

WATSA V PREM ET AL  
Form 4  
July 08, 2011

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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 \*  
FAIRFAX FINANCIAL HOLDINGS LTD/ CAN

2. Issuer Name and Ticker or Trading Symbol  
LEVEL 3 COMMUNICATIONS INC [LVL3]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
95 WELLINGTON STREET  
WEST, SUITE 800

3. Date of Earliest Transaction (Month/Day/Year)  
07/06/2011

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
\_\_\_ Officer (give title below) \_\_\_ Other (specify below)

(Street)

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

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

TORONTO, ONTARIO,  
CANADA, M5J 2N7

(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock, \$0.01 par value ("Shares")	07/06/2011		C		55,590,005	A	<u>1</u>
					193,966,426	I	See Footnote <u>(2)</u>

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)
15% Convertible Senior Notes due 2013 (?Notes?)	(3)	07/06/2011		C	\$ 100,062,000	12/24/2008 (4)	Common Stock, \$0.01 par value

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FAIRFAX FINANCIAL HOLDINGS LTD/ CAN 95 WELLINGTON STREET WEST SUITE 800 TORONTO, ONTARIO, CANADA M5J 2N7		X		
WATSA V PREM ET AL 95 WELLINGTON STREET WEST SUITE 800 TORONTO, ONTARIO, CANADA M5J 2N7		X		
1109519 ONTARIO LTD 95 WELLINGTON STREET WEST SUITE 800 TORONTO, ONTARIO, CANADA M5J 2N7		X		
SIXTY TWO INVESTMENT CO LTD 1600 CATHEDRAL PLACE 925 WEST GEORGIA ST. VANCOUVER, BC, CANADA V6C 3L3		X		
810679 ONTARIO LTD 95 WELLINGTON STREET WEST SUITE 800 TORONTO, ONTARIO, CANADA M5J 2N7		X		
NORTH RIVER INSURANCE CO 305 MADISON AVENUE MORRISTOWN, NJ 07962		X		
		X		

Fairfax (Barbados) International Corp.  
 C/O FAIRFAX FINANCIAL HOLDINGS LIMITED  
 95 WELLINGTON STREET WEST, SUITE 800  
 TORONTO, ONTARIO, CANADA M5J 2N7

ODYSSEY AMERICA REINSURANCE CORP  
 300 FIRST STAMFORD PLACE X  
 STAMFORD, CT 06902

Falcon Insurance Co (Hong Kong) Ltd  
 6/F., DCH COMMERCIAL CENTRE X  
 25 WESTLANDS ROAD, QUARRY BAY  
 HONG KONG

## Signatures

/s/ Paul Rivett, Vice President	07/08/2011
__Signature of Reporting Person	Date
/s/ V. Prem Watsa	07/08/2011
__Signature of Reporting Person	Date
/s/ V. Prem Watsa, President	07/08/2011
__Signature of Reporting Person	Date
/s/ V. Prem Watsa, President	07/08/2011
__Signature of Reporting Person	Date
/s/ V. Prem Watsa, President	07/08/2011
__Signature of Reporting Person	Date
/s/ Paul Bassaline, Vice President	07/08/2011
__Signature of Reporting Person	Date
/s/ Ronald Schokking, Chairman	07/08/2011
__Signature of Reporting Person	Date
/s/ Kirk Reische, Vice President	07/08/2011
__Signature of Reporting Person	Date
/s/ Benjamin Wong, Chief Financial Officer	07/08/2011
__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).

Subsidiaries of Fairfax Financial Holdings Limited ("Fairfax") have agreed to convert \$100,062,000 aggregate principal amount of Notes.

- (1) Upon conversion, such subsidiaries will receive an aggregate of 55,590,005 Shares and will also receive an aggregate of approximately \$22.5 million in cash, representing interest that would be due from conversion through the maturity date of the Notes.
- (2) The Shares are held by subsidiaries of Fairfax.
- (3) The Notes were convertible into Shares based on an initial conversion price of \$1.80 per Share (equivalent to an initial conversion rate of 555.5556 Shares per \$1,000 principal amount of Notes), subject to adjustment under certain circumstances.
- (4)

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The Notes were convertible into Shares at the option of the holder thereof at any time prior to the close of business on January 15, 2013, the maturity date of the Notes, unless the Notes were earlier purchased by the issuer or automatically converted.

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.