December 31, 2011

Oppenheimer

Global Securities Fund/VA

A Series of Oppenheimer Variable Account Funds

Annual Report

ANNUAL REPORT

Listing of Top Holdings

Fund Performance Discussion

Financial Statements

OppenheimerFunds®

The Right Way to Invest

Portfolio Manager: Rajeev Bhaman, CFA

Average Annual Total Returns
For the Periods Ended 12/30/11[1]

	1-Year	5-Year	10-Year
Non-Service Share	–8.29%	–1.12%	5.37%
Service Shares	–8.53%	–1.36%	5.12%

	1-Year	5-Year	Since Inception (5/1/03)
Class 3	–8.27%	–1.12%	9.39%

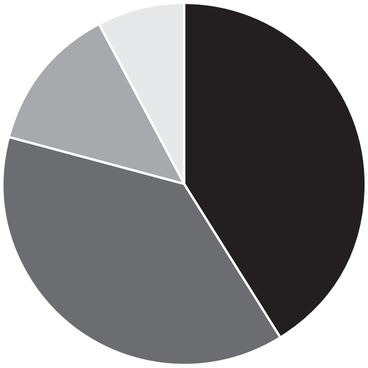
	1-Year	5-Year	Since Inception (5/3/04)
Class 4	–8.49%	–1.37%	5.02%

Expense Ratios
For the Period Ended 12/30/11[1]

Non-Service Shares	0.76%
Service Shares	1.01
Class 3	0.76
Class 4	1.01

The performance data quoted represents past performance, which does not guarantee future results. *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month end, call us at 1.800.988.8287. The Fund's total returns should not be expected to be the same as the returns of other funds, whether or not both funds have the same portfolio managers and/or similar names. The Fund's total returns do not include the charges associated with the separate account products that offer this Fund. Such performance would have been lower if such charges were taken into account.*

Regional Allocation



United States/Canada	41.3%
Europe	37.9
Asia	13.1
Latin America	7.7

Portfolio holdings and allocations are subject to change. Percentages are as of December 30, 2011, and are based on the total market value of investments.

Top Ten Common Stock Holdings

Telefonaktiebolaget LM Ericsson, B Shares	3.9%
eBay, Inc.	3.1
Siemens AG	2.6
McDonald's Corp.	2.2
Altera Corp.	2.2
Intuit, Inc.	2.1
SAP AG	2.0
European Aeronautic Defense & Space Co.	1.9
Aetna, Inc.	1.9
Colgate-Palmolive Co.	1.8

Portfolio holdings and allocations are subject to change. Percentages are as of December 30, 2011, and are based on net assets.

Management's Discussion of Fund Performance. The Fund's Non-Service shares declined by 8.29% for the one-year reporting period ended December 30, 2011.[1] On a relative basis, the Fund underperformed the MSCI World Index (the "Index"), which declined by 5.54%. The Fund's losses occurred over the third quarter of 2011. The global decline in financial markets over the third quarter was triggered by default expectations in Greece spreading to Portugal, Ireland, Spain and even Italy as European policy makers squabbled over who would bear the costs of deteriorating asset quality on bank balance sheets. During this time, the markets moved from favoring riskier asset classes to historically defensive securities. The Fund is invested primarily in stocks with growth characteristics, which tend not to perform well in this type of environment. Furthermore, the Fund had more investments in European and emerging market-based companies than the Index, which led to the underperformance due to worries about the euro and emerging market growth.

Global Market and Economic Environment

The past year has been a tale of many markets. Political unrest in the Middle East with the advent of the "Arab Spring" saw dictators and their governments in North Africa fall. A giant earthquake in Japan and the resulting tsunami caused devastation and a nuclear crisis in the Tohoku region. Ratings agency Standard & Poor's downgraded the U.S. below AAA. Inflation in China and India reached levels that were deemed too high for central banks there and they tightened monetary policy. Europe and the euro looked wobbly with an untenable situation in Greece and increasing worries over the abilities of Portugal, Ireland, Spain and Italy to pay their debts.

