities	55,111	84,119
Cash flows from investing activities:		
Increase in mortgages and notes receivable	(31,112)	(23,152)
Repayments of mortgages and notes receivable	--	23,000
Net proceeds from the sales and disposition of real estate	4,261	13,503
Principal payments received on leases accounted for under the financing method	4,078	4,639
Additions to hotel, casino and resort operating property	(8,407)	(3,224)
Additions to rental real estate	(327)	(147)
Acquisitions of rental real estate	--	(18,217)
Increase in investment in U.S. Government and Agency Obligations	(24,248)	(9,313)
Disposition of marketable equity & debt securities	3,564	--
Increase in marketable equity & debt securities	--	(1,904)
Decrease in due to affiliate	--	(68,781)
Other	(143)	(425)
Net cash used in continuing operations	(52,334)	(84,021)

Cash flows from discontinued operations:

Net proceeds from the sales and disposition of real estate	5,424	--
Net cash used in investing activities	(46,910)	(84,021)
Cash flows from financing activities:		
Debt:		
Proceeds from mortgages payable	20,000	--
Payments on mortgages payable	(3,837)	(467)
Periodic principal payments	(5,264)	(5,593)
Net cash provided by (used in) financing activities	10,899	(6,060)

CONSOLIDATED STATEMENTS OF CASH FLOWS -- (CONTINUED)
(UNAUDITED)

	NINE MONTHS ENDED SEPTEMBER 30,	
	2003	2002
	(IN $000'S)	
Net increase (decrease) in cash and cash equivalents	$ 19,100	$ (5,962)
Cash and cash equivalents -- beginning of period	51,394	61,015
Cash and cash equivalents -- end of period	$ 70,494	$ 55,053
Supplemental information:		
Cash payments for interest	$ 10,120	$ 11,883
Supplemental schedule of noncash investing and financing activities:		
Reclassification of real estate to operating lease	$ 5,065	$ --
Reclassification of real estate from financing lease	(5,065)	--
Reclassification from marketable equity and debt securities	--	(19,804)
Reclassification from receivables and other assets	(1,631)	--
Reclassification to mortgages and notes receivable	1,631	19,804
Decrease in mortgages and notes receivable	(3,453)	--
Decrease in deferred income	2,565	--
Increase in real estate accounted for under the operating method	888	--
	$ --	$ --
Net unrealized gains (losses) on securities available for sale	$ 1,627	$ (206)
Increase in equity and debt securities	$ 900	$ 1,242

See notes to consolidated financial statements.

AMERICAN REAL ESTATE PARTNERS, L.P.
FORM 10-Q SEPTEMBER 30, 2003
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. GENERAL

The accompanying consolidated financial statements and related footnotes should be read in conjunction with the consolidated financial statements and related footnotes contained in the Company's annual report on Form 10-K for the year ended December 31, 2002.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

The results of operations for the three and nine months ended September 30, 2003 are not necessarily indicative of the results to be expected for the full year. Hotel, casino and resort operations are highly seasonal in nature and are not necessarily indicative of results expected for the full year.

2. RELATED PARTY TRANSACTIONS

a. In May 2003, the Company entered into an agreement to acquire certain debt and equity securities of National Energy Group, Inc. ('NEG') and a 100% interest in an entity owning part of such debt and equity securities from entities affiliated with and indirectly wholly owned by Carl C. Icahn ('Icahn'), the Chairman of the Board of the General Partner. The agreement was reviewed and approved by the Audit Committee of the Board of Directors of the General Partner (the 'Audit Committee'). Prior to approving the agreement, the Audit Committee was advised by its independent financial advisor and legal counsel.

NEG owns an interest in entities primarily involved in owning and operating oil and gas properties and manages the oil and gas operations of such entities.

This acquisition was completed on October 2, 2003. The aggregate consideration paid was approximately $148.1 million, plus approximately $6.7 million of accrued interest on the debt securities. The Company beneficially owns in excess of 50% of the issued and outstanding common stock of NEG and 100% of its outstanding 10 3/4% Senior Notes, due November 1, 2006, in the aggregate principal amount of $148,637,000. Interest is payable semi-annually on May 1, and November 1.

In accordance with generally accepted accounting principles, assets transferred between entities under common control are accounted for at historical costs similar to a pooling of interests. The Company will account for the acquisition of NEG as indicated above in the fourth quarter of 2003.

b. The Company is a party to a license agreement with an affiliate of the General Partner for a portion of office space at an annual rental of approximately $135,000, plus its share of certain additional rent. Such agreement was approved by the Audit Committee. For the three and nine months ended September 30, 2003 the Company paid rent of approximately $43,000 and $119,000, respectively and for the three and nine months ended September 30, 2002 the Company paid rent of approximately $42,000 and $116,000, respectively.

c. Stratosphere Corporation ('Stratosphere'), a wholly owned subsidiary, billed affiliates of the General Partner approximately $855,000 and $2,182,000 for administrative services performed by Stratosphere personnel during the three and nine months ended September 30, 2003, respectively. For the three and nine months ended September 30, 2002, Stratosphere billed approximately $400,000 and $1,276,000, respectively.

d. As of November 1, 2003 affiliates of Icahn owned 8,477,139 Preferred Units and 39,896,836 Depositary Units.

e. See Note 4 regarding Note Receivable -- Affiliate, which was repaid on October 17, 2003.

3. COMMITMENTS AND CONTINGENCIES

a. In January 2002, the Cape Cod Commission (the 'Commission'), a Massachusetts regional planning body created in 1989, concluded that the Company's New Seabury development proposal is within its jurisdiction for review and approval (the 'Administrative Decision'). It is the Company's position that the proposed residential, commercial and recreational development is in substantial compliance with a special permit issued for the property in 1964 and is exempt from the Commission's jurisdiction and that the Commission is barred from exercising jurisdiction pursuant to a 1993 settlement agreement between the Commission and a prior owner of the New Seabury property (the 'Settlement Agreement').

In February 2002, New Seabury Properties LLC ('New Seabury'), the Company's subsidiary and owner of the property, filed a civil complaint in Barnstable County, Massachusetts, Superior Court appealing the Administrative Decision by the Commission and a separate complaint to find the Commission in contempt of the Settlement Agreement. The Court subsequently consolidated the two complaints into one proceeding. In July 2003, New Seabury and the Commission filed cross motions for summary judgment.

Also, in July 2003, in accordance with a Court ruling, the Commission reconsidered the question of its jurisdiction over the initial development proposal and over a modified development proposal that New Seabury filed in March 2003. The Commission concluded that both proposals are within its jurisdiction. In August 2003, New Seabury filed another complaint appealing this decision and again petitioned the Court to find the Commission in contempt of the Settlement Agreement.

In November 2003, the Court ruled in New Seabury's favor on its July 2003 motion for partial summary judgment, finding that the special permit remains valid and that the modified development proposal is in substantial compliance (it did not yet rule on the initial proposal). Under the modified development proposal New Seabury could potentially develop up to 278 residential units and 145,000 square feet of commercial space. Under the initial proposal, New Seabury could potentially build up to 675 residential/hotel units and 80,000 square feet of commercial space. The Company cannot predict the effect on the development process if it loses any appeal or if the Commission is ultimately successful in asserting jurisdiction over any of the development proposals.

