

Special Value Continuation Fund, LLC
Form N-Q
December 01, 2008

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

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-21936

SPECIAL VALUE CONTINUATION FUND, LLC
(Exact Name of Registrant as Specified in Charter)

2951 28TH STREET, SUITE 1000
SANTA MONICA, CALIFORNIA 90405
(Address of Principal Executive Offices) (Zip Code)

ELIZABETH GREENWOOD, SECRETARY
SPECIAL VALUE CONTINUATION FUND, LLC
2951 28TH STREET, SUITE 1000
SANTA MONICA, CALIFORNIA 90405
(Name and Address of Agent for Service)

Registrant's telephone number, including area code: (310) 566-1000

Copies to:
RICHARD T. PRINS, ESQ.
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
FOUR TIMES SQUARE
NEW YORK, NEW YORK 10036

Date of fiscal year end: DECEMBER 31, 2008

Date of reporting period: SEPTEMBER 30, 2008

ITEM 1.

SCHEDULE OF INVESTMENTS.

Special Value Continuation Fund, LLC
(A Delaware Limited Liability Company)

Statement of Investments (Unaudited)

September 30, 2008

| Security | Shares | Amount of Equity in Net Profit and Loss | Fair Value |
|--|--------|---|----------------|
| <u>Equity and Equity Related Securities</u> | | | |
| Other Investment Pools and Funds | | | |
| Special Value Continuation Partners, LP | | | |
| Common Limited Partner Interest (1), (2) | | | |
| (Acquired 7/31/06, Cost \$418,955,776) | 1 | 100% | \$ 336,732,373 |

Notes to Statement of Investments

(1) Restricted security.

(2) For information regarding the portfolio holdings of Special Value Continuation Partners, LP, including applicable FAS 157 disclosures, please see the Statement of Investments included in Special Value Continuation Partners, LP's Form N-Q.

Changes in Special Value Continuation Fund, LLC's 100% limited partnership interest in Special Value Continuation Partners, LP during the nine months ended September 30, 2008 were as follows:

| | |
|-------------------|----------------|
| Beginning Balance | \$ 392,503,508 |
| Losses | (51,771,135) |
| Distribution | (4,000,000) |
| Ending Balance | \$ 336,732,373 |

ITEM 2.

CONTROLS AND PROCEDURES.

(a) The Registrant's Chief Executive Officer and Chief Financial Officer have evaluated the Registrant's disclosure controls and procedures within 90 days of this filing and have concluded that the Registrant's disclosure controls and procedures were effective, as of that date, in ensuring that information required to be disclosed by the Registrant in this Form N-Q was recorded, processed, summarized, and reported in a timely manner.

(b) Not applicable.

ITEM 3.

EXHIBITS.

Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Special Value Continuation Fund, LLC

By: /s/ Hugh Steven Wilson

Name: Hugh Steven Wilson

Title: Chief Executive Officer

Date: December 1, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Hugh Steven Wilson

Name: Hugh Steven Wilson

Title: Chief Executive Officer

Date: December 1, 2008

By: /s/ Paul L. Davis

Name: Paul L. Davis

Title: Chief Financial Officer

Date: December 1, 2008