

LB I GROUP INC
Form 4
June 06, 2006

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
LEHMAN BROTHERS HOLDINGS INC

2. Issuer Name and Ticker or Trading Symbol
PACIFIC ENERGY PARTNERS LP [PPX]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)
745 SEVENTH AVENUE
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
05/16/2005

____ Director _____ 10% Owner
____ Officer (give title below) Other (specify below)
See Remark (1)

NEW YORK, NY 10019

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
____ Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Code V Amount (D) Price		

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities Acquired (A) or	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Underlying Security (Instr. 3 and 4)
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(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8) Code	Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title
				V	(A)			
Subordinated Units Representing Limited Partner Interests	<u>(1)</u>	<u>05/16/2005</u> ⁽²⁾	<u>J</u> ⁽³⁾		<u>211,004</u> ⁽⁴⁾	<u>(5)</u>	<u>(6)</u>	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	<u>(1)</u>	<u>05/16/2005</u> ⁽²⁾	<u>J</u> ⁽³⁾		<u>211,004</u> ⁽⁴⁾	<u>(11)</u>	<u>(6)</u>	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	<u>(1)</u>	<u>05/16/2005</u> ⁽²⁾	<u>J</u> ⁽³⁾		<u>422,007</u> ⁽⁴⁾	<u>(12)</u>	<u>(6)</u>	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	<u>(1)</u>	<u>05/16/2005</u> ⁽²⁾	<u>J</u> ⁽³⁾		<u>211,004</u> ⁽⁴⁾	<u>(5)</u>	<u>(6)</u>	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	<u>(1)</u>	<u>05/16/2005</u> ⁽²⁾	<u>J</u> ⁽³⁾		<u>211,004</u> ⁽⁴⁾	<u>(11)</u>	<u>(6)</u>	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	<u>(1)</u>	<u>05/16/2005</u> ⁽²⁾	<u>J</u> ⁽³⁾		<u>422,007</u> ⁽⁴⁾	<u>(12)</u>	<u>(6)</u>	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	<u>(1)</u>	<u>06/30/2005</u> ⁽²⁾	<u>J</u> ⁽¹⁵⁾		<u>16,442</u> ⁽¹⁶⁾	<u>(5)</u>	<u>(6)</u>	Common Units Representing Limited Partner Interests

Subordinated Units Representing Limited Partner Interests	(1)	06/30/2005(2)	J(15)	16,442 (16)	(11)	(6)	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	(1)	06/30/2005(2)	J(15)	32,884 (16)	(12)	(6)	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	(1)	06/30/2005(2)	J(15)	16,442 (16)	(5)	(6)	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	(1)	06/30/2005(2)	J(15)	16,442 (16)	(11)	(6)	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	(1)	06/30/2005(2)	J(15)	32,884 (16)	(12)	(6)	Common Units Representing Limited Partner Interests

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
LEHMAN BROTHERS HOLDINGS INC 745 SEVENTH AVENUE NEW YORK, NY 10019				See Remark (1)
LEHMAN BROTHERS INC// 745 SEVENTH AVENUE NEW YORK, NY 10019				See Remark (1)
LB I GROUP INC 745 SEVENTH AVENUE NEW YORK, NY 10019				See Remark (1)
				See Remark (1).

Lehman Brothers Merchant Banking Associates III LP
745 SEVENTH AVENUE
NEW YORK, NY 10019

Lehman Brothers Merchant Banking Associates III LLC
745 SEVENTH AVENUE
NEW YORK, NY 10019

See Remark (1).