The carrying value of New Seabury's development assets at September 30, 2003 is approximately $9.2 million.

b. Tiffiny Decorating Company ('Tiffiny'), a subcontractor to Great Western Drywall ('Great Western'), filed a legal action against Stratosphere Corporation, Stratosphere Development, LLC, American Real Estate Holdings Limited Partnership (collectively referred to as the 'Stratosphere Parties'), Great Western, Nevada Title and Safeco Insurance, Case No. A443926 in the Eighth Judicial District Court of the State of Nevada. The legal action asserts claims that include breach of contract, unjust enrichment and foreclosure of lien. The Stratosphere Parties have filed a cross-claim against Great Western in that action. Additionally, Great Western has filed a separate legal action against the Stratosphere Parties setting forth the same disputed issues. That separate action, Case No. A448299 in the Eighth Judicial Court of the State of Nevada, has been consolidated with the case brought by Tiffiny.

The initial complaint brought by Tiffiny asserts that Tiffiny performed certain construction services at the Stratosphere and was not fully paid for those services. Tiffiny claims the sum of $521,562 against Great Western, the Stratosphere Parties, and the other defendants, which the Stratosphere Parties contend has been paid to Great Western for payment to Tiffiny.

Great Western is alleging that it is owed payment from the Stratosphere Parties for work performed and for delay and disruption damages. Great Western is claiming damages in the sum of $3,935,438 plus interest, costs and legal fees from the Stratosphere Parties. This amount apparently includes the Tiffiny claim.

The Stratosphere Parties have evaluated the project and have determined that the amount of $1,004,059 (of which $195,953 and $371,873 were disbursed to Tiffiny and Great Western, respectively) is properly due and payable to satisfy all claims for the work performed, including the claim by Tiffiny.

The remaining amount has been segregated in a separate interest bearing account. The Stratosphere Parties intend to vigorously defend the action for claims in excess of $1,004,059.

c. In addition, in the ordinary course of business, the Company, its subsidiaries and other companies in which the Company has invested are parties to various legal actions. In management's opinion, the ultimate outcome of such legal actions will not have a material effect on the results of operations or the financial position of the Company.

d. In January 2002, Kmart Corp. ('Kmart'), a tenant leasing seven properties owned by the Company which represented approximately $1,374,000 in annual rentals, filed a voluntary petition for reorganization under Chapter 11 of the Federal Bankruptcy Code. Pursuant to an order of the Bankruptcy Court, four leases were rejected representing approximately $713,000 in annual rents. Three of the rejected properties are being held for sale. The Company previously recorded a provision for loss on real estate of approximately $1.9 million, on the four properties whose leases were rejected, in the year ended December 31, 2001. In April 2003, one of the leases representing approximately $242,000 in annual rentals was assumed by Kmart and assigned to Home Depot, who purchased the property for $3.2 million in June 2003. A gain of approximately $1.7 million was recorded in 'Income from discontinued operations' in the nine months ended September 30, 2003. Kmart emerged from bankruptcy in May 2003 and affirmed the two remaining leases representing approximately $418,000 in annual rentals.

4. NOTE RECEIVABLE -- AFFILIATE

On December 27, 2001, the Company entered into a transaction with Carl C. Icahn, Chairman of the Board of the General Partner, pursuant to which the Company made a $250 million loan to Mr. Icahn. The agreement provides for maintenance of collateral for the loan comprised of $250 million in aggregate market value of the Company's depositary and preferred units and $250 million (in book value) of shares of a private company owned by Mr. Icahn. Adjustments to the number of pledged securities are made periodically in accordance with the terms of the respective pledge agreements. Subject to such adjustments, at September 30, 2003 the loan was secured by securities consisting of (i) approximately $245 million aggregate market value at September 30, 2003 of the Company's units owned by affiliates of Mr. Icahn (approximately 16.6 million depositary units and 5.6 million preferred units) and (ii) shares of a private company owned by Mr. Icahn, which shares have an aggregate book value of at least $250 million, together with an irrevocable proxy on sufficient additional shares of the private company so that the pledged shares and the shares covered by the proxy equal in excess of 50% of the private company's shares. The private company owns other Icahn investments and does not own the Company's units. The loan is due on or before December 27, 2003 and by law may not be renewed or extended. The loan bears interest at a per annum rate equal to the greater of (i) 3.9% or (ii) 200 basis points over 90 day LIBOR to be reset each calendar quarter. The applicable rate during the three months ended March 31, 2003, June 30, 2003 and September 30, 2003 was 3.9%. The applicable rates were 3.9%, 4.03% and 3.9% for the three months ended March 31, 2002, June 30, 2002 and September 30, 2003, respectively. The loan must be prepaid in an amount of up to $125 million to the extent that the Company requests such funds for an investment opportunity and may be prepaid at any time by Mr. Icahn. The Company entered into this transaction to earn interest income on a secured investment. In the event of a loan default, the Company would at its option, liquidate the shares of the private company or reacquire its own units, or both, to satisfy the loan. Interest income of approximately $2.5 million and $7.5 million was recorded on this loan in the three months and nine months ended September 30, 2003, respectively, and also in the three and nine months ended September 30, 2002, respectively, and is included in 'Interest income on U.S. Government and Agency obligations and other investments' in the Consolidated Statements of Operations. Interest is payable semi-annually and has been paid through June 30, 2003. The terms of this transaction were reviewed and approved by the Audit Committee.

On October 17, 2003, Mr. Icahn repaid the $250 million loan plus accrued interest of $2,925,000.

5. HOTEL, CASINO AND RESORT OPERATING PROPERTIES

a. Stratosphere Hotel and Casino

The Company owns 100% of Stratosphere and consolidates Stratosphere in its financial statements.

Stratosphere owns and operates the Stratosphere Casino, Hotel & Tower, located in Las Vegas, Nevada, which is centered around the Stratosphere Tower (the 'Tower'), the tallest freestanding observation tower in the United States.

Stratosphere operates, among other things, the Tower, a hotel with 2,444 rooms and suites, a 97,000 square foot casino featuring 1,474 slot machines, 48 table games, a race and sports book, a keno lounge, a 160,000 square foot second level containing a retail center of 46 shops and a 650-seat Broadway Showroom, a 3,600-seat Outdoor Events Center, a 120-seat entertainment lounge and parking for approximately 4,000 cars. The hotel has seven themed restaurants and a New York style delicatessen.

Stratosphere's operations for the three and nine months ended September 30, 2003 and 2002 have been included in 'Hotel and casino operating income and expenses' in the Consolidated Statements of Operations. Hotel and casino operating expenses include all expenses except for approximately $2,967,000 and $9,213,000 of depreciation and amortization for the three and nine months ended September 30, 2003, respectively and $3,330,000 and $9,966,000 for the three and nine months ended September 30, 2002, respectively. Such amounts have been included in 'Depreciation and amortization expense' in the Consolidated Statements of Operations. Included in Hotel and casino operating expenses is a provision for income taxes of approximately $1,200,000 and $3,500,000 for the three and nine months ended September 30, 2003, respectively and $700,000 and $1,775,000 for the three and nine months ended September 30, 2002, respectively. Stratosphere accounted for approximately 63% and 49% of the Company's revenues in the nine months ended September 30, 2003 and 2002, respectively, and approximately 19% and 13% of the Company's operating income in the nine months ended September 30, 2003 and 2002, respectively.

b. Hotel and Resort Operating Properties

Hotel and resort operations for the three and nine months ended September 30, 2003 and 2002 have been included in 'Hotel and resort operating income and expenses' in the Consolidated Statements of Operations. Hotel and resort operating expenses include all expenses except for approximately $630,000 and $1,372,000 of depreciation and amortization for the three and nine months ended September 30, 2003, respectively and $639,000 and $1,560,000 of depreciation and amortization for the three and nine months ended September 30, 2002, respectively. Such amounts have been included in 'Depreciation and amortization expense' in the Consolidated Statements of Operations.

