

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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FORM 8-K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

MARCH 26, 1997  
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Date of Report (Date of earliest event reported)

AMERICAN REAL ESTATE PARTNERS, L.P.  
-----  
(Exact Name of Registrant as Specified in its Charter)

DELAWARE -----	1-9516 -----	13-3398766 -----
(State of Organization)	(Commission File Number)	(IRS Employer Identification Number)

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 March 26, 1997, the Registrant announced 1996 fourth quarter and full year financial results and that no distributions are expected to be made during 1997. Reference is made to the press release, dated March 26, 1997, annexed hereto as Exhibit 20, for information regarding the announcement.

ITEM 7. EXHIBITS.

EXHIBIT NO. -----	DESCRIPTION OF DOCUMENT -----
20	Press Release, dated March 26, 1997.

PAGE

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: March 26, 1997

PAGE

EXHIBIT INDEX

EXHIBIT NUMBER -----	DESCRIPTION -----	PAGE NO. -----
20	Press Release, dated March 26, 1997.	5

PAGE

EXHIBIT 20

Contact: John P. Saldarelli  
Secretary and Treasurer  
(914) 242-7700

FOR IMMEDIATE RELEASE

AMERICAN REAL ESTATE PARTNERS, L.P.  
-----  
REPORTS FOURTH QUARTER AND FULL YEAR RESULTS  
-----  
AND THAT NO DISTRIBUTIONS ARE EXPECTED TO BE MADE IN 1997  
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Mount Kisco, New York, March 26, 1997 -- American Real Estate Partners, L.P. ("AREP") (NYSE:ACP) today reported the following fourth quarter and full year financial results:

FOURTH QUARTER ENDED DECEMBER 31, - ----- (UNAUDITED)	1996 ----	1995 ----
Revenues	\$17,446,193	\$17,242,450
Earnings before property transactions	\$ 8,294,807	\$ 7,376,398
Provisions for loss on real estate	(760,000)	(157,149)
Gain on sales and disposition of real estate	5,415,407	678,721
Extraordinary gain from early extinguishment of debt	29,884	-
	-----	-----
Net earnings	\$12,980,098	\$ 7,897,970
	=====	=====
Net earnings per L.P. unit:		
Before extraordinary item	\$ .45	\$ .27
Extraordinary item	-	-
	-----	-----
Net earnings	\$ .45	\$ .27
	=====	=====
Weighted average units and equivalent units outstanding	28,032,628	28,213,363
	=====	=====

PAGE

YEAR ENDED DECEMBER 31, - -----	1996 ----	1995 ----
Revenues	\$71,773,403	\$69,920,466
Earnings before property transactions	\$34,731,813	\$30,832,876
Provisions for loss on real estate	(935,000)	(768,701)
Gain on sales and disposition of real estate	24,516,867	5,091,445
Extraordinary loss from early extinguishment of debt	(491,628)	-
	-----	-----
Net earnings	\$57,822,052	\$35,155,620
	=====	=====
Net earnings per L.P. unit:		
Before extraordinary item	\$ 2.04	\$ 1.33
Extraordinary item	(.02)	-
	-----	-----
Net earnings	\$ 2.02	\$ 1.33
	=====	=====
Weighted average units and equivalent units outstanding	28,023,641	27,427,389
	=====	=====

\*\*\* Text follows \*\*\*

AMERICAN REAL ESTATE PARTNERS, L.P.  
MARCH 26, 1997

EARNINGS RELEASE TEXT

Earnings before property transactions for the fourth quarter of 1996 increased

by approximately \$918,000. Non-recurring gains on sales and disposition of real estate for the fourth quarter of 1996 increased by approximately \$4,737,000. Earnings before property transactions for the year ended December 31, 1996 increased by approximately \$3,899,000. Non-recurring gains on sales and disposition of real estate for the year ended December 31, 1996 increased by approximately \$19,425,000.

AREP also announced that no distributions are expected to be made in 1997. In making its announcement, AREP noted it plans to continue to apply available Partnership operating cash flow toward its operations, repayment of maturing indebtedness, tenant improvements and other capital expenditures and creation of cash reserves for Partnership contingencies including environmental matters and scheduled lease expirations. As previously reported, by the end of the year 2000, net leases representing approximately 23% of AREP's net annual rentals from its portfolio will be due for renewal, and by the end of the year 2002, 42% of such rentals will be due for renewal. In addition, AREP noted that net operating cash flow in 1996 was approximately break even, after payment of approximately \$34.6 million of periodic principal payments and maturing debt obligations, capital expenditures and creation of additional cash reserves of approximately \$1.5 million. No distributions were made to unitholders during 1996.

AREP stated that it continues to believe excess cash should be used to enhance long-term unitholder value through investment in companies with assets undervalued by the market. AREP believes that in the real estate area it should focus on diversifying its portfolio and seek to make acquisitions of land development companies and other real estate operating companies which may have significant assets under development and may enhance its ability to develop and manage these properties. These types of investments may involve debt restructuring, capital improvements and active asset management, and by their nature may not be readily financeable and may not generate immediate positive cash flow. As such, they require AREP to maintain a strong capital base both to react quickly to these market opportunities as well as to allow AREP to rework the assets to enhance their turnaround performance. Therefore, AREP's investment strategy continues to include the retention of capital transaction and refinancing proceeds. AREP believes that this strategy will not only allow it to continue to strengthen AREP's balance sheet but also will

provide AREP with opportunities to enhance its operating cash flow, and thereby will be a factor in increasing net operating cash flow from the "break even" (as mentioned above) that it has been at for the past several years.

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