

LEVEL 3 COMMUNICATIONS INC
Form SC 13G/A
February 17, 2009

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
SCHEDULE 13G
(Amendment No. 5)*
Under the Securities Exchange Act of 1934
Level 3 Communications, Inc.
(Name of Issuer)
Common Stock
(Title of Class of Securities)
52729N100
(CUSIP Number)
December 31, 2008
(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 (Act) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 52729N100

13G

Page 2 of 20 Pages

NAMES OF REPORTING PERSON/I.R.S. Identification Nos. of Above Persons (Entities Only)

1

V. PREM WATSA

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

CANADIAN

SOLE VOTING POWER

5

NUMBER OF

SHARES

SHARED VOTING POWER

BENEFICIALLY 6

OWNED BY

224,369,123

EACH
REPORTING
PERSON

7

SOLE DISPOSITIVE POWER

WITH

8

SHARED DISPOSITIVE POWER

224,369,123

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

224,369,123

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

11

13.2%

TYPE OF REPORTING PERSON

12

IN

CUSIP No. 52729N100

13G

Page 3 of 20 Pages

NAMES OF REPORTING PERSON/I.R.S. Identification Nos. of Above Persons (Entities Only)

1

1109519 ONTARIO LIMITED

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

ONTARIO, CANADA

SOLE VOTING POWER

5

NUMBER OF

SHARES

SHARED VOTING POWER

BENEFICIALLY 6

OWNED BY

224,369,123

EACH
REPORTING
PERSON

7

SOLE DISPOSITIVE POWER

WITH

8

SHARED DISPOSITIVE POWER

224,369,123

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

224,369,123

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

11

13.2%

TYPE OF REPORTING PERSON

12

CO

CUSIP No. 52729N100

13G

Page 4 of 20 Pages

NAMES OF REPORTING PERSON/I.R.S. Identification Nos. of Above Persons (Entities Only)

1

THE SIXTY TWO INVESTMENT COMPANY LIMITED

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

BRITISH COLUMBIA, CANADA

SOLE VOTING POWER

5

NUMBER OF

SHARES

SHARED VOTING POWER

BENEFICIALLY 6

OWNED BY

224,369,123

EACH
REPORTING
PERSON

7

SOLE DISPOSITIVE POWER

WITH

8

SHARED DISPOSITIVE POWER

224,369,123

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

224,369,123

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

11

13.2%

TYPE OF REPORTING PERSON

12

CO

CUSIP No. 52729N100

13G

Page 5 of 20 Pages

NAMES OF REPORTING PERSON/I.R.S. Identification Nos. of Above Persons (Entities Only)

1

810679 ONTARIO LIMITED

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

ONTARIO, CANADA

SOLE VOTING POWER

5

NUMBER OF

SHARES

SHARED VOTING POWER

BENEFICIALLY 6

OWNED BY

224,369,123

EACH
REPORTING
PERSON

7

SOLE DISPOSITIVE POWER

WITH

8

SHARED DISPOSITIVE POWER

224,369,123

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

224,369,123

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

11

13.2%

TYPE OF REPORTING PERSON

12

CO

CUSIP No. 52729N100

13G

Page 6 of 20 Pages

NAMES OF REPORTING PERSON/I.R.S. Identification Nos. of Above Persons (Entities Only)

1
FAIRFAX FINANCIAL HOLDINGS LIMITED

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2
(a)
(b)

3
SEC USE ONLY

4
CITIZENSHIP OR PLACE OF ORGANIZATION
CANADA

5
SOLE VOTING POWER

NUMBER OF

SHARES
BENEFICIALLY OWNED BY 6
224,369,123

SHARED VOTING POWER
224,369,123

EACH
REPORTING PERSON 7
SOLE DISPOSITIVE POWER

WITH 8
SHARED DISPOSITIVE POWER
224,369,123

9
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
224,369,123

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

11

13.2%

TYPE OF REPORTING PERSON

12

CO

CUSIP No. 52729N100

13G

Page 7 of 20 Pages

NAMES OF REPORTING PERSON/I.R.S. Identification Nos. of Above Persons (Entities Only)

1

ODYSSEY RE HOLDINGS CORP.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

DELAWARE

SOLE VOTING POWER

5

NUMBER OF

SHARES

SHARED VOTING POWER

BENEFICIALLY 6

OWNED BY

84,324,156

EACH
REPORTING
PERSON

7

SOLE DISPOSITIVE POWER

WITH

8

SHARED DISPOSITIVE POWER

84,324,156

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

84,324,156

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

11

5.1%

TYPE OF REPORTING PERSON

12

CO

CUSIP No. 52729N100

13G

Page 8 of 20 Pages

1 NAMES OF REPORTING PERSON/I.R.S. Identification Nos. of Above Persons (Entities Only)

ODYSSEY AMERICA REINSURANCE CORPORATION

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a)

(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

CONNECTICUT

5 SOLE VOTING POWER

NUMBER OF

6 SHARES BENEFICIALLY OWNED BY

SHARED VOTING POWER

84,324,156

7 EACH REPORTING PERSON

SOLE DISPOSITIVE POWER

8 WITH

SHARED DISPOSITIVE POWER

84,324,156

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

84,324,156

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

11

5.1%

TYPE OF REPORTING PERSON

12

CO

Item 1.(a) Name of Issuer:

Level 3 Communications, Inc.

