

WATSA V PREM ET AL  
 Form 4  
 January 31, 2011

**FORM 4**

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

OMB APPROVAL

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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 [LVLT]**

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

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

3. Date of Earliest Transaction (Month/Day/Year)  
**01/31/2011**

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

**TORONTO, A6 M5J 2N7**

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 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.

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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	2. Conversion	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if	4. Transaction	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date	7. Title and Amount of Underlying Security
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Security (Instr. 3)	or Exercise Price of Derivative Security	any (Month/Day/Year)	Code (Instr. 8)	Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	(Month/Day/Year)	(Instr. 3 and 4)		
			Code V	(A) (D)	Date Exercisable	Expiration Date	Title	AN SH
9% Convertible Senior Discount Notes due 2013 (Notes)	(1)	01/31/2011	J(2)	\$ 294,732,000 (3)	04/24/2004	(4)	Common Stock, \$0.01 par value (?Shares?)	2

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FAIRFAX FINANCIAL HOLDINGS LTD/ CAN 95 WELLINGTON STREET WEST SUITE 800 TORONTO, A6 M5J 2N7		X		
WATSA V PREM ET AL 95 WELLINGTON STREET WEST SUITE 800 TORONTO, A6 M5J 2N7		X		
1109519 ONTARIO LTD 95 WELLINGTON STREET WEST SUITE 800 TORONTO, A6 M5J 2N7		X		
SIXTY TWO INVESTMENT CO LTD 1600 CATHEDRAL PLACE 925 WEST GEORGIA ST. VANCOUVER, A1 V6C 3L3		X		
810679 ONTARIO LTD 95 WELLINGTON STREET WEST SUITE 800 TORONTO, A6 M5J 2N7		X		

## Signatures

/s/ V. Prem Watsa, Chairman and Chief Executive Officer  
 01/31/2011  
 \*\*Signature of Reporting Person Date

/s/ V. Prem Watsa  
 01/31/2011

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<u>  </u> **Signature of Reporting Person	Date
/s/ V. Prem Watsa, President	01/31/2011
<u>  </u> **Signature of Reporting Person	Date
/s/ V. Prem Watsa, President	01/31/2011
<u>  </u> **Signature of Reporting Person	Date
/s/ V. Prem Watsa, President	01/31/2011
<u>  </u> **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 Notes were convertible into Shares based on a conversion price of \$9.991 per Share, subject to adjustment under certain circumstances.
  - (2) \$294,732,000 aggregate principal amount of Notes were disposed of in exchange for \$300,217,000 aggregate principal amount of 11.875% Senior Notes due 2019 of Level 3 Communications Inc. and a net accrued interest payment of \$6,622,003.
  - (3) Aggregate principal amount of Notes
  - (4) The Notes were convertible into Shares at the option of the holder thereof at any time prior to the close of business on the last trading day immediately preceding October 15, 2013, the maturity date of the Notes.

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.