6. EQUITY INTEREST IN GB HOLDINGS, INC. (SANDS HOTEL AND CASINO)

The Company reflects its pro-rata equity interest in GB Holdings, Inc. ('GBH') under this caption in the Consolidated Balance Sheets. The Company owns approximately 3.6 million shares, 36%, of GBH. GBH is the holding company for the Sands Hotel and Casino (the 'Sands') located in Atlantic City, New Jersey. The Sands operates a casino facility with approximately 79,000 square feet of gaming space, a hotel with 511 rooms (including 57 suites) and related amenities.

'Equity in earnings (losses) of GB Holdings, Inc.' of ($428,000) and ($641,000) have been recorded in the Consolidated Statements of Operations for the three and nine months ended September 30, 2003, respectively. 'Equity in earnings (losses) of GB Holdings, Inc.' were $411,000 and $2,268,000 for the three and nine months ended September 30, 2002, respectively.

In July 2003, GBH announced that its Board of Directors, acting through a special committee, approved an exchange offer for the Sands debt. The proposed transaction is subject to the consent of the holders of a majority in principal amount of the existing notes, the approval of stockholders owning a majority of the common stock of GBH, the effectiveness of required filings under applicable securities laws and the receipt of all required governmental and third party approvals. Mr. Icahn and his affiliated companies hold in excess of 77% of the GBH stock and 58% of the existing debt, of which the Company owns approximately 36% of the common stock and 24% of the debt. The Company and

Mr. Icahn intend to support the proposed transaction. A wholly owned subsidiary of GBH currently has outstanding $110 million in secured notes due in September 2005, which bear interest at 11% per annum.

The proposed transaction would involve the following:

An amendment to the existing note indenture to remove certain provisions and covenants and release the liens on the Sands assets; thereby allowing the transfer of these assets and those now held at GBH to a wholly-owned subsidiary of GBH ('Newco').

The solicitation of an exchange of the existing notes for new notes due September 2008, which will bear interest at 3% per annum payable at maturity.

The payment of $100 per $1,000 in principal amount of the existing notes exchanged.

The holders of a majority of the new notes will have an option to convert into 72.5% of the Newco stock if all of the existing notes participate in the exchange.

The distribution to the GBH common stockholders of warrants (following the occurrence of certain events) for 27.5% of the common stock of Newco (on a fully diluted basis).

This transaction is not expected to have a significant impact on the Company's consolidated financial statements.

7. MARKETABLE EQUITY AND DEBT SECURITIES

The Company owns equity and debt securities of Philip Services Corporation. ('Philip'). In June 2003, Philip announced that it and most of its wholly owned U.S. subsidiaries filed voluntary petitions under Chapter 11 of the Federal Bankruptcy Code.

In the nine months ended September 30, 2003, management of the Company determined that it was appropriate to write-off the balance of its investment in the Philip common stock by a charge to earnings of approximately $961,000; of this amount $761,000 was previously charged to other comprehensive income in 2002, which was reversed in 2003, and included in the $961,000 charge to earnings.

8. MORTGAGES AND NOTES RECEIVABLE

a. The Company owns Philip Term and Payment-in-kind ('PIK') notes (the 'Notes') in the principal amount of approximately $32.7 million; the cost basis of the Notes was approximately $22.1 million. As previously mentioned, Philip filed for bankruptcy protection in June 2003. Management of the Company reviewed Philip's financial statements, bankruptcy documents and the prices of recent purchases and sales of the Notes and determined this investment to be impaired. Based upon this review, management concluded the fair value of the Notes to be approximately $3.3 million; therefore, the Company recorded a write-down of approximately $18.8 million by a charge to earnings in the nine months ended September 30, 2003.

b. The Company has provided development financing for certain real estate projects. The security for these loans is a pledge of the developers' ownership interest in the properties. Such loans are subordinate to construction financing and are generally referred to as mezzanine loans. The Company's mezzanine loans accrue interest at approximately 22% per annum. However interest is not paid periodically and is due at maturity or earlier from unit sales or refinancing proceeds. The Company defers recognition of interest income on mezzanine loans pending receipt of principal and interest payments or construction completion and the achievement of certain pre-sales levels. Upon construction completion, anticipated in the fourth quarter of 2003, the Company will review the status of each loan to determine whether or not recognition of interest income in the financial statements is appropriate. At September 30, 2003, the Company had funded three mezzanine loans in the principal amount of approximately $54.2 million (of which approximately $31 million was funded in the nine months ended September 30, 2003) and had deferred approximately $13.7 million of accrued interest income for financial statement purposes.

9. MORTGAGES PAYABLE

a. On May 16, 2003, the Company executed a mortgage note secured by a distribution facility located in Windsor Locks, Connecticut and obtained funding in the principal amount of $20 million. The loan bears interest at 5.63% per annum and matures on June 1, 2013. Annual debt service is approximately $1,382,000 per annum based on a 30 year amortization schedule.

b. The Company has engaged an investment banking firm to help it obtain financing on certain of its unencumbered properties. They have advised the Company that the $150 million of financing being sought may not be achievable because a substantial portion of the properties have short terms remaining on their respective leases. This factor combined with favorable real estate market conditions has led the Company to seek purchase offers for certain of its real estate properties. See Note 15 -- Subsequent Events.

10. PREFERRED UNITS

Pursuant to the terms of the Preferred Units, on February 21, 2003, the Company declared its scheduled annual preferred unit distribution payable in additional Preferred Units at the rate of 5% of the liquidation preference of $10. The distribution was payable March 31, 2003 to holders of record as of March 14, 2003. A total of 466,548 additional Preferred Units were issued. At September 30, 2003, 9,797,511 Preferred Units are issued and outstanding.

On July 1, 2003, the Company adopted Statement of Financial Accounting Standards No. 150 (SFAS 150) 'Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity'. SFAS 150 requires that a financial instrument, which is an unconditional obligation, be classified as a liability. Previous guidance required an entity to include in equity financial instruments that the entity could redeem in either cash or stock. Pursuant to SFAS 150 the Company's Preferred Units, which are an unconditional obligation, have been reclassified from 'Partners' equity' to a liability account in the Consolidated Balance Sheets and the preferred pay-in-kind distribution for the three months ended September 30, 2003, and going forward, has been and will be recorded as 'Interest expense' in the Consolidated Statements of Operations. See Note 14.

11. EARNINGS PER SHARE

Basic earnings per share are based on earnings after the preferred pay-in-kind distribution to Preferred Unitholders.

Diluted earnings per share is based on earnings before the preferred pay-in-kind distribution, which was $1.2 million and $3.6 million in the three and nine months ended September 30, 2003, respectively, as the numerator with the denominator based on the weighted average number of units and equivalent units outstanding. The Preferred Units are considered to be equivalent units. The number of limited partnership units used in the calculation of diluted income per limited partnership unit increased by 8,546,329 and 8,718,241 in the three and nine months ended September 30, 2003, respectively and by 10,509,458 and 10,161,592 in the three and nine months ended September 30, 2002, respectively, to reflect the potential conversion of preferred units. In the nine months ended September 30, 2003, the effect of the computation of diluted income from continuing operations per LP unit is anti-dilutive and therefore is not shown.