These events led to significant disruptions to global supply chains and concerns over the supply and availability of oil. Oil prices rose unrelentingly through April. The perceived unwillingness of the broader European Community to come together to resolve the European debt crisis created undesirable risk for investors. Economies such as Germany appeared willing to employ a stratagem of brinksmanship to attempt to push debt-laden European countries to make hard political decisions. With hopes that emerging markets would lead the world through a difficult patch, concerns about global growth arose when major emerging markets tightened monetary policy. Unemployment rates have remained stubbornly high as companies make do with fewer workers.

It seemed all of these concerns reached a crescendo over the summer, leading to a major reversal in the uptrend of the markets we had seen until then. Worries about a global recession dominated the markets and a flight to safety ensued. Despite all this, many companies reported robust financial results that beat expectations. Company balance sheets outside of the financials sector generally remained strong and borrowing costs remained low.

Equity markets finished the period largely on a positive note, rebounding strongly in October in particular, as European leaders sought to undertake measures to address the debt issues in the region and the U.S. economy began to show some signs of life, as high unemployment trended downward, the housing market picked up slightly and consumer sentiment improved. Developing markets generally saw equity gains in the fourth quarter, but their performance continued to lag behind that of the developed markets. A decisive shift toward easier monetary policy in China and an interest rate cut by Brazil in late November for the third time since August stimulated large gains in euro zone bond markets, as yields fell in almost every country in the Eurozone and also sparked a rally in the global equity markets.

Top Individual Contributors

During the reporting period, top contributors to Fund performance included global fast-food retailer McDonald's Corp., health care provider Aetna, Inc., European Aeronautic Defence & Space Co. (EADS), parent of Airbus, and the jeweler, Bulgari SpA. McDonald's, the iconic American quick service restaurant, continued to grow globally and increase market share. The company also continued to benefit from the popularity of its McCafe beverage line-up, its breakfast offerings and its premium chicken sandwiches. Aetna, a leading managed health care firm based in the U.S., performed well as earnings grew faster than market expectations. EADS, the maker of Airbus airplanes and the

1. December 30, 2011 was the last business day of the Fund's fiscal year. See Note 1 of the accompanying Notes to Financial Statements. Index returns are calculated through December 31, 2011.

Eurocopter among other defense related products, grew its order book at a record pace and showed rapidly improving profit margins.

Bulgari SpA is an Italian jeweler and one of our luxury goods holdings that was taken over by LVMH, the owner of Luis Vuitton, another one of our holdings, at a substantial premium. Over the year, we also initiated major investments in Google, Inc. and McGraw Hill-Cos., two superb franchise businesses that we believed to be undervalued. Both of these holdings performed positively for the Fund while held.

Top Individual Detractors

Individual securities that were significant detractors included the Swiss bank Credit Suisse Group AG, a leading franchise in private banking worldwide with a very healthy balance sheet, in our opinion. The ultra-strength of the Swiss franc combined with significant risk aversion in the marketplace resulted in an increase in the firm's costs combined with a decrease in customer revenues, which led to significant profit declines. Financial services giant Goldman Sachs Group, Inc. also detracted from performance. Goldman's stock price declined primarily due to increased regulation in the financial industry and uncertainty over its eventual implementation, which reduced the outlook for profit growth for many financial firms, particularly in the investment banking sector. A weak global economy and investment banks' exposure to the Eurozone also gave investors pause. Sony Corp., a legendary consumer electronics franchise, was battered by the global consumers' unwillingness to buy televisions or other appliances. We continued to hold these companies in our portfolio, notwithstanding these short-term setbacks.

Outlook

We remain confident that our method of investment, which focuses on companies of high quality positioned to capitalize on growth trends and purchased at prices that offer the opportunity to substantially appreciate over a five year investment horizon, will serve us well in the periods to come. Our positioning in the Fund is similar to what it was a year ago. The world's current concerns are real but the overwhelming focus on these concerns, and an ignoring of the potential in the markets, provides us great opportunities. In a world where the leading companies can have dividend yields higher than their own bond yields and cash flow yields double that, investing in stocks may provide uncommon opportunities.

Before investing in the Fund, investors should carefully consider its investment objectives, risks, charges and expenses. The Fund's prospectus and summary prospectus contain this and other information about the Fund, and may be obtained by asking your financial advisor or calling us at 1.800.988.8287. Read prospectuses and summary prospectuses carefully before investing.

Total returns include changes in share price and reinvestment of dividends and capital gains distributions in a hypothetical investment for the periods shown.

