

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLORADO**

Civil Action No.

JOHN S. BURKE, Individually and On Behalf of All Others Similarly Situated,

Plaintiff,

v.

LEVEL 3 COMMUNICATIONS, INC.,
JAMES Q. CROWE,
KEVIN O'HARA, and
SUNIT S. PATEL,

Defendants.

**PLAINTIFF'S CLASS ACTION COMPLAINT
FOR VIOLATIONS OF
FEDERAL SECURITIES LAWS**

Plaintiff has alleged the following based upon the investigation of Plaintiff's counsel, which included a review of United States Securities and Exchange Commission ("SEC") filings by Level 3 Communications, Inc. ("Level 3" or the "Company"), as well as regulatory filings and reports, securities analysts' reports and advisories about the Company, press releases and other public statements issued by the Company, and media reports about the Company, and Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a securities class action on behalf of purchasers of the common stock of Level 3 between February 8, 2007 and October 23, 2007, inclusive (the "Class Period"), seeking to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act [15 U.S.C. §§78j(b) and 78t(a)] and Rule 10b-5 promulgated thereunder by the SEC [17 C.F.R. §240.10b-5].

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act [15 U.S.C. §78aa].

4. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b), as many of the acts and practices complained of herein occurred in substantial part in this District.

5. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

6. Plaintiff John S. Burke, as set forth in the accompanying certification and incorporated by reference herein, purchased the common stock of Level 3 during the Class Period and has been damaged thereby.

7. Defendant Level 3 engages in the communications business in North America and Europe.

8. (a) Defendant James Q. Crowe (“Crowe”) served as Level 3’s Chief Executive Officer (“CEO”) during the Class Period.

(b) Defendant Kevin O’Hara (“O’Hara”) served as Level 3’s President and Chief Operating Officer (“COO”) during the Class Period.

(c) Defendant Sunit S. Patel (“Patel”) served as Level 3’s Chief Financial Officer (“CFO”) during the Class Period. Patel resigned from his position on October 15, 2007.

(d) Defendants Crowe, O’Hara and Patel are collectively referred to herein as the “Individual Defendants.”

9. Because of the Individual Defendants’ positions with the Company, they had access to the adverse undisclosed information about the Company’s business, operations, operational trends, financial statements, markets and present and future business prospects via internal corporate documents (including the Company’s operating plans, budgets, forecasts and reports of actual operations compared thereto), conversations and connections with other corporate officers and employees, attendance at management and Board of Directors meetings and committees thereof and via reports and other information provided to them in connection therewith.

10. It is appropriate to treat the Individual Defendants as a group for pleading purposes and to presume that the false, misleading and incomplete information conveyed in the Company's public filings, press releases and other publications, as alleged herein, are the collective actions of the narrowly defined group of Defendants identified above. Each of the above officers of Level 3, by virtue of their high-level positions with the Company, directly participated in the management of the Company, was directly involved in the day-to-day operations of the Company at the highest levels and was privy to confidential proprietary information concerning the Company and its business, operations, growth, financial statements and financial condition, as alleged herein. Said Defendants were involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein, were aware, or recklessly disregarded, that the false and misleading statements were being issued regarding the Company, and approved or ratified these statements, in violation of the federal securities laws.

11. As officers and controlling persons of a publicly-held company whose common stock was, and is, registered with the SEC pursuant to the Exchange Act, and was, and is, traded on the Nasdaq National Market System ("NASDAQ"), and governed by the provisions of the federal securities laws, the Individual Defendants each had a duty to disseminate promptly accurate and truthful information with respect to the Company's financial condition and performance, growth, operations, financial statements, business, markets, management, earnings and present and future business prospects, and to correct any previously-issued statements that had become materially misleading or untrue, so that the market price of the Company's publicly-traded common stock would be based upon truthful and accurate information. The Individual Defendants'

misrepresentations and omissions during the Class Period violated these specific requirements and obligations.