12. COMPREHENSIVE INCOME

The components of comprehensive income (loss) include net income and certain other amounts reported directly in the Consolidated Statements of Changes in Partners' Equity and Comprehensive Income.

Comprehensive income (loss) for the three and nine months ended September 30, 2003 and 2002 is as follows (in $000's):

	THREE MONTHS ENDED	
	9/30/03	9/30/02
Net income	$15,163	$17,225
Net unrealized (losses) gains on securities available for sale	(476)	241
Sale of marketable equity securities available for sale	(280)	--
Comprehensive income	$14,407	$17,466

	NINE MONTHS ENDED	
	9/30/03	9/30/02
Net income	$20,697	$49,703
Reversal of unrealized losses on securities available for sale	761	10,595
Adjustment to reverse unrealized loss on investment securities reclassified to notes receivable	--	6,582
Net unrealized gains (losses) on securities available for sale	1,866	(206)
Sale of marketable equity securities available for sale	(280)	--
Comprehensive income	$23,044	$66,674

13. SEGMENT REPORTING

The Company is currently engaged in five operating segments consisting of: (i) rental real estate, (ii) hotel and resort operating properties, (iii) hotel and casino operating properties, (iv) land sales, house and condominium development, and (v) investment in securities including investment in other limited partnerships and marketable equity and debt securities. The Company's reportable segments offer different services and require different operating strategies and management expertise. There have been no material changes in segment assets since December 31, 2002.

The Company assesses and measures segment operating results based on segment earnings from operations as disclosed below. Segment earnings from operations are not necessarily indicative of cash available to fund cash requirements nor synonymous with cash flow from operations.

During 2003, the Company realigned the management of its hotel and casino investments. Previously, the Company's investment in GB Holdings, Inc. and the results of its operations were considered as part of the Company's 'other investments' segment. For the three and nine months ended September 30, 2002, $411,000 and $2,268,000, respectively, representing the Company's equity in GB Holdings, Inc.'s net income for the periods, has been reclassified below from other investments to hotel and casino operating income and earnings to conform to the 2003 presentation.

The revenues and net earnings for each of the reportable segments are summarized as follows for the three and nine months ended September 30, 2003 and 2002 (in $000's):

	THREE MONTHS ENDED	
	9/30/03	9/30/02
Revenues:		
Hotel and casino operating income	$42,085	$41,557
Land, house and condominium sales	4,346	11,177
Rental real estate	10,622	10,279
Hotel and resort operating income	6,158	6,704
Other investments	1,402	1,668
Subtotal	64,613	71,385
Reconciling items -- primarily interest income on U.S. Government obligations and the Icahn note receivable	3,366	4,561
Total revenues	$67,979	$75,946
Net earnings (loss):		
Segment earnings:		
Hotel and casino operating properties	$ 5,824	$ 6,139
Land, house and condominium development	1,486	2,168
Rental real estate	8,869	8,743
Hotel and resort operating properties	1,897	1,797
Other investments	1,402	1,668
Total segment earnings	19,478	20,515
Other expenses, net	(4,315)	(3,290)
General partner's share of net loss (income)	(302)	(343)
Net earnings (loss) -- limited partner unitholders	$14,861	$16,882

	NINE MONTHS ENDED	
	9/30/03	9/30/02
Revenues:		
Hotel and casino operating income	$123,228	$119,415

Land, house and condominium sales	10,757	45,637
Rental real estate	32,401	31,504
Hotel and resort operating income	14,828	14,888
Other investments	4,707	13,324
Subtotal	185,921	224,768
Reconciling items -- primarily interest income on U.S. Government obligations and the Icahn note receivable	10,149	13,828
Total revenues	$196,070	$238,596
Net earnings:		
Segment earnings:		
Hotel and casino operating properties	$ 17,852	$ 19,296
Land, house and condominium development	2,896	11,959
Rental real estate	26,970	26,362
Hotel and resort operating properties	3,569	2,697
Other investments	4,707	13,324
Total segment earnings	55,994	73,638
Other expenses, net	(35,297)	(23,935)
General partner's share of net income	(412)	(989)
Net earnings-limited partner unitholders	$ 20,285	$ 48,714

14. NEW ACCOUNTING PRONOUNCEMENTS

As of January 1, 2002 the Company has adopted the Statement of Financial Accounting Standards No. 144 (SFAS 144) 'Accounting for the Impairment or Disposal of Long-Lived Assets.' Under SFAS No. 144, the properties sold by the Company to third parties are considered to be discontinued operations. For the three and nine months ended September 30, 2003 and 2002 the Company has reported discontinued operations in the Consolidated Statements of Operations for the properties disposed of to third parties, which excludes those grandfathered by the effective date of SFAS 144. The three and nine months' results for the periods ended September 30, 2002 have been restated to conform to the 2003 presentation.

In May 2003, the FASB issued SFAS 150 'Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity'. SFAS 150 is effective at the beginning of the first interim period beginning after June 15, 2003. The Company adopted SFAS 150 on July 1, 2003 and has reclassified its preferred units to a liability account. See Note 10.

In January 2003, the FASB issued Interpretation No. 46, 'Consolidation of Variable Interest Entities, an interpretation of ARB No. 51' (FIN #46). This Interpretation addresses the consolidation by business enterprises of variable interest entities. The Company is currently evaluating the effects of this Interpretation on its financial statements.

15. SUBSEQUENT EVENTS

a. In October 2003, the Company sold a property located in Columbia, Maryland to its tenant for a selling price of $11 million. A gain of approximately $5.8 million will be recognized in the quarter ended December 31, 2003.

b. The Company has retained CB Richard Ellis, Inc. to assist it in obtaining offers for the Company's real estate portfolio. In total, the Company will market for sale properties with a book value of approximately $340 million, encumbered by mortgage debt of approximately $180 million. The properties will be marketed individually and/or as several separate portfolios. There can be no assurances that the Company will be successful in obtaining purchase offers at acceptable prices.

The Company intends to utilize proceeds from any asset sales to continue to diversify its operations. In accordance with its previous disclosure, the Company intends to further explore investments in the casino and entertainment sectors and the energy industry as well as other real estate opportunities. Management is currently in preliminary discussions with an unaffiliated third party regarding the possible acquisition of a casino hotel with approximately 3,000 rooms, located in Las Vegas, Nevada.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Statements included in Management's Discussion and Analysis of Financial Condition and Results of Operations which are not historical in nature, are intended to be, and are hereby identified as, 'forward looking statements' for purposes of the safe harbor provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended by Public Law 104-67.

Forward looking statements regarding management's present plans or expectations involve risks and uncertainties and changing economic or competitive conditions, as well as the negotiation of agreements with third parties, which could cause actual results to differ from present plans or expectations, and such differences could be material. Readers should consider that such statements speak only as to the date hereof.

GENERAL

The Company is a master limited partnership primarily engaged in acquiring and managing real estate investments with a primary focus on office, retail, industrial, hotel, gaming and residential properties.

The Company believes that it will benefit from further diversification of its portfolio of assets. To accomplish its investment objectives, the Company will consider additional investments in the casino and entertainment sectors and the energy industry as well as other real estate opportunities. In selecting

future investments, the Company intends to focus on assets that it believes are undervalued, which investments may require substantial liquidity to maintain a competitive advantage.

