

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

(Last) (First) (Middle)

745 SEVENTH AVENUE

(Street)

NEW YORK, NY 10019

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol

PACIFIC ENERGY PARTNERS LP [PPX]

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

05/12/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

___ Director ___ 10% Owner
___ Officer (give title below) ___X___ Other (specify below)

See Remark (1).

6. Individual or Joint/Group Filing(Check Applicable Line)

___ Form filed by One Reporting Person
___X___ Form filed by More than One Reporting Person

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (D) | Price |

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

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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 Disposed of (D) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying (Instr. 3 and 4) |
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|--|
|---------------------------------|---------------------------|--------------------------------------|-----------------------------------|---------------------|--|--|--|

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| (Instr. 3) | Price of Derivative Security | (Month/Day/Year) | (Instr. 8) Code | (Instr. 3, 4, and 5) V (A) (D) | Date Exercisable | Expiration Date | Title | |
|---|------------------------------|------------------|-----------------|--------------------------------|------------------|-----------------|-------|---|
| Subordinated Units Representing Limited Partner Interests | (1) | 05/12/2005(2) | J(3) | | 907,826(4) | (5) | (6) | Comm Unit Represent Limit Partne Interes |
| Subordinated Units Representing Limited Partner Interests | (1) | 05/12/2005(2) | J(3) | | 907,826(4) | (11) | (6) | Comm Unit Represent Limit Partne Interes |
| Subordinated Units Representing Limited Partner Interests | (1) | 05/12/2005(2) | J(3) | | 1,815,652(4) | (12) | (6) | Comm Unit Represent Limit Partne Interes |
| Subordinated Units Representing Limited Partner Interests | (1) | 05/12/2005(2) | J(3) | | 907,826(4) | (5) | (6) | Comm Unit Represent Limit Partne Interes |
| Subordinated Units Representing Limited Partner Interests | (1) | 05/12/2005(2) | J(3) | | 907,826(4) | (11) | (6) | Comm Unit Represent Limit Partne Interes |
| Subordinated Units Representing Limited Partner Interests | (1) | 05/12/2005(2) | J(3) | | 1,815,652(4) | (12) | (6) | Comm Unit Represent Limit Partne Interes |

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). |
| Lehman Brothers Private Equity Advisors LLC 745 SEVENTH AVENUE NEW YORK, NY 10019 | See Remark (1). |
| Lehman Brothers Merchant Banking Associates III LLC 745 SEVENTH AVENUE NEW YORK, NY 10019 | See Remark (1). |
| Lehman Brothers Merchant Banking Associates III LP 745 SEVENTH AVENUE NEW YORK, NY 10019 | See Remark (1). |

Signatures

| | |
|---|--------------------|
| Ashvin Rao, Authorized Signatory of Lehman Brothers Holdings, Inc. __Signature of Reporting Person | 06/06/2006 Date |
| Ashvin Rao, Authorized Signatory of Lehman Brothers, Inc. __Signature of Reporting Person | 06/06/2006 Date |
| Ashvin Rao, Authorized Signatory of LB I Group Inc. __Signature of Reporting Person | 06/06/2006 Date |
| Ashvin Rao, Authorized Signatory of Lehman Brothers Private Equity Advisers LLC __Signature of Reporting Person | 06/06/2006 Date |
| Ashvin Rao, Authorized Signatory of Lehman Brothers Merchant Banking Associates III LLC, general partner of Lehman Brothers Merchant Banking Associates III L.P. __Signature of Reporting Person | 06/06/2006 Date |
| Ashvin Rao, Authorized Signatory of Lehman Brothers Merchant Banking Associates III LLC __Signature of Reporting Person | 06/06/2006 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
- (2) The transaction date shown is the date on which the allocations to funds managed by the fund manager reporting persons 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

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applicable transaction date.

(3) On May 12, 2005, LB I Group Inc. allocated (i) approximately 25.2% 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. and (ii) approximately 8.3% of the ownership interest in each of LB Pacific GP, LLC and LB Pacific LP to a fund managed by Lehman Brothers Private Equity Advisers LLC. 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 LB I 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.

(4) 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, indirect beneficial ownership of 658,107 Subordinated Units that are convertible on or after June 30, 2005, 658,107 Subordinated Units that are convertible on or after June 30, 2006, and 1,316,215 Subordinated Units that are convertible on or after June 30, 2007; and Lehman Brothers Private Equity Advisers LLC may be deemed to have acquired, and LB I Group Inc. and Lehman Brothers Inc. each may be deemed to have disposed of, indirect beneficial ownership of 217,032 Subordinated Units that are convertible on or after June 30, 2005, 217,032 Subordinated Units that are convertible on or after June 30, 2006, and 434,065 Subordinated Units that are convertible on or after June 30, 2007.

(5) 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.

(6) None.

(7) The aggregate purchase price paid by the purchasing investment funds managed by Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Private Equity Advisers LLC for the equity interests in LB Pacific, LP and LB Pacific GP, LLC was approximately \$44,963,845 and \$14,828,295, respectively, plus financing costs of \$168,635 and \$56,075, respectively, and an allocation of a portion of the aggregate purchase prices to the Subordinated Unit based on estimates of the relative fair market values of assets results in a price of \$30.15 (or \$30.21 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2005, a price of \$28.59 (or \$28.65 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2006, and a price of \$27.66 (or \$27.71 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 727,542 of these Subordinated Units; Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Merchant Banking Associates III LLC each may be deemed to beneficially own 884,971 of these Subordinated Units; and Lehman Brothers Private Equity Advisers LLC may be deemed to beneficially own 217,032 of these Subordinated Units; each of 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 interest in all of these Subordinated Units attributable to its direct and indirect proportionate interest in LB Pacific LP held by investment funds managed by direct and indirect subsidiaries, 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 1,455,085 of these Subordinated Units; Lehman Brothers Merchant Banking Associates III L.P. and Lehman Brothers Merchant Banking Associates III LLC each may be deemed to beneficially own 1,769,942 of these Subordinated Units; and Lehman Brothers Private Equity Advisers LLC may be deemed to beneficially own 434,065 of these Subordinated Units; each of 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:

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

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

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