The Fund's investment strategy and focus can change over time. The mention of specific fund holdings does not constitute a recommendation by OppenheimerFunds, Inc.

Shares of Oppenheimer funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.

Comparing the Fund's Performance to the Market. The graphs that follow show the performance of a hypothetical $10,000 investment in each share class of the Fund held until December 30, 2011. In the case of Non-Service shares and Service shares, performance is measured over a ten-fiscal-year period. In the case of Class 3 shares, performance is measured from inception of the class on May 1, 2003. In the case of Class 4 shares, performance is measured from inception of the class on May 3, 2004. Performance information does not reflect charges that apply to separate accounts investing in the Fund. If these charges were taken into account, performance would be lower. The graphs assume that all dividends and capital gains distributions were reinvested in additional shares.

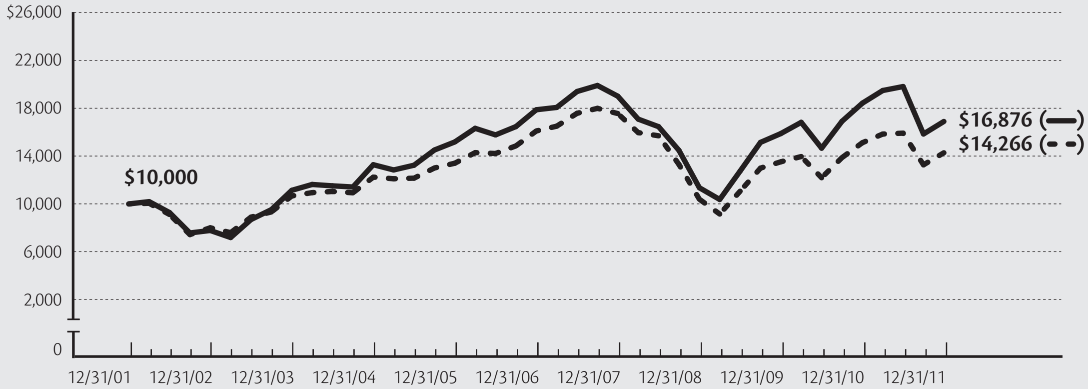
The Fund's performance is compared to the performance of the Morgan Stanley Capital International (MSCI) World Index, an unmanaged index of equity securities listed on stock exchanges of a select number of foreign countries and the U.S. Index performance includes reinvestment of income but does not reflect transaction costs, fees or expenses. The Fund's performance reflects the effects of the Fund's business and operating expenses. While index comparisons may be useful to provide a benchmark for the Fund's performance, it must be noted that the Fund's investments are not limited to the securities comprising the index.

Non-Service Shares

Comparison of Change in Value of $10,000 Hypothetical Investments in:

— Oppenheimer Global Securities Fund/VA (Non-Service)

-- Morgan Stanley Capital International World Index



Average Annual Total Returns of Non-Service Shares of the Fund at 12/30/11[1]

1-Year **–8.29%** 5-Year **–1.12%** 10-Year **5.37%**

Service Shares

Comparison of Change in Value of $10,000 Hypothetical Investments in:

— Oppenheimer Global Securities Fund/VA (Service)

-- Morgan Stanley Capital International World Index

Average Annual Total Returns of Service Shares of the Fund at 12/30/11[1]

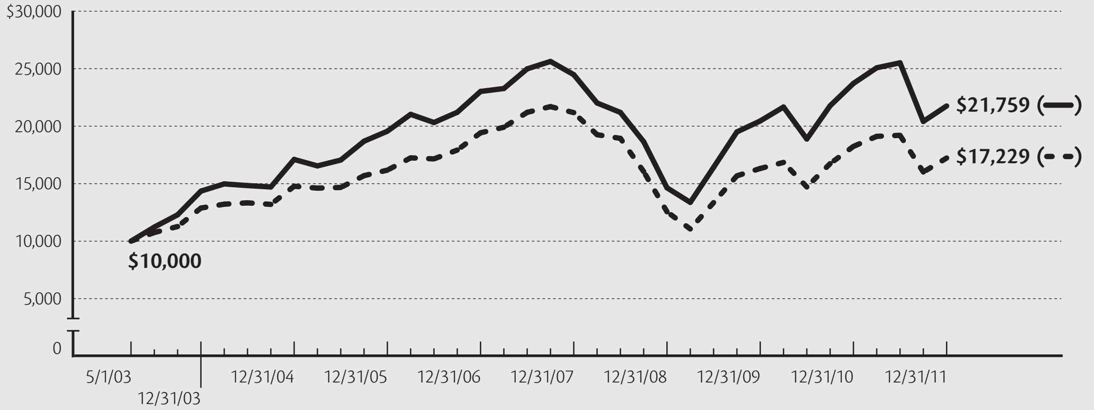
1-Year **–8.53%** 5-Year **–1.36%** 10-Year **5.12%**