12. The Individual Defendants participated in the drafting, preparation and/or approval of the various public, shareholder and investor reports and other communications complained of herein and were aware of, or recklessly disregarded, the misstatements contained therein and omissions therefrom, and were aware of their materially false and misleading nature. Because of their Board membership and/or executive and managerial positions with Level 3, each of the Individual Defendants had access to the adverse undisclosed information about Level 3's business prospects and financial condition and performance as particularized herein and knew, or recklessly disregarded, that these adverse facts rendered the positive representations made by or about Level 3 and its business issued or adopted by the Company materially false and misleading.

13. The Individual Defendants, because of their positions of control and authority as officers and/or directors of the Company, were able to and did control the content of the various SEC filings, press releases and other public statements pertaining to the Company during the Class Period. Each Individual Defendant was provided with copies of the documents alleged herein to be misleading prior to or shortly after their issuance and/or had the ability and/or opportunity to prevent their issuance or cause them to be corrected. Accordingly, each of the Individual Defendants is responsible for the accuracy of the public reports and releases detailed herein and is therefore primarily liable for the representations contained therein.

14. Each of the Defendants is liable as a participant in a fraudulent scheme and course of business that operated as a fraud or deceit on purchasers of Level 3 common stock by disseminating materially false and misleading statements and/or concealing material adverse facts. The scheme:

(i) deceived the investing public regarding Level 3's business, operations, management and the intrinsic value of Level 3 common stock; (ii) enabled Level 3 insiders to sell more than 650,000 shares of their personally-held Level 3 common stock, generating proceeds of more than \$3 million; and (iii) caused Plaintiff and other members of the Class to purchase Level 3 common stock at artificially inflated prices.

CLASS ACTION ALLEGATIONS

15. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all those who purchased the common stock of Level 3 during the Class Period and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

16. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Level 3 common shares were actively traded on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Level 3 or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

17. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

18. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

19. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Level 3; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

20. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

SUBSTANTIVE ALLEGATIONS

21. Defendant Level 3 engages in the communications business in North America and Europe. The Company's network and Internet services include transport services, high speed Internet protocol services, dedicated Internet access, virtual private network services, co-location services, and dark fiber services.

22. The Class Period commences on February 8, 2007. On that date, Level 3 issued a press release announcing its financial results for the fourth quarter and full year 2006. For the quarter, the Company reported consolidated revenue of \$846 million. Defendant Crowe commented on the results, stating, in pertinent part, as follows:

Level 3 had a strong fourth quarter. . . Organic core revenue growth was 8 percent during the quarter and 25 percent annualized for the full year 2006, which excludes the benefits of acquisition and termination revenue. This growth is a result of ongoing customer demand and a healthy industry operating environment. We expect these positive trends to continue in 2007.

Defendant O'Hara commented about the Company's string of acquisitions and the integration of those businesses, stating, in pertinent part, as follows:

During 2006, we successfully completed the majority of the WilTel integration. . . We also made significant progress with our ICG, Looking Glass, Progress and TelCove integrations. We expect to complete the majority of the integration work for our 2006 acquisitions by the end of 2007. We have begun the integration of Broadwing and are looking forward to the opportunity to further expand in the enterprise market with the Broadwing portfolio of business services.

Defendant Patel commented on the Company's revenue growth rate, stating, in pertinent part, as follows:

As the company previously disclosed, growth in Level 3 Core Communications Services revenue was projected to grow more than 20 percent annually, the metro acquisitions would grow 10 to 12 percent annually, and Broadwing was growing at 4 to 5 percent annually. . . On a revenue weighted basis, this would imply a 15 percent annual growth rate for core services. During 2007, we now expect to see growth in our Core Communication Services revenue of approximately 17 percent. We believe

this increase is an indication of the potential created by selling a broad range of advanced services over an integrated metro and long distance backbone network.

Finally, Defendant Crowe also positively commented on the Company's outlook and prospects:

We are pleased with the continued demand we are seeing from our customers, and we believe our performance this quarter continues to demonstrate that our business and industry dynamics are strong. . . Our acquisition strategy over the past 18 months has added to the improved results we have experienced in our core communications business, and positions us well for the future. We remain focused on integration and execution of our business plan.

23. On February 9, 2007, Level 3 issued a press release announcing that it had agreed to sell a \$1.0 billion aggregate principal amount of senior notes in a private offering to qualified institutional investors.