The Company has made investments in the gaming industry and may consider additional gaming industry investments and investments related to the entertainment industry. Such investments may include additional casino properties and those in the entertainment field, such as movie theater interests, and the financing and investment in the movie production and distribution industry. Such investments may include acquisitions from, or in joint venture or co-management with, Icahn, the General Partner or their affiliates, provided that the terms thereof are fair and reasonable to the Company. The Audit Committee is in the preliminary stages of considering the acquisition of two Las Vegas Casinos from affiliates of Icahn. The Company may consider high-yield bond or other debt financing in connection with this potential acquisition. In addition, management is currently in preliminary discussions with an unaffiliated third party regarding the possible acquisition of a casino hotel with approximately 3,000 rooms, located in Las Vegas, Nevada.

The Company has made an investment in the oil and gas industry and may consider additional energy related investments. In October 2003, the Company acquired certain debt and equity securities of National Energy Group, Inc. and a 100% interest in an entity owning part of such debt and equity securities from entities affiliated with and indirectly wholly owned by Carl C. Icahn, the Chairman of the Board of the General Partner. The aggregate consideration paid was approximately $148.1 million plus approximately $6.7 million of accrued interest on the debt securities. See Note 2 to the Consolidated Financial Statements.

Due to favorable real estate market conditions and the mature nature of the Company's real estate portfolio, the Company will seek purchase offers for certain of its real estate properties.

The Company believes that there are still opportunities available to acquire real estate investments that are undervalued. These may include commercial properties, undeveloped land, assets in the gaming and entertainment industries, non-performing loans, the securities of entities which own, manage or develop significant real estate assets, including limited partnership units and securities issued by real estate investment trusts and the acquisition of debt or equity securities of companies which may be undergoing restructuring and under-performing properties that may require active asset management and significant capital improvements.

Acquisition opportunities in the real estate market for value-added investors have become more competitive to source and the increased competition may have some impact on the spreads and the ability to find quality assets that provide returns that are sought. These investments may not be readily financeable and may not generate immediate positive cash flow for the Company. As such, they require the Company to maintain a strong capital base in order to react quickly to these market opportunities as well as to allow the Company the financial strength to develop or reposition these assets. While this may impact cash flow in the near term and there can be no assurance that any asset acquired by the Company will increase in value or generate positive cash flow, the Company intends to focus on assets that it believes may provide opportunities for long-term growth and further its objective to diversify its portfolio.

Historically, substantially all of the Company's real estate assets leased to others have been net leased to single corporate tenants under long-term leases. With certain exceptions, these tenants are required to pay all expenses relating to the leased property and therefore the Company is not typically responsible for payment of expenses, such as maintenance, utilities, taxes and insurance associated with such properties.

By the end of the year 2005, net leases representing approximately 18% of the Company's net annual rentals from its real estate portfolio will be due for renewal, and by the end of the year 2007, net leases representing approximately 32% of the Company's net annual rentals will be due for renewal. Since most of the Company's properties are net-leased to single corporate tenants, it may be difficult and time-consuming to re-let or sell those properties that existing tenants decline to re-let or purchase, and therefore the Company may be required to incur expenditures to renovate such properties for new tenants. In addition, the Company may become responsible for the payment of certain operating expenses, including maintenance, utilities, taxes, insurance and environmental compliance costs associated with such properties, which are presently the responsibility of the tenant. As a result, the Company could experience an adverse impact on net cash flow in the future from such properties.

Earnings from land, house and condominium operations have decreased significantly in 2003 due to a decline in inventory of completed units available for sale. This trend is expected to continue as land inventory is depleted and cannot be replenished cost effectively. The Company has three sub-divisions, including New Seabury, at varying stages of the municipal approval process, which, if successful, may mitigate the down-trend.

The Partnership Agreement permits the Company to make non-real estate related acquisitions and to invest in securities issued by companies that are not necessarily engaged as one of their primary activities in the ownership, development or management of real estate while remaining in the real estate business and continuing to pursue suitable investments for the Company in real estate and real estate related investments.

Expenses relating to environmental clean-up have not had a material effect on the earnings, capital expenditures, or competitive position of the Company. Management believes that substantially all such costs would be the responsibility of the tenants pursuant to lease terms. While most tenants have assumed responsibility for the environmental conditions existing on their leased property, there can be no assurance that the Company will not be deemed to be a responsible party or that the tenant will bear the costs of remediation. Also, as the Company acquires more operating properties, its exposure to environmental clean-up costs may increase. The Company completed Phase I Environmental Site Assessments on most of its properties by third-party consultants. Based on the results of these Phase I Environmental Site Assessments, the environmental consultant has recommended that certain sites may have environmental conditions that should be further reviewed.

The Company has notified each of the responsible tenants to attempt to ensure that they cause any required investigation and/or remediation to be performed and most tenants continue to take appropriate action. However, if the tenants fail to perform responsibilities under their leases referred to above, based solely upon the consultant's estimates resulting from its Phase I Environmental Site Assessments referred to above, it is presently estimated that the Company's exposure could amount to $2-3 million. However, as no Phase II Environmental Site Assessments have been conducted by the consultants, there can be no accurate estimation of the need for or extent of any required remediation, or the costs thereof. In addition, the Company has notified all tenants of the Resource Conservation and Recovery Act's ('RCRA') December 22, 1998 requirements for regulated underground storage tanks. The Company may, at its own cost, have to cause compliance with RCRA's requirements in connection with vacated properties, bankrupt tenants and new acquisitions. Phase I Environmental Site Assessments will also be performed in connection with new acquisitions and property refinancings.

The Company is in the process of updating its Phase I Site Assessments for certain of its environmentally sensitive properties including properties with open RCRA requirements. Approximately thirty-three updates are expected to be completed in 2003.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED TO THREE MONTHS ENDED SEPTEMBER 30, 2002

Gross revenues decreased by $7,967,000, or 10.5%, during the three months ended September 30, 2003 as compared to the same period in 2002. This decrease reflects decreases of $6,831,000 in land, house and condominium sales, $1,606,000 in interest income on U.S. Government and Agency Obligations and other investments, $839,000, in equity in earnings of GB Holdings, Inc. $546,000 in hotel and resort operating income and $406,000 in financing lease income partially offset by increases of $1,367,000 in hotel and casino operating income, $749,000 in rental income, and $145,000 in dividend and other income. The decrease in land, house and condominium sales is primarily due to a decrease in the number of units sold as approved land inventory has been depleted by sales. The decrease in interest income on U.S. Government and Agency obligations and other investments is primarily attributable to a decline in interest rates on U.S. Agency obligations as higher rate bonds were called in 2002. The decrease in equity in earnings of GB Holdings, Inc. is primarily due to decreased slot machine revenue partially offset by increased revenue from table games and decreased casino expenses. The decrease in hotel and resort operating income is primarily due to decreased club dues which is being recognized monthly rather than seasonally as in 2002. The decrease in financing lease income is the

result of lease expirations, reclassifications of financing leases and normal financing lease amortization. The increase in hotel and casino operating income is primarily attributable to an increase in hotel, food and beverage revenues and a decrease in promotional allowance. The average daily rate ('ADR') increased $5 to $50, however, percentage occupancy decreased approximately 1.4% to 92.1%. The increase in rental income is primarily attributable to a property acquisition and reclassifications of financing leases to operating leases.