Class 3 Shares

Comparison of Change in Value of $10,000 Hypothetical Investments in:

— Oppenheimer Global Securities Fund/VA (Class 3)

-- Morgan Stanley Capital International World Index



Average Annual Total Returns of Class 3 Shares of the Fund at 12/30/11[1]

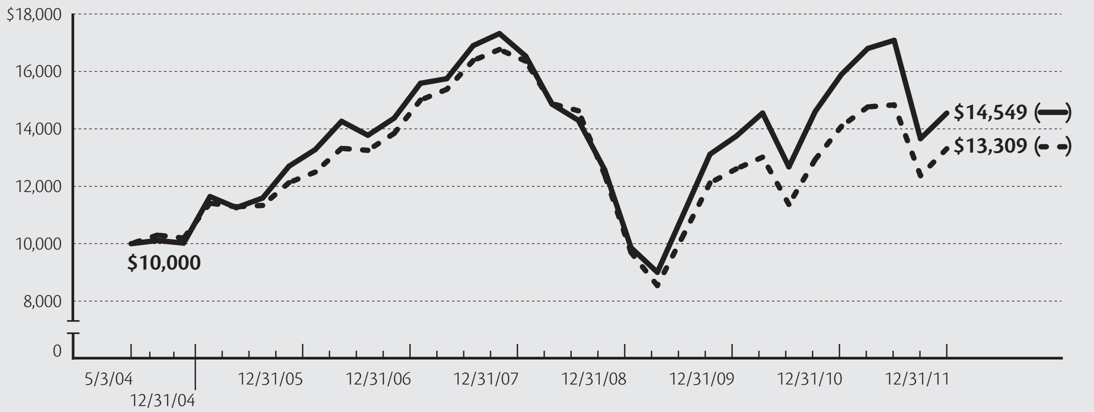
1-Year **–8.27%** 5-Year **–1.12%** Since Inception (5/1/03) **9.39%**

Class 4 Shares

Comparison of Change in Value of $10,000 Hypothetical Investments in:

— Oppenheimer Global Securities Fund/VA (Class 4)

-- Morgan Stanley Capital International World Index



Average Annual Total Returns of Class 4 Shares of the Fund at 12/30/11[1]

1-Year **–8.49%** 5-Year **–1.37%** Since Inception (5/3/04) **5.02%**

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1. December 30, 2011 was the last business day of the Fund's fiscal year. See Note 1 of the accompanying Notes to Financial Statements. Index returns are calculated through December 31, 2011.

FUND EXPENSES

Fund Expenses. As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees; distribution and service fees; and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The examples are based on an investment of $1,000.00 invested at the beginning of the period and held for the entire 6-month period ended December 30, 2011.

Actual Expenses. The first section of the table provides information about actual account values and actual expenses. You may use the information in this section for the class of shares you hold, together with the amount you invested, to estimate the expense that you paid over the period. Simply divide your account value by $1,000.00 (for example, an $8,600.00 account value divided by $1,000.00 = 8.60), then multiply the result by the number in the first section under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes. The second section of the table provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio for each class of shares, and an assumed rate of return of 5% per year for each class before expenses, which is not the actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any charges associated with the separate accounts that offer this Fund. Therefore, the "hypothetical" lines of the table are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these separate account charges were included your costs would have been higher.