24. On April 26, 2007, Level 3 issued a press release announcing its financial results for the first quarter of 2007. For the quarter, the Company reported consolidated revenue of \$1.056 billion, as compared to \$846 million for the fourth quarter of 2006. The press release also represented that communications deferred revenue increased to \$939 million and that “[m]ore than 70 percent of the increase was from new indefeasible rights of use (IRU) sales during the quarter primarily to government and wireless customers.” Defendant Crowe commented on the results, stating, in pertinent part, as follows:

We are pleased with our results for the first quarter, particularly with the substantial progress we made in reducing and restructuring our long-term debt and the integration of our acquired businesses, as well as the continued revenue growth from our core services. . . We met or exceeded all guidance measures this quarter, and believe we will see continued revenue and EBITDA growth as a result of customer demand, strong sales and the benefit of our integration activities going forward.

Defendant Patel positively portrayed the Company's prospects, stating, in pertinent part, as follows:

We are pleased with the continued growth in revenue and sales activity in the first quarter. . . We expect continued strong Core Communications Services revenue growth in the second quarter. As such, we are projecting Total Communications Revenue of \$1,000-\$1,045 million in the second quarter. As we begin to see

additional benefits of merger-related synergies, we are projecting Consolidated Adjusted EBITDA to increase to \$180-\$200 million in the quarter. Additionally, we are reaffirming our previously disclosed full-year guidance for 2007 and 2008.

25. On July 26, 2007, Level 3 issued a press release announcing its financial results for the second quarter of 2007, the period ending June 30, 2007. For the quarter, the Company reported consolidated revenue of \$1.052 billion. Defendant Crowe commented on the results, stating, in pertinent part, as follows:

While we have a great deal of work remaining, we made good progress on our overall integration of acquired companies. . . We are pleased with the continued positive operating environment in terms of demand and importantly, our efforts from integration and continued cost savings resulted in improved profitability and growth in Consolidated Adjusted EBITDA.

* * *

We are on track to deliver synergies from our acquisitions as expected, and we believe our competitive advantages and position in the marketplace are being recognized by our customers. . . As a result, we saw strong sales momentum throughout the quarter, and demand for our services continues to grow across multiple market segments.

While service activation challenges remain, we have a well developed plan to substantially improve these processes. We continue to expect significant growth in Core Communications Services revenue throughout 2007. Longer term, both market fundamentals and our competitive position continue to improve.

The press release represented that communications deferred revenue increased to \$943 million compared to \$939 million at the end of the first quarter of 2007, as a result of IRU sales during the quarter. Defendant O'Hara commented on the results, stating, in pertinent part, as follows:

In the second quarter, we continued to make progress on reducing network and operating expenses through our integration efforts. . . And from a sales perspective, we continued to see positive fundamentals across the business: substantial contract wins, a stable pricing environment, and continued demand for the services Level 3 has in its portfolio. However, we did see an increase in service activation times as we continue to use the multiple order entry and provisioning processes and systems that were operated by the acquired companies. This cycle time increase had a negative effect on the rate of Core Communications Services revenue growth during the

quarter. As we have consolidated key operational functions and organizations, we believe that for the short term, our operating environment has become more complex.

We remain on track for completing the ongoing process and system development work that is being implemented as part of the integration efforts, which are expected to provide significant improvements to our operations. The systems under development are scheduled to be deployed in the third quarter of 2007 and will continue to be implemented through 2008. While the operational benefits vary by each project, we expect to realize meaningful improvements to the operating environment during 2007. In addition, we are currently taking steps to improve the interim processes and systems to address the increase in service activation times, and we expect to see improvement in our operations over the course of the second half of 2007.

In terms of cost reductions expected as a result of integration activity, we are on track to deliver overall integration synergies, which earlier in the year we disclosed would be \$200 million of network and operating expenses on an annualized basis. Given the progress made year to date in this regard, we believe we will realize the \$200 million of synergies earlier in the year than originally expected.

Finally, Defendant Patel spoke positively about the Company's operations and prospects, stating, in pertinent part:

In the third quarter, we expect to see accelerated growth in Core Communications Services revenue and expect to have resolved some of the operational challenges that dampened Core Communications Services revenue growth in the second quarter. . . We expect that this growth should accelerate again in the fourth quarter as we see the benefit of strong sales and seasonality. Growth in Core Communications Services revenue, from the first quarter to fourth quarter, on an annualized basis is still expected to be approximately 17 percent.