Item 1(b) Address of Issuer's Principal Executive Offices:

1025 Eldorado Blvd., Broomfield, CO 80021

Item 2.(a) Name of Person Filing:

This statement is being jointly filed by the following persons (collectively, the Reporting Persons):

1. V. Prem Watsa, an individual;
2. 1109519 Ontario Limited (1109519), a corporation incorporated under the laws of Ontario;
3. The Sixty Two Investment Company Limited (Sixty Two), a corporation incorporated under the laws of British Columbia;
4. 810679 Ontario Limited (810679), a corporation incorporated under the laws of Ontario;
5. Fairfax Financial Holdings Limited (Fairfax), a corporation incorporated under the laws of Canada;
6. Odyssey Re Holdings Corp. (OdysseyRe), a corporation incorporated under the laws of Delaware; and
7. Odyssey America Reinsurance Corporation (Odyssey America), a corporation incorporated under the laws of Connecticut.

Item 2(b) Address of Principal Business Office:

The addresses of the Reporting Persons are as follows:

1. Mr. Watsa's business address is 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7;
2. The principal business address and principal office address of 1109519 is 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7;
3. The principal business address and principal office address of Sixty Two is 1600 Cathedral Place, 925 West Georgia St., Vancouver, British Columbia V6C 3L3;

4. The principal business address and principal office address of 810679 is 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7;
5. The principal business address and principal office address of Fairfax is 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7;
6. The principal business address and principal office address of OdysseyRe is 300 First Stamford Place, Stamford, Connecticut 06902; and
7. The principal business address and principal office address of Odyssey America is 300 First Stamford Place, Stamford, Connecticut 06902.

Item 2(c) Citizenship:

V. Prem Watsa is a citizen of Canada.

Item 2(d) Title of Class of Securities:

Common Stock

Item 2(e) CUSIP Number:

52729N100

Item 3. If this statement is filed pursuant to Rule 13d-1(b), or 13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or Dealer registered under Section 15 of the Act (15 U.S.C. 78o);
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);
- (c) Insurance Company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c);
- (d) An Investment Company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);
- (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person, in accordance with §240.13d-1(b)(1)(ii)(G);
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

- (i) o A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) o A non-US institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k) o Group, in accordance with §240.13d-1(b)(1)(ii)(K).

Item 4. Ownership.

Based on the most recent information available, the aggregate number and percentage of the shares of common stock (the Shares) of Level 3 Communications, Inc. that are beneficially owned by each of the Reporting Persons is set forth in boxes 9 and 11 of the second part of the cover page to this Schedule 13G, and such information is incorporated herein by reference.

The number of Shares as to which each of the Reporting Persons has sole voting power, shared voting power, sole dispositive power and shared dispositive power is set forth in boxes 5, 6, 7 and 8, respectively, on the second part of the cover page to this Schedule 13G, and such information is incorporated herein by reference.

Shares reported as beneficially owned include Shares issuable upon conversion of certain convertible debt securities. Neither the filing of this Schedule 13G nor the information contained herein shall be deemed to constitute an affirmation by V. Prem Watsa, 1109519, Sixty Two, 810679, Fairfax, OdysseyRe or Odyssey America that such person is the beneficial owner of the Shares referred to herein for purposes of Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended, or for any other purpose, and such beneficial ownership is expressly disclaimed.

Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Certain of the Shares beneficially owned by the Reporting Persons are held by subsidiaries of Fairfax and by the pension plans of certain subsidiaries of Fairfax, and certain of the convertible debt securities that are convertible into Shares beneficially owned by the Reporting Persons are held by subsidiaries of Fairfax, which subsidiaries and pension plans have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities. No such interest of a subsidiary or pension plan relates to more than 5% of the class of Shares.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company.

Not applicable

Item 8. Identification and Classification of Members of the Group.

See attached Exhibit No. 1.

Item 9. Notice of Dissolution of Group.

Not applicable

Item 10. Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 17, 2009

/s/ V. Prem Watsa
V. Prem Watsa

13

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 17, 2009

1109519 Ontario Limited

By: /s/ V. Prem Watsa

Name: V. Prem Watsa

Title: President

14

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 17, 2009

The Sixty Two Investment Company Limited

By: /s/ V. Prem Watsa

Name: V. Prem Watsa

Title: President

15

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 17, 2009

810679 Ontario Limited

By: /s/ V. Prem Watsa

Name: V. Prem Watsa

Title: President

16

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 17, 2009

Fairfax Financial Holdings Limited

By: /s/ Paul Rivett

Name: Paul Rivett

Title: Vice President

17

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 17, 2009

Odyssey Re Holdings Corp.

By: /s/ Donald L. Smith

Name: Donald L. Smith

Title: Senior Vice President

18

SIGNATURE

After reasonable inquiry and to the best of the undersigned's knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 17, 2009

Odyssey America Reinsurance Corporation

By: /s/ Donald L. Smith

Name: Donald L. Smith

Title: Senior Vice President

Exhibit Index

Exhibit No.	Description
1	Members of filing group.
2	Joint Filing Agreement dated as of February 17, 2009 among V. Prem Watsa, 1109519 Ontario Limited, The Sixty Two Investment Company Limited, 810679 Ontario Limited, Fairfax Financial Holdings Limited, Odyssey Re Holdings Corp. and Odyssey America Reinsurance Corporation.