Actual	Beginning Account Value July 1, 2011	Ending Account Value December 30, 2011	Expenses Paid During 6 Months Ended December 30, 2011
Non-Service shares	$1,000.00	$ 852.80	$3.54
Service shares	1,000.00	851.60	4.70
Class 3	1,000.00	852.90	3.54
Class 4	1,000.00	851.60	4.70
Hypothetical (5% return before expenses)			
Non-Service shares	1,000.00	1,021.26	3.86
Service shares	1,000.00	1,020.00	5.13
Class 3	1,000.00	1,021.26	3.86
Class 4	1,000.00	1,020.00	5.13

Expenses are equal to the Fund's annualized expense ratio for that class, multiplied by the average account value over the period, multiplied by 183/365 (to reflect the one-half year period). Those annualized expense ratios, excluding indirect expenses from affiliated fund, based on the 6-month period ended December 30, 2011 are as follows:

Class	Expense Ratios
Non-Service shares	0.76%
Service shares	1.01
Class 3	0.76
Class 4	1.01

The expense ratios reflect voluntary waivers and/or reimbursements of expenses by the Fund's Manager. Some of these undertakings may be modified or terminated at any time, as indicated in the Fund's prospectus. The "Financial Highlights" tables in the Fund's financial statements, included in this report, also show the gross expense ratios, without such waivers or reimbursements and reduction to custodian expenses, if applicable.

	Shares	Value
Common Stocks—98.3%		
Consumer Discretionary—18.1%		
Automobiles—1.5%		
Bayerische Motoren Werke (BMW) AG, Preference	771,969	$ 36,517,785
Diversified Consumer Services—0.0%		
Zee Learn Ltd.[1]	492,103	110,273
Hotels, Restaurants & Leisure—4.1%		
Carnival Corp.	1,124,146	36,692,125
Lottomatica SpA[1]	552,870	8,273,787
McDonald's Corp.	529,050	53,079,587
		98,045,499
Household Durables—0.6%		
Sony Corp.	759,800	13,693,158
Leisure Equipment & Products—0.3%		
Nintendo Co. Ltd.	61,000	8,400,676
Media—4.5%		
Grupo Televisa SA, Sponsored GDR	1,333,226	28,077,740
McGraw-Hill Cos., Inc. (The)	634,460	28,531,666
Walt Disney Co. (The)	1,102,240	41,334,000
Wire & Wireless India Ltd.[1]	2,281,600	255,635
Zee Entertainment Enterprises Ltd.	4,094,715	9,086,944
		107,285,985
Multiline Retail—0.9%		
Pinault-Printemps-Redoute SA	146,730	21,012,974
Specialty Retail—3.8%		
Abercrombie & Fitch Co., Cl. A	87,250	4,261,290
Industria de Diseno Textil SA	439,965	36,033,114
Kingfisher plc	1,924,960	7,494,525
Tiffany & Co.	650,960	43,132,610
		90,921,539
Textiles, Apparel & Luxury Goods—2.4%		
LVMH Moet Hennessy Louis Vuitton SA	281,770	39,698,068
Tod's SpA	227,470	18,497,140
		58,195,208
Consumer Staples—9.5%		
Beverages—4.2%		
Carlsberg AS, Cl. B	199,346	14,057,272
Companhia de Bebidas das Americas, Sponsored ADR, Preference	865,575	31,238,602
Fomento Economico Mexicano SA de CV, UBD	5,543,613	38,744,550
Grupo Modelo SA de CV, Series C	2,376,754	14,988,094
		99,028,518

	Shares	Value
Food & Staples Retailing—0.6%		
E-Mart Co. Ltd.[1]	61,139	$ 14,807,102
Food Products—2.9%		
Nestle SA	522,946	30,063,967
Unilever plc	1,159,843	38,960,436
		69,024,403
Household Products—1.8%		
Colgate-Palmolive Co.	475,810	43,960,086
Energy—3.9%		
Energy Equipment & Services—2.5%		
Technip SA	419,990	39,253,414
Transocean Ltd.	505,762	19,416,203
		58,669,617
Oil, Gas & Consumable Fuels—1.4%		
Total SA	548,830	28,057,704
YPF Sociedad Anonima SA, Sponsored ADR	166,670	5,780,116
		33,837,820
Financials—13.8%		
Capital Markets—3.6%		
Credit Suisse Group AG	1,254,268	29,470,558
Goldman Sachs Group, Inc. (The)	259,310	23,449,403
UBS AG[1]	2,716,046	32,327,685
		85,247,646
Commercial Banks—2.7%		
Banco Bilbao Vizcaya Argentaria SA	3,367,795	28,945,218
Itau Unibanco Holding SA, ADR, Preference	578,240	10,732,134
Societe Generale SA, Cl. A	290,239	6,441,556
Sumitomo Mitsui Financial Group, Inc.	655,000	18,245,031
		64,363,939
Diversified Financial Services—1.9%		
BM&F BOVESPA SA	4,348,400	22,846,439
Investor AB, B Shares	1,276,082	23,712,306
		46,558,745
Insurance—5.3%		
Aflac, Inc.	482,310	20,864,731
Allianz SE	324,402	31,031,582
Dai-ichi Life Insurance Co.	21,622	21,265,238
Fidelity National Financial, Inc., Cl. A	821,110	13,080,282
Prudential plc	2,651,717	26,128,476
XL Group plc	709,690	14,030,571
		126,400,880