We believe that we will see further expansion in gross margins and Communications Adjusted EBITDA margins as network and operating expenses from integration efforts decrease and synergies increase in the latter half of 2007. We are projecting Consolidated Adjusted EBITDA to increase to \$210-230 million for the third quarter. We remain confident in projected year-over-year trends, and are reaffirming our full year 2007 guidance as well as full year 2008 Consolidated Adjusted EBITDA guidance of \$1.15 billion to \$1.3 billion.

26. The statements referenced above in ¶¶22, 24 and 25 were each materially false and misleading when made because they failed to disclose and misrepresented the following material adverse facts, which were known to Defendants or recklessly disregarded by them:

(a) that the Company was experiencing problems integrating its numerous acquisitions;

(b) that the Company's integration problems caused Level 3 to experience severe provisioning problems, which were negatively impacting revenue growth; and

(c) as a result of the foregoing, Defendants lacked a reasonable basis for their positive statements about Level 3's business, operations and earnings prospects.

27. Throughout the Class Period, Level 3 filed reports with the SEC that failed to disclose the adverse facts detailed herein and contained numerous materially false and misleading statements. In addition, during the Class Period, Defendants held conference calls and appeared at analyst conferences, during which they made numerous statements that were materially false and misleading as they failed to disclose the adverse facts detailed herein.

28. Then, on October 23, 2007, Level 3 issued a press release announcing its financial results for the third quarter of 2007, the period ending September 30, 2007. For the quarter, the Company reported consolidated revenue of \$1.061 billion. Level 3 further reported that its core communications services revenue was negatively impacted by provisioning issues. Defendant Crowe commented on the results, stating, in pertinent part, as follows:

While we continued to grow Core Communications Services revenues and we did meet our guidance measures in the third quarter, the company had difficulties with provisioning orders for its services. . . The breadth of the problem was greater than we had earlier diagnosed, and we did not increase provisioning capacity as we had expected. This increase in provisioning capacity was necessary to meet the revenue increases we had previously projected. As a result, we are lowering our Consolidated Adjusted EBITDA guidance for the full year 2007 and the full year 2008. We are disappointed by our performance, particularly given the strength of the current market. We believe we have identified the underlying causes of our provisioning constraints, and we have begun to implement additional changes. We are focused on correcting this issue as quickly as possible.

Defendant O'Hara further commented on the Company's provisioning issues, stating, in pertinent part, as follows:

Level 3 and each of the six network companies we acquired employed different provisioning processes and systems. . . Our integration plan assumed that our new, integrated processes and systems, Project Unity, would be developed and deployed in stages starting in 2007 and running throughout 2008. During the development and deployment of Unity, we expected to increase the throughput of the existing, legacy provisioning systems by developing temporary processes and systems and by assigning more people and resources than would normally be required.

While the fundamental approach was sound, we made some implementation decisions that in retrospect made achieving our provisioning throughput targets more difficult. In particular, we took certain processes which had been centralized and split them up among our customer facing groups, which made identifying and fixing throughput issues more difficult. As a result, we fell short this quarter in increasing our provisioning capabilities to the level we expected. While we had previously made changes to the organization managing the service activation and service management processes, and we did see some benefits from the changes, we did not implement sufficient measures to improve our provisioning throughput to the level we anticipated at the time of our second quarter earnings release. We have recently conducted a comprehensive analysis of both the organization and the processes and systems that we are using until Unity is deployed.

Defendant Patel reduced the Company's earnings guidance, stating, in pertinent part, as follows:

Primarily due to the provisioning issues we have been experiencing, we have lowered our Consolidated Adjusted EBITDA guidance for both the full year 2007 and 2008. . . Specifically, we have lowered Consolidated Adjusted EBITDA guidance for the full year 2007 from a range of \$860 million to \$920 million to a range of \$813 million to \$833 million and for the full year 2008 from \$1.15 billion to \$1.3 billion to \$950 million to \$1.1 billion.

