

WESTERN ASSET VARIABLE RATE STRATEGIC FUND INC.
Form SC TO-I
April 26, 2010

As filed with the Securities and Exchange Commission on April 26, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE TO
TENDER OFFER STATEMENT UNDER SECTION 14(d)(1) OR 13(e)(1) OF THE SECURITIES
EXCHANGE ACT OF 1934**

Western Asset Variable Rate Strategic Fund Inc.

(Name of Subject Company (issuer))

Western Asset Variable Rate Strategic Fund Inc.

(Name of Filing Person (offeror))

Common Stock

\$0.001 Par Value Per Share

(Title of Class of Securities)

957667108

(CUSIP Number of Class of Securities)

ROBERT I. FRENKEL

SECRETARY

**WESTERN ASSET VARIABLE RATE STRATEGIC FUND INC.
300 THIRD STAMFORD PLACE, 7TH FLOOR
STAMFORD, CONNECTICUT 06902
(203) 703-7046**

(Name, Address and Telephone Number of Person Authorized to Receive Notices
and Communications on Behalf of the Person(s) Filing Statement)

Copy to:

**Sarah E. Cogan, Esq.
Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York, 10017**

(212) 455-2000

CALCULATION OF FILING FEE

Transaction Valuation
\$26,917,973(a)

Amount of Filing Fee
\$1,919.25(b)

(a) Estimated for purposes of calculating the amount of the filing fee only. Calculated as the aggregate maximum purchase price to be paid for 1,664,686 shares in the offer, based upon a price of \$16.17 (98% of the net asset value per share of \$16.50 on April 19, 2010).

(b) Calculated at \$71.30 per \$1,000,000 of the Transaction Value, pursuant to Rule 0-11 of the Securities Exchange Act of 1934, as amended.

Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

Amount Previously Paid:
Form or Registration No.:

Not applicable
Not applicable

Filing Party:
Date Filed:

Not applicable
Not applicable

Check box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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Check the appropriate boxes to designate any transactions to which this statement relates:

- | | | | |
|----------------------------------|--|-----------------------|---|
| <input type="radio"/> | third party tender offer subject to Rule 14d-1 | <input type="radio"/> | going-private transaction subject to Rule 13e-3 |
| <input checked="" type="radio"/> | issuer tender offer subject to Rule 13e-4 | <input type="radio"/> | amendment to Schedule 13D under Rule 13d-2 |

Check the following box if the filing is a final amendment reporting the results of the tender offer.

Introductory Statement

This Issuer Tender Offer Statement on Schedule TO relates to an offer by Western Asset Variable Rate Strategic Fund Inc., a Maryland corporation (the Fund), to purchase for cash up to 20% of its outstanding shares, or 1,664,686 of the Fund's issued and outstanding shares of Common Stock, par value \$0.001 per share, upon the terms and subject to the conditions contained in the Offer to Purchase dated April 26, 2010 and the related Letter of Transmittal which are filed as exhibits to this Schedule TO.

This Issuer Tender Offer Statement on Schedule TO is being filed in satisfaction of the reporting requirements of Rule 13e-4(c)(2) promulgated under the Securities Exchange Act of 1934, as amended.

The information in the Offer to Purchase and the related Letter of Transmittal is incorporated herein by reference in response to all of the items of this Schedule TO, as more particularly described below.

ITEM 1. SUMMARY TERM SHEET.

The information set forth under Summary Term Sheet in the Offer to Purchase is incorporated herein by reference.

ITEM 2. SUBJECT COMPANY INFORMATION

(a) and (b) The information set forth in the Offer to Purchase under Introduction and under Section 10 (Certain Information Concerning the Fund, the Investment Adviser and the Subadviser) is incorporated herein by reference.

(c) The information set forth in the Offer to Purchase under Section 7 (NAV and Market Price Range of Shares; Dividends) is incorporated herein by reference.

ITEM 3. IDENTITY AND BACKGROUND OF FILING PERSON.

(a) The Fund is the filing person. The information set forth in the Offer to Purchase under Section 10 (Certain Information Concerning the Fund, the Investment Adviser and the Subadvisers) is incorporated herein by reference.

ITEM 4. TERMS OF THE TRANSACTION.