	Shares	Value
Real Estate Management & Development—0.3%		
DLF Ltd.	2,418,376	$ 8,312,929
Health Care—10.3%		
Biotechnology—2.5%		
Amgen, Inc.	353,590	22,704,014
Amylin Pharmaceuticals, Inc.[1]	1,101,708	12,537,437
Gilead Sciences, Inc.[1]	299,030	12,239,298
Theravance, Inc.[1]	598,130	13,218,673
		60,699,422
Health Care Equipment & Supplies—1.2%		
Zimmer Holdings, Inc.[1]	552,170	29,496,921
Health Care Providers & Services—3.7%		
Aetna, Inc.	1,057,270	44,606,221
WellPoint, Inc.	657,315	43,547,119
		88,153,340
Pharmaceuticals—2.9%		
Allergan, Inc.	104,180	9,140,753
Bayer AG	444,545	28,422,343
Mitsubishi Tanabe Pharma Corp.	826,300	13,075,658
Roche Holding AG	104,226	17,665,048
		68,303,802
Industrials—12.2%		
Aerospace & Defense—2.8%		
Embraer SA, ADR	903,943	22,797,442
European Aeronautic Defense & Space Co.	1,452,460	45,187,675
		67,985,117
Building Products—1.6%		
Assa Abloy AB, Cl. B	1,514,863	37,992,365
Commercial Services & Supplies—0.2%		
Mulitplus SA	253,800	4,388,179
Electrical Equipment—2.0%		
Emerson Electric Co.	461,440	21,498,490
Nidec Corp.	208,300	18,104,807
Prysmian SpA	683,137	8,442,341
		48,045,638
Industrial Conglomerates—4.7%		
3M Co.	397,600	32,495,848
Koninklijke Philips Electronics NV	850,531	17,823,292
Siemens AG	653,062	62,495,832
		112,814,972
Machinery—0.7%		
Fanuc Ltd.	115,300	$ 17,646,278
Road & Rail—0.2%		
All America Latina Logistica	732,200	3,650,696
Information Technology—27.7%		
Communications Equipment—5.0%		
Juniper Networks, Inc.[1]	1,264,000	25,798,240
Telefonaktiebolaget LM Ericsson, B Shares	9,267,681	94,139,824
		119,938,064
Electronic Equipment & Instruments—4.1%		
Corning, Inc.	1,391,750	18,064,915
Hoya Corp.	686,800	14,794,263
Keyence Corp.	99,374	23,962,342
Kyocera Corp.	172,300	13,856,529
Murata Manufacturing Co. Ltd.	553,500	28,440,854
		99,118,903
Internet Software & Services—4.5%		
eBay, Inc.[1]	2,487,240	75,437,989
Google, Inc., Cl. A[1]	50,320	32,501,688
		107,939,677
IT Services—2.2%		
Automatic Data Processing, Inc.	430,640	23,258,866
Infosys Ltd.	557,544	29,057,276
		52,316,142
Semiconductors & Semiconductor Equipment—5.0%		
Altera Corp.	1,430,470	53,070,437
Maxim Integrated Products, Inc.	1,475,275	38,416,161
Taiwan Semiconductor Manufacturing Co. Ltd.	11,696,184	29,280,054
		120,766,652
Software—6.9%		
Adobe Systems, Inc.[1]	1,012,583	28,625,721
Intuit, Inc.	960,780	50,527,420
Microsoft Corp.	1,430,270	37,129,809
SAP AG	918,335	48,552,365
		164,835,315
Materials—0.8%		
Chemicals—0.8%		
Linde AG	125,495	18,670,356