Our previously implied fourth quarter Core Communications Services revenue and Consolidated Adjusted EBITDA guidance required improvement in our provisioning capabilities. However, our recurring services revenue did not grow as much as we expected in the third quarter and that gap compounds in the fourth quarter. Further, we did not see the growth in usage services, primarily voice services that we had anticipated. Also, in anticipation of revenue growth, we incurred network expenses that reduced our gross margin performance.

The reduction in Consolidated Adjusted EBITDA guidance in 2008 is primarily driven by: the annualized reduction in the fourth quarter 2007 Consolidated Adjusted EBITDA and the decrease in the rate of revenue growth in 2008. The high

incremental margin impact of the revenue reductions is evident in the guidance change.

At the low end of the 2008 range, the revised guidance assumes the recent rate of sales and net installations will continue with some minimal improvement in our provisioning throughput until we begin to realize significant benefit from Project Unity in the second half of 2008. . .

The upper end of revised guidance is predicated on achieving more significant improvements in the rate of sales and net installations beginning later this year. For 2007, assuming the guidance range for the fourth quarter, the implied Core Communications Services annualized revenue growth rate, is now 9 to 12 percent versus the 17 percent we had originally projected.

29. In response to the announcements, the price of Level 3 stock declined from \$4.32 per share to \$3.18 per share on October 24, 2007, on extremely heavy trading volume.

30. The market for Level 3 common stock was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and failures to disclose, Level 3 common stock traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased Level 3 common stock relying upon the integrity of the market price of Level 3 common stock and market information relating to Level 3, and have been damaged thereby.

31. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Level 3 common stock, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

32. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused, or were a substantial contributing cause of, the

damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false or misleading statements about Level 3's business, prospects and operations. These material misstatements and omissions had the cause and effect of creating in the market an unrealistically positive assessment of Level 3 and its business, prospects and operations, thus causing the Company's common stock to be overvalued and artificially inflated at all relevant times. Defendants' materially false and misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's common stock at artificially inflated prices, thus causing the damages complained of herein.

Additional Scienter Allegations

33. As alleged herein, Defendants acted with scienter in that Defendants: knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, Defendants, by virtue of their receipt of information reflecting the true facts regarding Level 3, their control over, and/or receipt and/or modification of Level 3's allegedly materially misleading misstatements and/or their associations with the Company, which made them privy to confidential proprietary information concerning Level 3, participated in the fraudulent scheme alleged herein.

34. Defendants' scienter is further evidenced by the insider selling during the Class Period, as follows:

First Name	Last Name	Position	Date	Shares	Price	Proceeds
RAOUF	ABDEL	O,OX	5/29/2007	5,612	\$5.77	\$32,381
			6/1/2007	5,612	\$5.89	\$33,055
			7/2/2007	6,528	\$5.82	\$37,993
			10/2/2007	1,808	\$4.67	\$8,443
				19,560		\$111,872
SUREEL	CHOKSI	O,OX	5/1/2007	23,850	\$5.28	\$125,928
			5/1/2007	11,459	\$5.29	\$60,618
			5/1/2007	7,045	\$5.27	\$37,127
			5/1/2007	300	\$5.30	\$1,590
			7/2/2007	19,899	\$5.82	\$115,812
			10/2/2007	4,019	\$4.67	\$18,769
				66,572		\$359,844
JAMES	CROWE	CEO,OD	7/2/2007	60,979	\$5.82	\$354,898
			10/2/2007	12,306	\$4.67	\$57,469
						73,285
JAMES	ELLIS	D	5/29/2007	26,100	\$5.78	\$150,858
				26,100		\$150,858
CHARLES	MILLER	O,VC,EVP	5/1/2007	46,713	\$5.36	\$250,382
			7/2/2007	25,205	\$5.82	\$146,693
			10/2/2007	5,089	\$4.67	\$23,766
				77,007		\$420,840
ERIC	MORTENSEN	O,SVP,C	5/1/2007	5,190	\$5.32	\$27,611
			7/2/2007	1,749	\$5.82	\$10,179
			10/2/2007	554	\$4.67	\$2,587
				7,493		\$40,377
KEVIN	OHARA	P,CO,O	5/1/2007	30,300	\$5.32	\$161,196
			5/1/2007	11,550	\$5.30	\$61,215
			5/1/2007	10,985	\$5.29	\$58,111
			5/1/2007	4,600	\$5.31	\$24,426
			7/2/2007	21,362	\$5.82	\$124,327
			7/2/2007	13,300	\$5.83	\$77,539
			10/2/2007	6,997	\$4.67	\$32,676
SUNIT	PATEL	CFO,O,OE	5/1/2007	35,380	\$5.32	\$188,222
			5/1/2007	131	\$5.29	\$693
			7/2/2007	19,899	\$5.82	\$115,812
			10/2/2007	4,019	\$4.67	\$18,769
				59,429		\$323,496