Signatures

Ashvin Rao, Authorized Signatory of Lehman Brothers Holdings, Inc.	06/06/2006
__Signature of Reporting Person	Date
Ashvin Rao, Authorized Signatory of Lehman Brothers, Inc.	06/06/2006
__Signature of Reporting Person	Date
Ashvin Rao, Authorized Signatory of LB I Group Inc.	06/06/2006
__Signature of Reporting Person	Date
Ashvin Rao, Authorized Signatory of Lehman Brothers Merchant Banking Associates III LLC, general partner of Lehman Brothers Merchant Banking Associates III L.P.	06/06/2006
__Signature of Reporting Person	Date
Ashvin Rao, Authorized Signatory of Lehman Brothers Merchant Banking Associates III LLC	06/06/2006
__Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) 1-for-1
The transaction date shown is the date on which the allocations to funds managed by the fund manager reporting person as described in footnote 3 were closed. The effect of the allocations is that the investment funds acquired directly beneficial ownership of limited partnership interests in LB Pacific, LP and membership interests in LB Pacific GP, LLC, and indirectly beneficial ownership of the Subordinated Units, on a basis economically equivalent to a purchase on March 3, 2005 at the same price paid by LB I Group Inc. on March 3, 2005 for the interests in LB Pacific, LP and LB Pacific GP, LLC. Accordingly, the purchasing funds separately compensated LB I Group Inc. for the financing costs attributable to the time period between March 3, 2005 and the applicable transaction date.
- (2) On May 16, 2005, LB I Group Inc. allocated approximately 8.1% of the ownership interest in each of LB Pacific GP, LLC and LB Pacific LP to funds managed by Lehman Brothers Merchant Banking Associates III L.P. The transaction reported is the indirect disposition by LB I Group Inc. and the indirect acquisition by the funds of the Subordinated Units by virtue of the allocations of equity interests in LB Pacific LP and LB Pacific GP, LLC. The number of Subordinated Units shown as disposed of is based on applying the decrease in proportionate interest of LBI Group Inc. in LB Pacific LP, directly and indirectly through LB Pacific GP, LLC, to the number of Subordinated Units held by LP Pacific LP. The number of Subordinated Units shown as acquired is based on applying the increase in proportionate interest of the funds in LB Pacific LP, directly and indirectly through LB Pacific GP, LLC, to the number of Subordinated Units held by LP Pacific LP.
- (3) As a result of the transaction described in footnote 3, Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Merchant Banking Associates III LLC each may be deemed to have acquired, and LB I Group Inc. and Lehman Brothers Inc. each may be deemed to have disposed of, beneficial ownership of 211,004 Subordinated Units that are convertible on or after June 30, 2005, 211,004 Subordinated Units that are convertible on or after June 30, 2006, and 422,007 Subordinated Units that are convertible on or after June 30, 2007.
- (4) These Subordinated Units are convertible into Common Units of the Issuer immediately after the distribution of available cash to partners in respect of any quarter ending on or after June 30, 2005, assuming certain financial tests in the Issuer's partnership agreement have been satisfied.
- (5)

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(6) None.

(7) The aggregate purchase price paid by the purchasing investment funds managed by Lehman Brothers Merchant Banking Associates III L.P. for the equity interests in LB Pacific, LP and LB Pacific GP, LLC was approximately \$14,416,397 plus financing costs of \$67,250, and an allocation of a portion of the aggregate purchase price to the Subordinated Unit based on estimates of the relative fair market values of assets results in a price of \$29.64 (or \$29.71 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2005, a price of \$28.12 (or \$28.18 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2006, and a price of \$27.20 (or \$27.26 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2007.

(8) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 516,539 of these Subordinated Units, and Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Merchant Banking Associates III LLC each may each be deemed to beneficially own 1,095,974 of these Subordinated Units, which is based on the indirect proportionate interest of such reporting person, following the reported transactions, in such Subordinated Units by virtue of its direct and indirect equity interest in LB Pacific LP.

(9) Lehman Brothers Holdings Inc. may be deemed to have beneficial ownership of the same securities through its 100% equity interest in Lehman Brothers Inc. In addition, Lehman Brothers Holdings Inc. may be deemed to have a beneficial ownership interest in 217,032 additional Subordinated Units convertible on the same basis attributable to an additional direct and indirect proportionate interest in LB Pacific LP held by investment funds managed by direct and indirect subsidiaries of Lehman Brothers Holdings Inc., as to which it disclaims beneficial ownership except to the extent of its pecuniary interest therein.

