

AREP

FOR IMMEDIATE RELEASE

American Real Estate Partners, L.P. Enters into Subscription Agreement in Connection with WestPoint International, Inc.'s offering of Series A-1 and A-2 Preferred Stock

New York, New York / December 8, 2006 – American Real Estate Partners, L.P. (NYSE: ACP) (“AREP”) today announced that it entered into a subscription and standby commitment agreement, dated December 7, 2006, with its majority-owned subsidiary, WestPoint International, Inc., (“WestPoint”). The agreement provides that (1) AREP will purchase 1,000,000 shares of WestPoint Series A-1 Preferred Stock for a purchase price of \$100 per share, for an aggregate purchase price of \$100 million, and (2) if the other stockholders of record of WestPoint do not purchase all of the 1,000,000 shares of WestPoint Series A-2 Preferred Stock to be offered to them at \$100 per share as described below, AREP will purchase the entirety of the Series A-2 Preferred Stock for a purchase price of \$100 per share, for an aggregate purchase price of \$100 million.

The Series A-2 Preferred Stock is being offered and sold in a private placement only to accredited investors (as defined in Rule 501(a) under the Securities Act of 1933), who are record holders of common stock, par value \$.01 per share, of WestPoint. The Series A-1 and A-2 Preferred Stock will not be registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an exemption from registration requirements.

AREP, a master limited partnership, is a diversified holding company engaged in a variety of businesses. AREP's businesses currently include gaming, real estate and textiles. To learn more about AREP, please visit www.arep.com.

This release contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, many of which are beyond AREP's ability to control or predict. Forward-looking statements may be identified by words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will” or words of similar meaning and include, but are not limited to, statements about the expected future business and financial performance of AREP and its subsidiaries. AREP undertakes no obligation to publicly update or review any forward-looking information, whether as a result of new information, future developments or otherwise.

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