BRADY	RAFUSE	O,OX	5/1/2007	23,200	\$5.32	\$123,424
			5/1/2007	8,229	\$5.30	\$43,614
			5/1/2007	4,600	\$5.31	\$24,426
			5/1/2007	39	\$5.29	\$206
			7/2/2007	15,632	\$5.82	\$90,978
			8/30/2007	69,550	\$5.05	\$351,228
			10/2/2007	3,158	\$4.67	\$14,748
			<u>124,408</u>			<u>\$648,624</u>
THOMAS	STORTZ	O,EVP	5/1/2007	20,850	\$5.30	\$110,505
			5/1/2007	14,195	\$5.28	\$74,950
			5/1/2007	7,300	\$5.29	\$38,617
			5/1/2007	235	\$5.29	\$1,243
			7/2/2007	19,899	\$5.82	\$115,812
			10/2/2007	4,019	\$4.67	\$18,769
			<u>66,498</u>			<u>\$359,896</u>
MICHAEL	YANNEY	D	6/13/2007	23,000	\$5.45	\$125,350
			6/13/2007	1,000	\$5.46	\$5,460
			7/31/2007	10,000	\$5.45	\$54,500
			<u>34,000</u>			<u>\$185,310</u>
				<u>653,446</u>		<u>\$3,552,973</u>

**Applicability of Presumption of Reliance:
Fraud on the Market Doctrine**

35. At all relevant times, the market for Level 3 common stock was an efficient market for the following reasons, among others:

(a) Level 3 stock met the requirements for listing, and was listed and actively traded on the NASDAQ, a highly efficient and automated market;

(b) As a regulated issuer, Level 3 filed periodic public reports with the SEC and the NASDAQ;

(c) Level 3 regularly communicated with public investors via established market communication mechanisms, including regular disseminations of press releases on the national

circuits of major newswire services and other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and

(d) Level 3 was followed by several securities analysts employed by major brokerage firms, who wrote reports that were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

36. As a result of the foregoing, the market for Level 3 common stock promptly digested current information regarding Level 3 from all publicly available sources and reflected such information in Level 3's stock price. Under these circumstances, all purchasers of Level 3 common stock during the Class Period suffered similar injury through their purchase of Level 3 common stock at artificially inflated prices, and a presumption of reliance applies.

No Safe Harbor

37. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. Many of the specific statements pleaded herein were not identified as "forward-looking statements" when made. To the extent there were any forward-looking statements, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. Alternatively, to the extent that the statutory safe harbor does apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the particular speaker knew that the particular forward-looking statement was

false, and/or the forward-looking statement was authorized and/or approved by an executive officer of Level 3 who knew that those statements were false when made.

COUNT I

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against All Defendants

38. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

39. During the Class Period, Defendants disseminated or approved the materially false and misleading statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

40. Defendants: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices and a course of business that operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

41. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Level 3 common stock. Plaintiff and the Class would not have purchased Level 3 common stock at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

42. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of Level 3 common stock during the Class Period.

COUNT II

Violation of Section 20(a) of the Exchange Act Against the Individual Defendants

43. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

44. The Individual Defendants acted as controlling persons of Level 3 within the meaning of Section 20(a) of the Exchange Act, as alleged herein. By reason of their positions as officers and/or directors of Level 3, and their ownership of Level 3 stock, the Individual Defendants had the power and authority to cause Level 3 to engage in the wrongful conduct complained of herein. By reason of such conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act.