Expenses decreased by $4,280,000, or 7.0%, during the three months ended September 30, 2003 as compared to the same period in 2002. This decrease reflects decreases of $6,149,000 in the cost of land, house and condominium sales, $646,000 in hotel and resort operating expenses and $62,000 in depreciation and amortization partially offset by increases of $1,467,000 in interest expense, $843,000 in hotel and casino operating expenses, $217,000 in rental property expenses and $50,000 in general and administrative expense. The decrease in the cost of land, house and condominium sales is due to decreased sales as discussed above. Costs as a percentage of sales decreased from 81% in 2002 to 66% in 2003 primarily due to higher margin sales in 2003. The decrease in hotel and resort operating expenses is due to a decrease in payroll and related expenses. The increase in interest expense is primarily due to preferred distributions being expensed in accordance with SFAS 150. The increase in hotel and casino operating expenses is primarily attributable to increased costs associated with increased revenues. Costs as a percentage of sales decreased from 86% in 2002 to 85% in 2003.

Operating income decreased during the three months ended September 30, 2003 by $3,687,000 as compared to the same period in 2002 as detailed above.

Earnings from land, house and condominium operations decreased in three months ended September 30, 2003 compared to the same period in 2002 due to a decline in inventory of completed units available for sale. Based on current information, sales will decline significantly during the rest of 2003 as compared to 2002. The decrease in land inventory in approved sub-divisions is expected to continue to have a negative impact on earnings from this business segment.

Earnings from hotel, casino and resort properties are expected to be constrained by recessionary pressures, international tensions and competition.

Gain on property transactions from continuing operations decreased by $2,390,000 during the three months ended September 30, 2003 as compared to the same period in 2002.

A provision for loss on real estate of $100,000 was recorded in the three months ended September 30, 2003. No such provision was recorded in 2002.

A gain on sale of marketable equity securities of $2,168,000 was recorded in the three months ended September 30, 2003. There were no such gains in the comparable period of 2002.

Minority interest in the net earnings of Stratosphere Corporation was $612,000 during the three months ended September 30, 2002. As a result of the acquisition of the minority interest in December 2002, there will be no minority interest in Stratosphere in 2003 and thereafter.

Income from continuing operations decreased by $3,397,000 in the three months ended September 30, 2003 as compared to the same period in 2002 as detailed above.

Income from discontinued operations increased by $1,335,000 in the three months ended September 30, 2003 as compared to the same period in 2002 due to gains on property dispositions.

Net earnings for the three months ended September 30, 2003 decreased by $2,062,000 as compared to the three months ended September 30, 2003 primarily due to decreased interest income ($1.6 million) and increased interest expense ($1.5 million) partially offset by an increase in income from discontinued operations ($1.3 million).

NINE MONTHS ENDED SEPTEMBER 30, 2003 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2002

Gross revenues decreased by $42,526,000, or 17.8%, during the nine months ended September 30, 2003 as compared to the same period in 2002. This decrease reflects decreases of $34,880,000 in land, house and condominium sales, $12,402,000 in interest income on U.S. Government and Agency Obligations and other investments, $2,909,000 in equity in earnings of GB Holdings, Inc., $1,373,000 in

financing lease income and $60,000 in hotel and resort operating income partially offset by increases of $6,722,000 in hotel and casino operating income, $2,270,000 in rental income and $106,000 in dividend and other income. The decrease in land, house and condominium sales is primarily due to a decrease in the number of units sold, as approved land inventory has been depleted by sales. The decrease in interest income on U.S. Government and Agency obligations and other investments is primarily attributable to the prepayment of a mezzanine loan in 2002 and a decline in interest rates on U.S. Agency obligations as higher rate bonds were called in 2002. The decrease in equity in earnings of GB Holdings, Inc. is due to decreased casino revenue primarily attributable to a reduction in the number of table games as new slot machines were added in 2002. This business strategy was changed in 2003 to focus on the mid to high-end slot customer with a balanced table game business. The decrease in financing lease income is the result of lease expirations, reclassifications of financing leases and normal financing lease amortization. The increase in hotel and casino operating income is primarily attributable to an increase in hotel, food and beverage revenues and a decrease in promotional allowances. The average daily rate ('ADR') increased $3 to $51, however, percentage occupancy decreased approximately 0.3% to 89.7%. The increase in rental income is primarily attributable to a property acquisition and reclassifications of financing leases to operating leases.

Expenses decreased by $20,342,000, or 11.1%, during the nine months ended September 30, 2003 as compared to the same period in 2002. This decrease reflects decreases of $25,817,000 in the cost of land, house and condominium sales, $932,000 in hotel and resort operating expenses and $218,000 in general and administrative expenses partially offset by increases of $5,257,000 in hotel and casino operating expenses, $697,000 in depreciation and amortization, $289,000 in rental property expenses and $382,000 in interest expense. The decrease in the cost of land, house and condominium sales is due to decreased sales as discussed above. Costs as a percentage of sales decreased from 74% in 2002 to 73% in 2003. The decrease in hotel and resort operating expenses is due to a decrease in payroll and related expenses. The increase in hotel and casino operating expenses is primarily attributable to increased costs associated with increased revenues. Costs as a percentage of sales was 85% in 2003 and 2002. The increase in depreciation expense is primarily attributable to an increase in rental real estate and resort properties.

Operating income decreased during the nine months ended September 30, 2003 by $22,184,000 as compared to the same period in 2002 as detailed above.

Earnings from land, house and condominium operations decreased in nine months ended September 30, 2003 compared to the same period in 2002 due to a decline in inventory of completed units available for sale. Based on current information, sales will decline significantly during the rest of 2003 as compared to 2002. The decrease in land inventory in approved sub-divisions is expected to continue to have a negative impact on earnings from this business segment.

Earnings from hotel, casino and resort properties are expected to be constrained by recessionary pressures, international tensions and competition.

Gain on property transactions from continuing operations decreased by $3,163,000 during the nine months ended September 30, 2003 as compared to the same period in 2002 due to the size and number of transactions.

A provision for loss on real estate of $300,000 was recorded in the nine months ended September 30, 2003 as compared to $926,000 in 2002.

A write-down of marketable equity securities available for sale of $961,000 was recorded in the nine months ended September 30, 2003 as compared to a write-down of $8,476,000 in 2002.

A write-down of mortgages and notes receivable of $18,798,000, pertaining to the Company's investment in the Philip Notes, was recorded in the nine months ended September 30, 2003. There was no such write-down in the comparable period of 2002.

A gain on sale of marketable equity securities of $2,168,000 was recorded in the nine months ended September 30, 2003. There was no such gain in the comparable period of 2002.

Minority interest in the net earnings of Stratosphere Corporation was $1,608,000 during the nine months ended September 30, 2002. As a result of the acquisition of the minority interest in December 2002, there will be no minority interest in Stratosphere in 2003 and thereafter.

Income from continuing operations decreased by $32,228,000 in the nine months ended September 30, 2003 as compared to the same period in 2002 as detailed above.

Income from discontinued operations increased by $3,222,000 in the nine months ended September 30, 2003 as compared to the same period in 2002 due to gains on property dispositions.

Net earnings for the nine months ended September 30, 2003 decreased by $29,006,000 as compared to the nine months ended September 30, 2002 primarily due to a write-down of mortgages and notes receivable ($18.8 million), decreased earnings from land, house and condominium operations ($9.1 million) and decreased interest income ($12.4 million) partially offset by a decrease in write-down of equity securities available for sale ($7.5 million) and an increase in income from discontinued operations ($3.2 million).

CAPITAL RESOURCES AND LIQUIDITY

Net cash provided by operating activities was $55.1 million for the nine months ended September 30, 2003 as compared to $84.1 million in the comparable period of 2002. This decrease resulted primarily from a decrease in interest income ($12.4 million), an increase in land and construction in progress ($9.9. million) and a decrease in land, house and condominium operations ($9.1 million) partially offset by an increase in cash flow from the other operations ($2.4 million). The Company expects the decrease in land inventory in approved sub-divisions to continue to negatively impact cash flow from land, house and condominium operations.