	Shares	Value
Telecommunication Services—1.3%		
Wireless Telecommunication Services—1.3%		
KDDI Corp.	4,861	$ 31,261,466
Utilities—0.7%		
Electric Utilities—0.7%		
Fortum OYJ	809,831	17,229,805
Total Common Stocks (Cost $1,934,470,323)		2,355,647,892

	Shares	Value
Investment Company—1.5%		
Oppenheimer Institutional Money Market Fund, Cl. E, 0.20%[2,3] (Cost $36,459,796)	36,459,796	$ 36,459,796
Total Investments, at Value (Cost $1,970,930,119)	99.8%	2,392,107,688
Other Assets Net of Liabilities	0.2	3,684,164
Net Assets	**100.0%**	**$2,395,791,852**

Footnotes to Statement of Investments

* December 30, 2011 represents the last business day of the Fund's 2011 fiscal year. See Note 1 of the accompanying Notes.

1. Non-income producing security.

2. Is or was an affiliate, as defined in the Investment Company Act of 1940, at or during the period ended December 30, 2011, by virtue of the Fund owning at least 5% of the voting securities of the issuer or as a result of the Fund and the issuer having the same investment adviser. Transactions during the period in which the issuer was an affiliate are as follows:

	Shares December 31, 2010	Gross Additions	Gross Reductions	Shares December 30, 2011
Oppenheimer Institutional Money Market Fund, Cl. E	32,313,050	286,291,896	282,145,150	36,459,796

	Value	Income
Oppenheimer Institutional Money Market Fund, Cl. E	$36,459,796	$47,412

3. Rate shown is the 7-day yield as of December 30, 2011.

Valuation Inputs

Various data inputs are used in determining the value of each of the Fund's investments as of the reporting period end. These data inputs are categorized in the following hierarchy under applicable financial accounting standards:

1) Level 1—unadjusted quoted prices in active markets for identical assets or liabilities (including securities actively traded on a securities exchange)
2) Level 2—inputs other than unadjusted quoted prices that are observable for the asset or liability (such as unadjusted quoted prices for similar assets and market corroborated inputs such as interest rates, prepayment speeds, credit risks, etc.)
3) Level 3—significant unobservable inputs (including the Manager's own judgments about assumptions that market participants would use in pricing the asset or liability).

The table below categorizes amounts that are included in the Fund's Statement of Assets and Liabilities as of December 30, 2011 based on valuation input level:

	Level 1— Unadjusted Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Value
Assets Table				
Investments, at Value:				
Common Stocks				
Consumer Discretionary	$ 354,020,944	$ 80,162,153	$—	$ 434,183,097
Consumer Staples	226,820,109	—	—	226,820,109
Energy	53,254,023	39,253,414	—	92,507,437
Financials	237,343,654	93,540,485	—	330,884,139
Health Care	246,653,485	—	—	246,653,485
Industrials	221,069,937	71,453,308	—	292,523,245
Information Technology	570,774,929	94,139,824	—	664,914,753
Materials	18,670,356	—	—	18,670,356
Telecommunication Services	31,261,466	—	—	31,261,466
Utilities	—	17,229,805	—	17,229,805
Investment Company	36,459,796	—	—	36,459,796
Total Assets	**$1,996,328,699**	**$395,778,989**	**$—**	**$2,392,107,688**

Currency contracts and forwards, if any, are reported at their unrealized appreciation/depreciation at measurement date, which represents the change in the contract's value from trade date. Futures, if any, are reported at their variation margin at measurement date, which represents the amount due to/from the Fund at that date. All additional assets and liabilities included in the above table are reported at their market value at measurement date.

The table below shows the significant transfers between Level 1 and Level 2. The Fund's policy is to recognize transfers in and transfers out as of the beginning of the reporting period.