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, designating Plaintiff as Lead Plaintiff and certifying Plaintiff as a Class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

B. Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

D. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

DATED: February 3, 2009

DYER & BERENS LLP
ROBERT J. DYER III
JEFFREY A. BERENS

/s/ Jeffrey A. Berens

JEFFREY A. BERENS

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Denver, CO 80203-3507
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HOLZER HOLZER & FISTEL, LLC
COREY D. HOLZER
MICHAEL I. FISTEL, JR.
200 Ashford Center North, Suite 300
Atlanta, Georgia 30338
Telephone: 770/392-0090
770/392-0029 (fax)

Attorneys for Plaintiff

Plaintiff's Name & Address:

John Burke
1722 Baker Street
San Francisco, CA 94115

**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

The undersigned declares, as to the claims asserted under the federal securities laws, that:

1. Plaintiff has reviewed the complaint and authorized its filing.
2. Plaintiff did not purchase and/or acquire the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in any private action under the federal securities laws.
3. Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary. I understand that this is not a claim form, and that my ability to share in any recovery as a member of the class is not dependent upon execution of this Plaintiff Certification.
4. Plaintiff's transactions in the security that is the subject of this action during the Class Period are as follows:

Purchases:

<u>Name of Company</u>	<u>Date(s) Purchased</u>	<u># Shares Purchased</u>	<u>Cost</u>
LVLT	06/22/2007	1000	5,944 95

Sales:

<u>Name of Company</u>	<u>Date(s) Sold</u>	<u># Shares Sold</u>	<u>Proceeds</u>
LVLT	—	—	—

5. During the three (3) years prior to the date of this certification, Plaintiff has not sought to serve or served as a class representative in an action filed under the federal securities laws except for the following (if any):

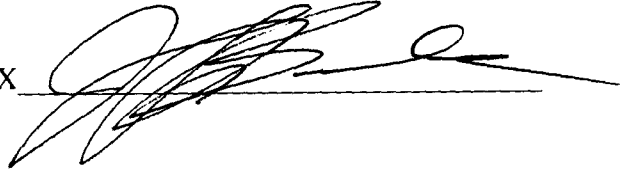
—

6. Plaintiff will not accept any payment for serving as a representative party on behalf

of the class beyond Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 3rd day of Feb., 2009 in San Francisco, CA.
City State

(Signature) X 

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS

John S. Burke, Individually and On Behalf of All Others Similarly Situated,

(b) County of Residence of First Listed Plaintiff San Francisco, CA (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorney's (Firm Name, Address, and Telephone Number)

Jeffrey A. Berens, DYER & BERENS LLP, 682 Grant Street, Denver, CO 80203, Telephone: (303) 861-1764

DEFENDANTS

Level 3 Communications, Inc., James Q. Crowe, Kevin O'Hara, and Sunit S. Patel,

County of Residence of First Listed Defendant Broomfield, CO (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, PTF DEF, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Table with 5 columns: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FOREFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Includes various legal categories like Insurance, Personal Injury, Labor, etc.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from another district (specify), 6 Multidistrict Litigation, 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing. (Do not cite jurisdictional statutes unless diversity): §§10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5

Brief description of cause: Investor class action for violation of the anti-fraud provisions of the federal securities laws

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23, DEMAND \$, CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE, DOCKET NUMBER

DATE, SIGNATURE OF ATTORNEY OF RECORD

02/03/2009, /s/ Jeffrey A. Berens

FOR OFFICE USE ONLY

RECEIPT #, AMOUNT, APPLYING IFP, JUDGE, MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

I. (a) Plaintiffs-Defendants. Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

II. Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

III. Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

IV. Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

VI. Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553

Brief Description: Unauthorized reception of cable service

VII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

VIII. Related Cases. This section of the JS 44 is used to reference related pending cases if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

Court Name: U.S. District Court, Colorado
Division: 1
Receipt Number: COX016305
Cashier ID: sg
Transaction Date: 02/03/2009
Payer Name: DYER BERENS LLP

CIVIL FILING FEE
For: DYER BERENS LLP
Amount: \$350.00

CREDIT CARD
Amt Tendered: \$350.00

Total Due: \$350.00
Total Tendered: \$350.00
Change Amt: \$0.00

09-CV-00215

A fee of \$45.00 will be assessed on any returned check.