

**Western Asset Variable Rate Strategic Fund Inc.**  
**as of**  
**December 31, 2009**

NEW YORK – (Business Wire) – January 20, 2010 – Western Asset Variable Rate Strategic Fund Inc. (NYSE: GFY) announces its portfolio composition as of December 31, 2009.

**Investment Objective:** The Fund's investment objective is to maintain a high level of current income.

**Portfolio Composition\*:**

**Asset Allocation**

<b>Mortgage-Backed Securities</b>	<b>40.0%</b>
<b>High Yield</b>	<b>23.8%</b>
<b>Investment Grade</b>	<b>13.4%</b>
<b>Emerging Market Debt</b>	<b>6.6%</b>
Investment Grade	2.8%
<i>US Dollar</i>	2.1%
<i>Local Currency</i>	0.6%
Non-Investment Grade	3.8%
<i>US Dollar</i>	3.8%
<b>Asset-Backed Securities</b>	<b>4.8%</b>
<b>Government</b>	<b>3.4%</b>
<b>Cash &amp; Other Securities</b>	<b>8.0%</b>

**Credit Quality Allocation (Higher of S&P/Moody's/Fitch)**

AAA	42.9%
AA	2.4%
A	7.8%
BBB	10.4%
BB	13.5%
B	15.7%
CCC	6.2%
CC	0.3%
C	0.4%
D	0.2%
Not Rated	0.1%

**Top Five High Yield Industries**

Bank Loans	8.6%
Consumer Cyclical	4.4%
Communications	2.2%
Finance Companies	2.2%
Energy	1.7%

**Top Five Emerging Market Countries**

Mexico	1.6%
Russia	1.1%
Brazil	1.0%
Colombia	0.9%
Venezuela	0.5%

**Currency Allocation**

US Dollar	98.4%
Euros	1.0%
Brazilian Reals	0.3%
Russian Rubles	0.3%

<b>Average Life (years)</b>	6.51
<b>Effective Duration (years)</b>	1.31
<b>Average Credit Quality (S&amp;P)</b>	BBB+
<b>Average Coupon (%)</b>	3.98

**Portfolio Statistics:**

<b>Inception Date</b>	October 26, 2004
<b>Inception Price</b>	\$20.00
<b>Total Assets</b>	\$130,565,436
<b>Net Assets**</b>	\$130,565,436
<b>Loans</b>	0.00%
<b>Preferred Shares</b>	0.00%
<b>Reverse Repos</b>	0.00%

<b>Market Price</b>	\$14.14
<b>NAV</b>	\$15.69

(Daily NAV is available on market quotation systems using the symbol XGFYX.)

<b>Distribution Rate</b>	\$0.0560 per share
<b>Frequency</b>	Monthly (Declared quarterly, paid monthly)

\* Portfolio holdings and weightings are historical and are presented here for informational purposes only. They are subject to change at any time.

\*\* The difference between total assets and net assets, if any, is due primarily to the Fund's use of borrowings and other assets and liabilities; net assets do not include borrowings. The Fund may employ leverage in the form of loans, preferred stock, reverse repurchase agreements and/or other instruments. When the Fund engages in transactions that have a leveraging effect on the Fund's portfolio, the value of the Fund will be more volatile and all other risks will tend to be compounded.

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, an affiliate of the advisor.

An investment in the Fund involves risk, including loss of principal. Investment return and the value of shares will fluctuate. Fixed income securities are subject to credit risk, inflation risk, call risk, and interest rate risks. As interest rates rise, bond prices fall, reducing the value of the Fund's share price. International investing is subject to additional risks. These risks are greater in emerging markets.

For more information, please call Fund Investor Services at 888-777-0102, or consult the Fund's web site at [www.leggmason.com/cef](http://www.leggmason.com/cef).

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