

WATSA V PREM ET AL
 Form 4
 December 24, 2008

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

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

(Last) (First) (Middle)

95 WELLINGTON STREET WEST, SUITE 800

(Street)

TORONTO, ONTARIO, CANADA, M5J 2N7

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)
12/24/2008

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) Other (specify below)

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 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)
				(A) or (D)	Amount		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)

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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	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	Amount
15% Convertible Senior Notes due 2013 (?Notes?)	(1)	12/24/2008		P		12/24/2008	(2)	Common Stock, \$0.01 par value (?Shares?)	5
					\$				100,062,000

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

ODYSSEY RE HOLDINGS CORP
300 FIRST STAMFORD PLACE
STAMFORD, CT 06902 X

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

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

Signatures

/s/ Paul Rivett, Vice President 12/24/2008

__Signature of Reporting Person Date

/s/ V. Prem Watsa 12/24/2008

__Signature of Reporting Person Date

/s/ V. Prem Watsa, President 12/24/2008

__Signature of Reporting Person Date

/s/ V. Prem Watsa, President 12/24/2008

__Signature of Reporting Person Date

/s/ V. Prem Watsa, President 12/24/2008

__Signature of Reporting Person Date

/s/ Paul Bassaline, Vice President 12/24/2008

__Signature of Reporting Person Date

/s/ Ronald Schokking, Chairman 12/24/2008

__Signature of Reporting Person Date

/s/ Donald L. Smith, Senior Vice
President 12/24/2008

__Signature of Reporting Person Date

/s/ Donald L. Smith, Senior Vice
President 12/24/2008

__Signature of Reporting Person Date

/s/ Sammy Chan, Director 12/24/2008

__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 are 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.

(2) The Notes are 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 are earlier purchased by the issuer or automatically converted.

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- (3) \$45 million aggregate principal amount of Notes is held by Odyssey America Reinsurance Corporation, \$30 million aggregate principal amount of Notes is held by North River Insurance Company, \$20.062 million aggregate principal amount of Notes is held by Fairfax (Barbados) International Corp. and \$5 million aggregate principal amount of Notes is held by Falcon Insurance Company (Hong Kong) Limited.

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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