

LEVEL 3 COMMUNICATIONS INC

Reported by
1109519 ONTARIO LTD

FORM 4

(Statement of Changes in Beneficial Ownership)

Filed 01/31/11 for the Period Ending 01/31/11

| | |
|-------------|--|
| Address | 1025 ELDORADO BOULEVARD BLDG 2000 BROOMFIELD, CO 80021 |
| Telephone | 7208881000 |
| CIK | 0000794323 |
| Symbol | LVLT |
| SIC Code | 4813 - Telephone Communications, Except Radiotelephone |
| Industry | Communications Services |
| Sector | Services |
| Fiscal Year | 12/31 |

FORM 4

[] Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

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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(f) of the
Investment Company Act of 1940

| | | |
|---|---|--|
| 1. Name and Address of Reporting Person * | 2. Issuer Name and Ticker or Trading Symbol | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) |
| FAIRFAX FINANCIAL HOLDINGS LTD/ CAN | LEVEL 3 COMMUNICATIONS INC [LVLTL] | <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner |
| (Last) (First) (Middle) | 3. Date of Earliest Transaction (MM/DD/YYYY) | <input type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below) |
| 95 WELLINGTON STREET WEST, SUITE 800 | 1/31/2011 | |
| (Street) | 4. If Amendment, Date Original Filed (MM/DD/YYYY) | 6. Individual or Joint/Group Filing (Check Applicable Line) |
| TORONTO, A6 M5J 2N7 | | <input type="checkbox"/> Form filed by One Reporting Person |
| (City) (State) (Zip) | | <input checked="" type="checkbox"/> 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. Trans. Date | 2A. Deemed Execution Date, if any | 3. Trans. 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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|----------------|-----------------------------------|---------------------------|---|---|--|---|
| | | | Code | V Amount (A) or (D) Price | | | |

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

| 1. Title of Derivate Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Trans. Date | 3A. Deemed Execution Date, if any | 4. Trans. 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 | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---|--|----------------|-----------------------------------|---------------------------|--|---|---|--|---|--|--|
| | | | | Code | V (A) (D) | Date Exercisable Expiration Date | Title Amount or Number of Shares | | | | |
| 9% Convertible Senior Discount Notes due 2013 (Notes) | (1) | 1/31/2011 | | J (2) | | \$294732000 (3) | 4/24/2004 (4) | Common Stock, \$0.01 par value (? Shares?) | 29499749 (2) | 0 | D |

Explanation of Responses:

- (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.

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

** Signature of Reporting Person

1/31/2011

Date

/s/ V. Prem Watsa

** Signature of Reporting Person

1/31/2011

Date

/s/ V. Prem Watsa, President

** Signature of Reporting Person

1/31/2011

Date

/s/ V. Prem Watsa, President

** Signature of Reporting Person

1/31/2011

Date

/s/ V. Prem Watsa, President

** Signature of Reporting Person

1/31/2011

Date

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

* 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).

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

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.