

WESTERN ASSET VARIABLE RATE STRATEGIC FUND INC.
Form SC TO-C
February 04, 2009

As filed with the Securities and Exchange Commission on February 4, 2009.

**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**

(Amendment No. __)

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.**

100 FIRST STAMFORD PLACE, 4TH FLOOR
STAMFORD, CONNECTICUT 06902

(203) 890-7041

(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*

AMOUNT OF FILING FEE*

N/A

N/A

*

No filing fee is required because this filing contains only preliminary communications made before the commencement of a tender offer.

[]

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: N/A

Filing Party: N/A

Form or Registration No.: N/A

Date Filed: N/A

[X]

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

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

[]

[]

third party tender offer subject to Rule 14d-1

going-private transaction subject to Rule 13e-3

[X]

[]

issuer tender offer subject to Rule 13e-4

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. []

Items 1 11.

Not applicable

Item 12. Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Text of press release issued on February 4, 2009.

Item 13. Information Required by Schedule 13E-3.

Not applicable.

EXHIBIT 99.1

For Immediate Release

**Western Asset Variable Rate Strategic Fund Inc.
Announces Tender Offer**

NEW YORK (BUSINESS WIRE) February 4, 2009 Western Asset Variable Rate Strategic Fund Inc. (NYSE: GFY) announced today that the Fund's Board of Directors approved a tender offer for up to 20% of outstanding common shares at a price equal to at least 98% of the Fund's net asset value per share on the date the tender offer expires. The commencement of the tender offer is conditioned upon the prior occurrence of certain events as set forth below and certain other terms and conditions.

Summary of tender offer:

1.

First, the Fund's net asset value must appreciate to \$16.00 per share.

2.

Then if the Fund trades at an average discount of 10% for the following twelve weeks, the Fund would commence a tender offer for up to 20% of outstanding shares at a price of 98% of the Fund's net asset value.

3.

If the average discount is less than 10% at the end of the twelve weeks, the Fund will not commence a tender offer.

The following provides additional details about the tender offer:

Under the terms of this tender offer, the Fund first must have a net asset value of at least \$16.00 per share at the close of trading, on any full day of trading on the New York Stock Exchange (the Price Trigger). If the Price Trigger is reached, the Fund would then conduct a tender offer for up to 20% of the then outstanding common shares at a price equal to at least 98% of the Fund's net asset value per share on the date the tender offer expires, if during the twelve-week period immediately following achievement of the Price Trigger (the Measuring Period), common shares of the Fund have traded on the NYSE at an average discount from net asset value of more than 10% (computed by measuring the average discount based upon the Fund's per share closing NAV and market price as of the last business day of each week during the Measuring Period). If at the conclusion of the Measuring Period the average discount is

determined to be 10% or less, the Fund will not commence a tender offer and there will not be a new Measuring Period.

In announcing the terms of the tender offer, which were recommended by the Fund's investment manager and sub-adviser, Legg Mason Partners Fund Advisor, LLC, (LMPFA) and Western Asset Management Company (WAM), LMPFA and WAM cited the current difficult market environment for fixed income securities, particularly in light of the Fund's variable rate mandate, and reiterated previous statements that the sale of significant portions of the Fund's portfolio holdings in the current market environment would mean selling at unfavorable prices at or near a potential market

bottom. The use of a price trigger is intended to allow an opportunity for, liquidity to improve and the fixed income market to normalize so that any tender offer is conducted at a time when the Fund's portfolio has appreciated.

The Fund believes that conducting the tender offer at a price equal to at least 98% of net asset value would accommodate the interests of shareholders who seek an opportunity to dispose of their shares as well as shareholders who desire to remain shareholders of the Fund.

Western Asset Variable Rate Strategic Fund Inc., a non-diversified closed-end

investment management company traded on the New York Stock Exchange under the symbol "GFY," is advised by Legg Mason Partners Fund Advisor, LLC, a wholly owned subsidiary of Legg Mason, Inc. and is sub-advised by Western Asset Management Company and Western Asset Management Limited, affiliates of the adviser.

For more information on the Fund, please contact our Investor Relations Group at 1-888-777-0102 or consult the Fund's web site at www.leggmason.com/cef.

The tender offer will be made, and the shareholders of the Fund will be notified, in accordance with the Securities Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended, and other applicable rules and regulations. The tender offer described in this announcement has not yet commenced. This announcement is not an offer to purchase or a solicitation of an offer to sell shares of the Fund. The tender offer will be made only by an Offer to Purchase for Cash and the related Letter of Transmittal. As soon as the tender offer commences, the Fund will file a tender offer statement with the SEC. The Fund has, in addition, filed a proxy statement with the SEC relating to its annual shareholder meeting to be held on February 20, 2009. **SHAREHOLDERS OF THE FUND SHOULD READ THESE DOCUMENTS BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION.** Documents filed with the SEC are available to investors for free at the SEC's website (<http://www.sec.gov>).

Brenda Grandell, Director, Closed-End Funds, Legg Mason & Co. LLC, 212-857-8087