

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

December 22, 1999

Date of Report (Date of earliest event reported)

AMERICAN REAL ESTATE PARTNERS, L.P.

(Exact Name of Registrant as Specified in its Charter)

Delaware ----- (State of Organization)	1-9516 ----- (Commission File Number)	13-3398766 ----- (IRS Employer Identification Number)
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100 SOUTH BEDFORD ROAD
MT. KISCO, NY 10549

(Address of Registrant's Principal Executive Office) (Zip Code)

(914) 242-7700

(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

ITEM 5. OTHER EVENTS.

On December 22, 1999, the Registrant announced that it has reached an agreement in principle to acquire Bayswater Realty and Capital Corp. and its affiliated entities from the Registrant's Chairman, Mr. Carl C. Icahn. The purchase price for the acquisition will be \$90 million payable in cash. The acquisition, which is subject to completion of satisfactory due diligence, the negotiation of definitive agreements and customary closing conditions, is expected to close in the first quarter of 2000. Reference is made to the press release, dated December 22, 1999, annexed hereto as Exhibit 20.2, for information regarding the announcement.

ITEM 7. EXHIBITS.

Exhibit No. -----	Description of Document -----
20.2	Press Release, dated December 22, 1999.

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.,
General Partner

By: /s/ John P. Saldarelli

John P. Saldarelli
Secretary and Treasurer

Date: December 22, 1999

EXHIBIT INDEX

Exhibit Number -----	Description -----	Page No. -----
20.2	Press Release, dated December 22, 1999.	E-1

[AMERICAN REAL ESTATE PARTNERS, L.P.]
(Logo)

CONTACT: John P. Saldarelli
Secretary and Treasurer
914/242-7700

FOR IMMEDIATE RELEASE

AMERICAN REAL ESTATE PARTNERS, L.P.

TO ACQUIRE BAYSWATER REALTY AND CAPITAL CORP.

MOUNT KISCO, NEW YORK, DECEMBER 22, 1999 - American Real Estate Partners, L.P. (NYSE: ACP) today announced that the Company has reached an agreement in principle to acquire Bayswater Realty and Capital Corp. and its affiliated entities from the Company's Chairman, Mr. Carl C. Icahn. The purchase price for the acquisition will be \$90 million payable in cash. The acquisition, which is subject to completion of satisfactory due diligence, the negotiation of definitive agreements and customary closing conditions, is expected to close in the first quarter of 2000. The terms of the transaction have been reviewed and approved by the Company's Audit Committee and will be subject to receipt of a proper fairness opinion from a recognized investment banking institution.

Bayswater is a real estate investment, management and development company which has focused primarily on residential land development and the construction and sale of single-family homes. Bayswater presently owns ten residential subdivisions under development in New York and Florida. The acquisition will enable the Company to better diversify its real estate portfolio with the assistance of Bayswater's experienced development team. In recent years, the Company has engaged Bayswater to perform development, construction management, marketing and sales services with respect to residential sites being developed by the Company located in New Seabury, Massachusetts and Armonk and East Hampton, New York.

American Real Estate Partners, L.P. is a master limited partnership primarily engaged in acquiring and managing real estate related investments with a primary focus on office, retail, industrial, hotel and residential properties.