The following table reflects the Company's contractual cash obligations, subject to certain conditions, due over the indicated periods and when they come due (in $millions):

	LESS THAN 1 YEAR	1-3 YEARS	4-5 YEARS	AFTER 5 YEARS	TOTAL
Mortgages payable	$ 6.6	$21.6	$75.3	$79.1	$182.6
Mezzanine loan commitments	15.0	--	--	--	15.0
Acquisition of debt & equity securities in National Energy Group, Inc.	154.8	--	--	--	154.8
Construction and development obligations	15.0	--	--	--	15.0
Total	$191.4	$21.6	$75.3	$79.1	$367.4

In October 2003, the Company acquired debt and equity securities of National Energy Group, Inc. ('NEG'), from entities affiliated with and indirectly wholly owned by Carl C. Icahn, the Chairman of the Board of the General Partner. The aggregate consideration paid was approximately $148.1 million, plus approximately $6.7 million of accrued interest on the debt securities. The Company beneficially owns in excess of 50% of the issued and outstanding common stock of NEG and 100% of its outstanding 10 3/4% Senior Notes, due 11/1/06, in the aggregate principal amount of $148,637,000.

On October 17, 2003 Mr. Icahn prepaid the $250 million loan which would have been due on December 27, 2003.

In 2003, seventeen leases covering seventeen properties and representing approximately $2.2 million in annual rentals have expired or are scheduled to expire. Twelve leases originally representing $1.6 million in annual rental income were renewed for $1,388,000 in annual rentals. Such renewals are generally for a term of five years. Five properties with annual rental income of $613,000 were not renewed and are currently being marketed for sale or lease.

On March 31, 2003, the Board of Directors of the General Partner announced that no distributions on its Depositary Units are expected to be made in 2003. The Company believes that it should continue to hold and invest, rather than distribute, cash. In making its announcement, the Company noted it plans to continue to apply available cash flow toward its operations, repayment of maturing indebtedness, tenant requirements, investments, acquisitions and other capital expenditures and cash

reserves for Partnership contingencies including environmental matters and scheduled lease expirations. By the end of the year 2005, net leases representing approximately 18% of the Company's net annual rentals will be due for renewal, and by the end of the year 2007, 32% of such rentals will be due for renewal. Another factor that the Company took into consideration was that net leases representing approximately 26% of the Company's annual rentals are with tenants in the retail sector, some of which are currently experiencing cash flow difficulties and restructurings.

The types of investments the Company is pursuing, including assets that may not be readily financeable or generating positive cash flow, such as development properties, non-performing mortgage loans or securities of companies which may be undergoing restructuring or require significant capital investments, require the Company to maintain a strong capital base in order to own, develop and reposition these assets.

Sales proceeds from the sale or disposal of portfolio properties totaled approximately $9.7 million in the nine months ended September 30, 2003. During the comparable period of 2002, sales proceeds totaled approximately $13.5 million. The Company intends to use asset sales, financing and refinancing proceeds for new investments.

Capital expenditures for real estate, and hotel, casino and resort operations were approximately $8.7 million and $3.3 million during the nine months ended September 30, 2003 and 2002, respectively. In 2003, capital expenditures are currently expected to be approximately $12 million.

During the nine months ended September 30, 2003 and 2002, approximately $5.3 million and $5.6 million, respectively, of mortgage principal payments were repaid. In addition, in the nine months ended September 30, 2003, approximately $16.2 million of net refinancing proceeds were received.

The Company may possibly consider making tender offers for real estate operating companies and real estate limited partnership units. The Company may also consider indirect investments in real estate by making loans secured by ownership interests of certain real properties.

To further its investment objectives, the Company may consider the acquisition or seek effective control of other land development companies and other real estate operating companies which may have a significant inventory of quality assets under development. This may enhance its ability to further diversify its portfolio of properties and gain access to additional operating and development capabilities.

The Company's cash and cash equivalents and investment in U.S. Government and Agency obligations increased by $43.3 million during the nine months ended September 30, 2003 primarily due to net cash flow from operations ($55.0 million), net refinancing proceeds ($16.2 million), property sales proceeds ($9.7 million) and marketable equity securities proceeds ($3.6 million) partially offset by mezzanine loan advances ($31.1 million), capital expenditures ($8.4 million) and miscellaneous other items ($1.7 million).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

The United States Securities and Exchange Commission requires that registrants include information about primary market risk exposures relating to financial instruments. Through its operating and investment activities, the Company is exposed to market, credit and related risks, including those described elsewhere herein. As the Company may invest in debt or equity securities of companies undergoing restructuring or undervalued by the market, these securities are subject to inherent risks due to price fluctuations, and risks relating to the issuer and its industry, and the market for these securities may be less liquid and more volatile than that of higher rated or more widely followed securities.

Other related risks include liquidity risks, which arise in the course of the Company's general funding activities and the management of its balance sheet. This includes both risks relating to the raising of funding with appropriate maturity and interest rate characteristics and the risk of being unable to liquidate an asset in a timely manner at an acceptable price. Real estate investments by their nature are often difficult or time-consuming to liquidate. Also, buyers of minority interests may be difficult to secure, while transfers of large block positions may be subject to legal, contractual or market restrictions. Other operating risks for the Company include lease terminations, whether scheduled terminations or due to tenant defaults or bankruptcies, development risks, and environmental and capital expenditure matters, as described elsewhere herein.

The Company invests in U.S. Government and Agency obligations which are subject to interest rate risk. As interest rates fluctuate, the Company will experience changes in the fair value of these investments with maturities greater than one year. If interest rates increased 200 basis points, the fair value of these investments at September 30, 2003, would decline by approximately $500,000.

Whenever practical, the Company employs internal strategies to mitigate exposure to these and other risks. The Company, on a case by case basis with respect to new investments, performs internal analyses of risk identification, assessment and control. The Company reviews credit exposures, and seeks to mitigate counterparty credit exposure through various techniques, including obtaining and maintaining collateral, and assessing the creditworthiness of counterparties and issuers. Where appropriate, an analysis is made of political, economic and financial conditions, including those of foreign countries. Operating risk is managed through the use of experienced personnel. The Company seeks to achieve adequate returns commensurate with the risk it assumes. The Company utilizes qualitative as well as quantitative information in managing risk.

ITEM 4. CONTROLS AND PROCEDURES

a. As of September 30, 2003, the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Company's and its subsidiaries' disclosure controls and procedures pursuant to the Exchange Act Rule 13a-15(e) and 15d-15(e). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic Securities and Exchange Commission filings.

b. During the three months ended September 30, 2003, there have been no significant changes in the Company's internal controls over financial reporting or in other factors that could significantly affect internal controls over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

a. In January 2002, the Cape Cod Commission (the 'Commission'), a Massachusetts regional planning body created in 1989, concluded that the Company's New Seabury development proposal is within its jurisdiction for review and approval (the 'Administrative Decision'). It is the Company's position that the proposed residential, commercial and recreational development is in substantial compliance with a special permit issued for the property in 1964 and is exempt from the Commission's jurisdiction and that the Commission is barred from exercising jurisdiction pursuant to a 1993 settlement agreement between the Commission and a prior owner of the New Seabury property (the 'Settlement Agreement').