(a) The following sections of the Offer to Purchase contain a description of the material terms of the transaction and are incorporated herein by reference:

- Summary Term Sheet ;
 - Introduction ;
 - Section 1 (Terms of the Offer; Termination Date);
 - Section 2 (Acceptance for Payment and Payment for Shares);
 - Section 3 (Procedure for Tendering Shares);
 - Section 4 (Rights of Withdrawal);
 - Section 5 (Source and Amount of Funds; Effect of the Offer);
 - Section 8 (Federal Income Tax Consequences of the Offer);
 - Section 11 (Interests of Directors, Executive Officers and Associates; Transactions and Arrangements Concerning the Shares); and
 - Section 13 (Certain Conditions to the Offer).
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(b) The information set forth in the Offer to Purchase under Introduction and under Section 11 (Interests of Directors, Executive Officers and Associates; Transactions and Arrangements Concerning the Shares) is incorporated herein by reference.

ITEM 5. PAST CONTACTS, TRANSACTIONS, NEGOTIATIONS AND AGREEMENTS.

(e) The information set forth in the Offer to Purchase under Section 6 (Purpose of the Offer; Plans or Proposals of the Fund) and Section 11 (Interests of Directors, Executive Officers and Associates; Transactions and Arrangements Concerning the Shares) is incorporated herein by reference.

ITEM 6. PURPOSES OF THE TRANSACTION AND PLANS OR PROPOSALS.

(a), (b) and (c) The information set forth in the Offer to Purchase under Section 6 (Purpose of the Offer; Plans or Proposals of the Fund) is incorporated herein by reference.

ITEM 7. SOURCE AND AMOUNTS OF FUNDS OR OTHER CONSIDERATION.

(a), (b) and (d) The information set forth in the Offer to Purchase under Section 5 (Source and Amount of Funds; Effect of the Offer) is incorporated herein by reference.

ITEM 8. INTEREST IN SECURITIES OF THE SUBJECT COMPANY.

(a) and (b) The information set forth in the Offer to Purchase under Section 11 (Interests of Directors, Executive Officers and Associates; Transactions and Arrangements Concerning the Shares) is incorporated herein by reference.

ITEM 9. PERSON/ASSETS, RETAINED, EMPLOYED, COMPENSATED OR USED.

(a) The information set forth in the Offer to Purchase under Section 14 (Fees and Expenses) is incorporated herein by reference.

ITEM 10. FINANCIAL STATEMENTS

(a) and (b) Not applicable.

ITEM 11. ADDITIONAL INFORMATION

(a) The information set forth in the Offer to Purchase under Section 6 (Purpose of the Offer; Plans or Proposals of the Fund), Section 11 (Interests of Directors, Executive Officers and Associates; Transactions and Arrangements Concerning the Shares) and Section 12 (Certain Legal Matters; Regulatory Approvals) is incorporated herein by reference. To the knowledge of the Fund, no material legal proceedings relating to the tender offer are pending.

(b) The information set forth in the Offer to Purchase and the related Letter of Transmittal, copies of which are filed as Exhibits (a)(1)(i) and (a)(1)(ii) hereto, respectively, as each may be amended or supplemented from time to time, is incorporated herein by reference.

ITEM 12. EXHIBITS

EXHIBIT NO.	DESCRIPTION
(a)(1)(i)	Offer to Purchase, dated April 26, 2010.
(a)(1)(ii)	Form of Letter of Transmittal.
(a)(1)(iii)	Form of Notice of Guaranteed Delivery.

EXHIBIT NO.	DESCRIPTION
(a)(1)(iv)	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(v)	Form of Letter to Clients of Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
(a)(1)(vi)	Form of Letter to Stockholders.
(a)(2)	None.
(a)(3)	Not Applicable.
(a)(4)	Not Applicable.
(a)(5)(i)	Press release issued on February 4, 2009.
(a)(5)(ii)	Press release issued on January 12, 2010.
(a)(5)(iii)	Press release issued on April 5, 2010.
(a)(5)(iv)	Press release issued on April 26, 2010.
(b)	None.
(d)	None.
(e)	None.
(g)	None.
(h)	None.

ITEM 13. INFORMATION REQUIRED BY SCHEDULE 13E-3

Not Applicable.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

WESTERN ASSET VARIABLE RATE
STRATEGIC FUND INC.

By:

/s/ R. Jay Gerken

Name: R. Jay Gerken

Title: Chairman, President and Chief Executive
Officer

Dated: April 26, 2010

EXHIBIT INDEX

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- (a)(1)(v) Form of Letter of Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
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- (a)(5)(iii) Press release issued on April 5, 2010.
- (a)(5)(iv) Press release issued on April 26, 2010.