(10) These Subordinated Units are held by LB Pacific LP. See Remark (1).

(11) These Subordinated Units are convertible into Common Units of the Issuer immediately after the distribution of available cash to partners in respect of any quarter ending on or after June 30, 2006, assuming certain financial tests in the Issuer's partnership agreement have been satisfied.

(12) These Subordinated Units are convertible into Common Units of the Issuer immediately after the distribution of available cash to partners in respect of any quarter ending on or after June 30, 2007, assuming certain financial tests in the Issuer's partnership agreement have been satisfied.

(13) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 1,033,077 of these Subordinated Units, and Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Merchant Banking Associates III LLC each may each be deemed to beneficially own 2,191,949 of these Subordinated Units, which is based on the indirect proportionate interest of such reporting person, following the reported transactions, in such Subordinated Units by virtue of its direct and indirect equity interest in LB Pacific LP.

(14) Lehman Brothers Holdings Inc. may be deemed to have beneficial ownership of the same securities through its 100% equity interest in Lehman Brothers Inc. In addition, Lehman Brothers Holdings Inc. may be deemed to have a beneficial ownership interest in 434,065 additional Subordinated Units convertible on the same basis attributable to an additional direct and indirect proportionate interest in LB Pacific LP held by investment funds managed by direct and indirect subsidiaries of Lehman Brothers Holdings Inc., as to which it disclaims beneficial ownership except to the extent of its pecuniary interest therein.

(15) On June 30, 2005, LB I Group Inc. allocated approximately 0.6% of the ownership interest in each of LB Pacific GP, LLC and LB Pacific LP to funds managed by Lehman Brothers Merchant Banking Associates III L.P. The transaction reported is the indirect disposition by LB I Group Inc. and the indirect acquisition by the funds of the Subordinated Units by virtue of the allocations of equity interests in LB Pacific LP and LB Pacific GP, LLC.

(16) As a result of the transaction described in footnote 15, Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Merchant Banking Associates III LLC each may be deemed to have acquired, and LB I Group Inc. and Lehman Brothers Inc. may each be deemed to have disposed of, beneficial ownership in 16,442 Subordinated Units that are convertible on or after June 30, 2005, 16,442 Subordinated Units that are convertible on or after June 30, 2006, and 32,884 Subordinated Units that are convertible on or after June 30, 2007.

(17) The aggregate purchase price paid by the purchasing investment funds managed by Lehman Brothers Merchant Banking Associates III L.P. for the equity interests in LB Pacific, LP and LB Pacific GP, LLC was approximately \$1,123,356 plus financing costs of \$10,192, and an allocation of a portion of the aggregate purchase price to the Subordinated Unit based on estimates of the relative fair market values of assets results in a price of \$30.79 (or \$30.93 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2005, a price of \$29.20 (or \$29.34 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2006, and a price of \$28.25 (or \$28.38 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2007.

(18) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 500,097 of these Subordinated Units, and Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Merchant Banking Associates III LLC each may each be deemed to beneficially own 1,112,416 of these Subordinated Units, which is based on the indirect proportionate interest of such reporting person, following the reported transactions, in such Subordinated Units by virtue of its direct and indirect equity interest in

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LB Pacific LP.

- (19) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 1,000,194 of these Subordinated Units, and Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Merchant Banking Associates III LLC each may each be deemed to beneficially own 2,224,833 of these Subordinated Units, which is based on the indirect proportionate interest of such reporting person, following the reported transactions, in such Subordinated Units by virtue of its direct and indirect equity interest in LB Pacific LP.

Remarks:

(1) - This report is filed jointly by Lehman Brothers Holdings Inc., Lehman Brothers Inc., LB I Group Inc., Lehman Brothers I

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.