

LB I GROUP INC  
Form 4  
June 06, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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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)  
**09/26/2005**

\_\_\_\_ 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)
			Code	V	Amount	(A) or (D)	Price
Common Units	09/26/2005 <sup>(1)</sup>		J <sup>(2)</sup>		116,189 <sup>(3)</sup>	D	<sup>(4)</sup>
					1,829,545 <sup>(5)</sup>	I	<sup>(6)</sup>
Common Units	09/26/2005 <sup>(1)</sup>		J <sup>(2)</sup>		116,189 <sup>(3)</sup>	A	<sup>(4)</sup>
					1,829,545 <sup>(5)</sup>	I	<sup>(6)</sup>

By LB Pacific, LP <sup>(7)</sup>  
  
By LB Pacific, LP <sup>(7)</sup>

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

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SEC 1474 (9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title
Subordinated Units Representing Limited Partner Interests	(8)	09/26/2005(1)		J(2)	116,189(3)	(9) (10)	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	(8)	09/26/2005(1)		J(2)	232,378(3)	(11) (10)	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	(8)	09/26/2005(1)		J(2)	116,189(3)	(9) (10)	Common Units Representing Limited Partner Interests
Subordinated Units Representing Limited Partner Interests	(8)	09/26/2005(1)		J(2)	232,378(3)	(11) (10)	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).
				See Remark (1).

LB I GROUP INC  
745 SEVENTH AVENUE  
NEW YORK, NY 10019

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.	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) The transaction date shown is the date on which the allocations to funds managed by the fund manager reporting persons as described in footnote 2 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 September 26, 2005, LB I Group Inc. allocated approximately 4.4% 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 and Common Units by virtue of the allocations of equity interests in LB Pacific LP and LB Pacific GP, LLC. The numbers of Common Units and 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 respective numbers of Common Units and Subordinated Units held by LP Pacific LP.
- (3) As a result of the transaction described in footnote 2, 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 in 116,189 Common Units of the Issuer, 116,189 Subordinated Units that are convertible on or after June 30, 2006, and 232,378 Subordinated Units that are convertible on or after June 30, 2007.
- (4) 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 \$7,938,380 plus financing costs of \$134,092, and an allocation of a portion of the aggregate purchase price to the Common Unit or Subordinated Unit based on estimates of the relative fair market values of assets results in a price of \$31.94 (or \$32.22 including financing costs) per Common

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Unit, a price of \$30.02 (or \$30.28 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2006, and a price of \$29.07 (or \$29.32 including financing costs) per Subordinated Unit that becomes convertible on or after June 30, 2007.

(5) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 383,908 of these Common 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 1,228,605 of these Common Units, each of which is based on the indirect proportionate interest of such reporting person, following the reported transactions, in such Common Units by virtue of its direct and indirect equity interest in LB Pacific LP.

(6) 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 Common 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.

(7) The Subordinated Units and Common Units reported herein are held by LB Pacific, LP. See Remark (1).

(8) 1-for-1

(9) 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.

(10) None.

(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, 2007, assuming certain financial tests in the Issuer's partnership agreement have been satisfied.

(12) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 383,908 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 1,228,605 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.

(13) 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.

(14) Each of Lehman Brothers Inc. and LB I Group Inc. may be deemed to beneficially own 767,816 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 2,457,211 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.

(15) 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.

### 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.

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