In February 2002, New Seabury Properties LLC ('New Seabury'), the Company's subsidiary and owner of the property, filed a civil complaint in Barnstable County, Massachusetts, Superior Court appealing the Administrative Decision by the Commission and a separate complaint to find the Commission in contempt of the 1993 Settlement Agreement. The Court subsequently consolidated the two complaints into one proceeding. In July 2003, New Seabury and the Commission filed cross motions for summary judgment.

Also, in July 2003, in accordance with a Court ruling, the Commission reconsidered the question of its jurisdiction over the initial development proposal and over a modified development proposal that New Seabury filed in March 2003. The Commission concluded that both proposals are within its jurisdiction. In August 2003, New Seabury filed another complaint appealing this decision and again petitioned the Court to find the commission in contempt of the Settlement Agreement.

In November 2003, the Court ruled in New Seabury's favor on its July 2003 motion for partial summary judgment, finding that the special permit remains valid and that the modified development proposal is in substantial compliance (it did not yet rule on the initial proposal). Under the modified development proposal New Seabury could potentially develop up to 278 residential units and 145,000 square feet of commercial space. Under the initial proposal New Seabury could potentially build up to 675 residential/hotel units and 80,000 square feet of commercial space. The Company cannot predict the effect on the development process if it loses any appeal or if the Commission is ultimately successful in asserting jurisdiction over any of the development proposals.

b. Tiffiny Decorating Company ('Tiffiny'), a subcontractor to Great Western Drywall ('Great Western'), filed a legal action against Stratosphere Corporation, Stratosphere Development, LLC, American Real Estate Holdings Limited Partnership (Stratosphere Corporation, Stratosphere Development, LLC and American Real Estate Holding Limited Partnership are herein collectively referred to as the 'Stratosphere Parties'), Great Western, Nevada Title and Safeco Insurance, Case No. A443926 in the Eighth Judicial District Court of the State of Nevada. The legal action asserts claims that include breach of contract, unjust enrichment and foreclosure of lien. The Stratosphere Parties have filed a cross-claim against Great Western in that action. Additionally, Great Western has filed a separate legal action against the Stratosphere Parties setting forth the same disputed issues. That separate action, Case No. A448299 in the Eighth Judicial Court of the State of Nevada, has been consolidated with the case brought by Tiffiny.

The initial complaint brought by Tiffiny asserts that Tiffiny performed certain construction services at the Stratosphere and was not fully paid for those services. Tiffiny claims the sum of $521,562 against Great Western, the Statosphere Parties, and the other defendants, which the Stratosphere Parties contend have been paid to Great Western for payment to Tiffiny.

Great Western is alleging that it is owed payment from the Stratosphere Parties for work performed and for delay and disruption damages. Great Western is claiming damages in the sum of $3,935,438 plus interest, costs and legal fees from the Stratosphere Parties. This amount apparently includes the Tiffiny claim.

The Stratosphere Parties have evaluated the project and have determined that the amount of $1,004,059 (of which $195,953 and $371,873 were disbursed to Tiffiny and Great Western, respectively) is properly due and payable to satisfy all claims for the work performed, including the claim by Tiffiny.

The remaining amount has been segregated in a separate interest bearing account. The Stratosphere Parties intend to vigorously defend the action for claims in excess of $1,004,059.

c. In addition, in the ordinary course of business, the Company is party to various legal actions. In management's opinion, the ultimate outcome of such legal actions will not have a material effect on the results of operations or the financial position of the Company.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) 8K dated August 14, 2003 -- American Real Estate Partners, L.P. Reports Second Quarter and Six Months Results

(b) 8-K dated August 19, 2003 -- American Real Estate Partners, L.P. Announces Executive Changes

EXHIBITS:

31 Certification of Chief Executive Officer -- Sarbanes-Oxley Act of 2002 -- Section 302(a)

31.1 Certification of Chief Financial Officer -- Sarbanes-Oxley Act of 2002 -- Section 302(a)

32 Certification of Principal Executive Officer -- Sarbanes-Oxley Act of 2002 -- Section 906

32.1 Certification of Principal Financial Officer -- Sarbanes-Oxley Act of 2002 -- Section 906

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 thereunto duly authorized.

AMERICAN REAL ESTATE PARTNERS, L.P.

By: American Property Investors, Inc.

/s/ JOHN P. SALDARELLI

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JOHN P. SALDARELLI
TREASURER, CHIEF FINANCIAL OFFICER
AND PRINCIPAL ACCOUNTING OFFICER

Date: November 14, 2003

EXHIBIT 31

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. 1350
SECTION 302(a) OF THE SARBANES-OXLEY ACT OF 2002

I, Keith A. Meister certify that:

1. I have reviewed the quarterly report on Form 10-Q of American Real Estate Partners, L.P. (the 'Registrant') for the period ended September 30, 2003 (the 'Report');

2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Report;

3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in the Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the Report is being prepared;

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation and

c) disclosed in the Report any changes in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 14, 2003

/s/ KEITH A. MEISTER

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KEITH A. MEISTER
PRESIDENT AND CHIEF EXECUTIVE OFFICER OF
AMERICAN PROPERTY INVESTORS, INC.,
THE GENERAL PARTNER OF
AMERICAN REAL ESTATE PARTNERS, L.P.

EXHIBIT 31.1

CERTIFICATE OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. 1350 SECTION 302(a) OF
THE SARBANES-OXLEY ACT OF 2002

I, John P. Saldarelli, certify that:

1. I have reviewed the quarterly report on Form 10-Q of American Real Estate Partners, L.P. (the 'Registrant') for the period ended September 30, 2003 (the 'Report');

2. Based on my knowledge, the Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the Report;

3. Based on my knowledge, the financial statements, and other financial information included in the Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in the Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which the Report is being prepared;

b) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in the Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation and

c) disclosed in the Report any changes in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: November 14, 2003

/s/ JOHN P. SALDARELLI

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JOHN P. SALDARELLI
TREASURER AND CHIEF FINANCIAL OFFICER OF
AMERICAN PROPERTY INVESTORS, INC.,
THE GENERAL PARTNER OF
AMERICAN REAL ESTATE PARTNERS, L.P.

EXHIBIT 32

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. 1350
(SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002)

I, Keith A. Meister, President and Chief Executive Officer (Principal Executive Officer) of American Property Investors, Inc., the General Partner of American Real Estate Partners, L.P. (the 'Registrant'), certify that to the best of my knowledge, based upon a review of the American Real Estate Partners, L.P. Quarterly Report on Form 10-Q for the period ended September 30, 2003 of the Registrant (the 'Report'):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ KEITH A. MEISTER
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KEITH A. MEISTER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
OF AMERICAN PROPERTY INVESTORS, INC.,
THE GENERAL PARTNER OF
AMERICAN REAL ESTATE PARTNERS, L.P.

Date: November 14, 2003

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. 1350
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, John P. Saldarelli, Treasurer and Chief Financial Officer (Principal Financial Officer) of American Property Investors, Inc., the General Partner of American Real Estate Partners, L.P. (the 'Registrant'), certify that to the best of my knowledge, based upon a review of the American Real Estate Partners, L.P. Quarterly Report on Form 10-Q for the period ended September 30, 2003 of the Registrant (the 'Report'):

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ JOHN P. SALDARELLI
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JOHN P. SALDARELLI
TREASURER AND CHIEF FINANCIAL OFFICER
AMERICAN PROPERTY INVESTORS, INC.,
THE GENERAL PARTNER OF
AMERICAN REAL ESTATE PARTNERS, L.P.

Date: November 14, 2003