



April 6, 2006

The Depository Trust & Clearing Company  
55 Water Street  
New York, NY 10041

RE: American Real Estate Partners, LP Depository Units  
CUSIP 029169109

Dear Sirs,

This letter sets forth certain information concerning United States federal tax withholding in connection with the cash distribution (the "Distribution") to be made by American Real Estate Partners, L.P. ("AREP") on April 7, 2006 in the amount of \$0.10 per unit, to holders of record of Depository Units on March 27, 2006.

Pursuant to Section 1441 of the Internal Revenue Code and Treasury Reg. § 1.1441-5, AREP has calculated the amount of withholding required with respect to Depository Units held by non-U.S. holders. Based on our calculations, the amount which should be withheld from distributions to a non-U.S. holder should be as follows:

- In the case of a non-U.S. holder who has certified their foreign status on Form W-8BEN or other applicable Form: 5.9%
- In the case of a non-U.S. holder who has not so certified: 33%

This information should be forwarded to the brokers and nominees, where such units are held.

Thank you for your attention to this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read "Jon F. Weber", is written over the typed name.

Jon F. Weber  
President  
American Real Estate Partners, LP