

WATSA V PREM ET AL  
 Form 3  
 November 14, 2008

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF 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 * |         | 2. Date of Event Requiring Statement | 3. Issuer Name <b>and</b> Ticker or Trading Symbol  |  |
| Â FAIRFAX FINANCIAL HOLDINGS LTD/ CAN     |         | (Month/Day/Year)                     | LEVEL 3 COMMUNICATIONS INC [LVL3]   |  |
| (Last)                                    | (First) | (Middle)                             |   |  |
| 95 WELLINGTON STREET WEST,Â SUITE 800     |         |                                      | 4. Relationship of Reporting Person(s) to Issuer  |  |
| (Street)                                  |         |                                      | 5. If Amendment, Date Original Filed(Month/Day/Year)  |  |
| TORONTO, ONTARIO,Â A6Â M5J 2N7            |         |                                      | (Check all applicable)  |  |
| (City)                                    | (State) | (Zip)                                | <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner<br><input type="checkbox"/> Officer <input type="checkbox"/> Other<br>(give title below)    (specify below) |  |
|   |         |                                      | 6. Individual or Joint/Group Filing(Check Applicable Line)  |  |
|   |         |                                      | <input type="checkbox"/> Form filed by One Reporting Person<br><input checked="" type="checkbox"/> Form filed by More than One Reporting Person   |  |

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security (Instr. 4)           | 2. Amount of Securities Beneficially Owned (Instr. 4) | 3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5) | 4. Nature of Indirect Beneficial Ownership (Instr. 5) |
|---|---|--|---|
| Common Stock, \$0.01 par value (?Shares?) | 139,276,421   | I  | See Footnote <sup>(1)</sup>                           |

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

SEC 1473 (7-02)

**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.**

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

| 1. Title of Derivative Security (Instr. 4) | 2. Date Exercisable and Expiration Date (Month/Day/Year) | 3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) | 4. Conversion or Exercise Price of Derivative | 5. Ownership Form of Derivative Security: | 6. Nature of Indirect Beneficial Ownership (Instr. 5) |
|--|--|---|---|---|---|
|--|--|---|---|---|---|

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|   | Date Exercisable | Expiration Date | Title                          | Amount or Number of Shares | Security | Direct (D) or Indirect (I) (Instr. 5) |                  |
|---|------------------|-----------------|--------------------------------|----------------------------|----------|---------------------------------------|------------------|
| 9% Convertible Senior Discount Notes due 2013 (?Notes?) | 04/24/2004       | Â (2)           | Common Stock, \$0.01 par value | 29,499,749                 | \$ (3)   | I                                     | See Footnote (4) |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |         |       |
|--|---------------|-----------|---------|-------|
|  | Director      | 10% Owner | Officer | Other |
| FAIRFAX FINANCIAL HOLDINGS LTD/ CAN<br>95 WELLINGTON STREET WEST<br>SUITE 800<br>TORONTO, ONTARIO,Â A6Â M5J 2N7          | Â             | Â X       | Â       | Â     |
| WATSA V PREM ET AL<br>95 WELLINGTON STREET WEST<br>SUITE 800<br>TORONTO, ONTARIO,Â A6Â M5J 2N7                           | Â             | Â X       | Â       | Â     |
| 1109519 ONTARIO LTD<br>95 WELLINGTON STREET WEST<br>SUITE 800<br>TORONTO, ONTARIO,Â A6Â M5J 2N7                          | Â             | Â X       | Â       | Â     |
| SIXTY TWO INVESTMENT CO LTD<br>1600 CATHEDRAL PLACE<br>925 WEST GEORGIA ST.<br>VANCOUVER, BRITISH COLUMBIA,Â A1Â V6C 3L3 | Â             | Â X       | Â       | Â     |
| 810679 ONTARIO LTD<br>95 WELLINGTON STREET WEST<br>SUITE 800<br>TORONTO, ONTARIO,Â A6Â M5J 2N7                           | Â             | Â X       | Â       | Â     |
| TIG INSURANCE CO<br>250 COMMERCIAL STREET<br>SUITE 5000<br>MANCHESTER,Â NHÂ 03101  | Â             | Â X       | Â       | Â     |
| UNITED STATES FIRE INSURANCE CO<br>305 MADISON AVENUE<br>MORRISTOWN,Â NJÂ 07962  | Â             | Â X       | Â       | Â     |
| ODYSSEY RE HOLDINGS CORP<br>300 FIRST STAMFORD PLACE<br>STAMFORD,Â CTÂ 06902   | Â             | Â X       | Â       | Â     |
| ODYSSEY AMERICA REINSURANCE CORP<br>300 FIRST STAMFORD PLACE   | Â             | Â X       | Â       | Â     |

STAMFORD, CT 06902

## Signatures

|  |            |
|--|------------|
| BY: /s/ Paul Rivett, NAME: Paul Rivett, TITLE: Vice President  | 11/14/2008 |
| __Signature of Reporting Person  | Date       |
| /s/ V. Prem Watsa  | 11/14/2008 |
| __Signature of Reporting Person  | Date       |
| BY: /s/ V. Prem Watsa, NAME: V. Prem Watsa, TITLE: President   | 11/14/2008 |
| __Signature of Reporting Person  | Date       |
| BY: /s/ V. Prem Watsa, NAME: V. Prem Watsa, TITLE: President   | 11/14/2008 |
| __Signature of Reporting Person  | Date       |
| BY: /s/ V. Prem Watsa, NAME: V. Prem Watsa, TITLE: President   | 11/14/2008 |
| __Signature of Reporting Person  | Date       |
| BY: /s/ Nicholas C. Bentley, NAME: Nicholas C. Bentley, TITLE: President and Chief Executive Officer | 11/14/2008 |
| __Signature of Reporting Person  | Date       |
| BY: /s/ Paul Bassaline, NAME: Paul Bassaline, TITLE: Vice President                                  | 11/14/2008 |
| __Signature of Reporting Person  | Date       |
| BY: /s/ Donald L. Smith, NAME: Donald L. Smith, TITLE: Senior Vice President                         | 11/14/2008 |
| __Signature of Reporting Person  | Date       |
| BY: /s/ Donald L. Smith, NAME: Donald L. Smith, TITLE: Senior Vice President                         | 11/14/2008 |
| __Signature of Reporting Person  | Date       |

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(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).

- 47,852,200 Shares are held by Odyssey America Reinsurance Corporation, 45,035,021 Shares are held by Fairfax (Barbados) International Corp., 24,389,200 Shares are held by United States Fire Insurance Company, 6,626,500 Shares are held by Lombard General Insurance Company of Canada, 4,960,000 Shares are held by TIG Insurance Company, 4,504,000 Shares are held by Commonwealth Insurance Company, 2,510,000 Shares are held by Markel Insurance Company of Canada, 1,306,500 Shares are held by Federated Insurance Company of Canada, 1,193,000 Shares are held by Lombard Insurance Company and 900,000 Shares are held by pension plans of certain subsidiaries of Fairfax Financial Holdings Limited.
- (1) The Notes are 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.
  - (2) The Notes are convertible into Shares based on a conversion price of \$9.991 per Share, subject to adjustment under certain circumstances.
  - (3) \$294,732,000 aggregate principal amount of Notes is held by a trust all of the ownership interests of which are held by subsidiaries of Fairfax Financial Holdings Limited.
  - (4)

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.