	Transfers out of Level 1*	Transfers into Level 2*
Assets Table		
Investments, at Value:		
Common Stocks		
Consumer Discretionary	$ (130,855,018)	$ 130,855,018
Energy	(38,067,652)	38,067,652
Financials	(104,693,932)	104,693,932
Industrials	(79,427,212)	79,427,212
Total Assets	**$(353,043,814)**	**$353,043,814**

* Transferred from Level 1 to Level 2 because of the absence of a readily available unadjusted quoted market price due to a significant event occurring before the Fund's assets were valued but after the close of the securities' respective exchanges.

See the accompanying Notes for further discussion of the methods used in determining value of the Fund's investments, and a summary of changes to the valuation methodologies, if any, during the reporting period.

Distribution of investments representing geographic holdings, as a percentage of total investments at value, is as follows:

Geographic Holdings	Value	Percent
United States	$ 988,577,799	41.3%
Germany	225,690,263	9.4
Japan	222,746,300	9.3
France	179,651,391	7.5
Sweden	155,844,495	6.5
Switzerland	109,527,258	4.6
Brazil	95,653,492	4.0
Mexico	81,810,384	3.4
United Kingdom	72,583,437	3.0
Spain	64,978,332	2.7
India	46,823,057	2.0
Italy	35,213,268	1.5
Taiwan	29,280,054	1.2
The Netherlands	17,823,292	0.8
Finland	17,229,805	0.7
Korea, Republic of South	14,807,102	0.6
Denmark	14,057,272	0.6
Ireland	14,030,571	0.6
Argentina	5,780,116	0.3
Total	**$2,392,107,688**	**100.0%**

See accompanying Notes to Financial Statements.

Assets	
Investments, at value—see accompanying statement of investments:	
Unaffiliated companies (cost $1,934,470,323)	$ 2,355,647,892
Affiliated companies (cost $36,459,796)	36,459,796
	2,392,107,688
Cash	1,183
Receivables and other assets:	
Interest and dividends	3,826,892
Investments sold	1,130,602
Shares of beneficial interest sold	875,239
Other	206,193
Total assets	2,398,147,797
Liabilities	
Payables and other liabilities:	
Shares of beneficial interest redeemed	1,482,555
Shareholder communications	284,355
Distribution and service plan fees	216,755
Transfer and shareholder servicing agent fees	204,876
Trustees' compensation	54,687
Other	112,717
Total liabilities	2,355,945
Net Assets	**$2,395,791,852**
Composition of Net Assets	
Par value of shares of beneficial interest	$ 87,548
Additional paid-in capital	1,980,631,676
Accumulated net investment income	46,346,747
Accumulated net realized loss on investments and foreign currency transactions	(52,649,142)
Net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currencies	421,375,023
Net Assets	**$2,395,791,852**
Net Asset Value Per Share	
Non-Service Shares: Net asset value, redemption price per share and offering price per share (based on net assets of $1,165,140,987 and 42,424,056 shares of beneficial interest outstanding)	$27.46
Service Shares: Net asset value, redemption price per share and offering price per share (based on net assets of $1,003,838,754 and 36,885,726 shares of beneficial interest outstanding)	$27.21
Class 3 Shares: Net asset value, redemption price per share and offering price per share (based on net assets of $158,342,670 and 5,726,574 shares of beneficial interest outstanding)	$27.65
Class 4 Shares: Net asset value, redemption price per share and offering price per share (based on net assets of $68,469,441 and 2,511,586 shares of beneficial interest outstanding)	$27.26

1. December 30, 2011 represents the last business day of the Fund's 2011 fiscal year. See Note 1 of the accompanying Notes .

See accompanying Notes to Financial Statements.

Investment Income	
Dividends:	
Unaffiliated companies (net of foreign withholding taxes of $5,118,609)	$ 78,653,007
Affiliated companies	47,412
Interest	1,697
Total investment income	78,702,116
Expenses	
Management fees	17,004,569
Distribution and service plan fees:	
Service shares	2,728,483
Class 4 shares	196,728
Transfer and shareholder servicing agent fees:	
Non-Service shares	1,335,935
Service shares	1,091,567
Class 3 shares	187,877
Class 4 shares	78,686
Shareholder communications:	
Non-Service shares	134,206
Service shares	109,469
Class 3 shares	18,868
Class 4 shares	7,880
Custodian fees and expenses	302,416
Trustees' compensation	54,922
Administration service fees	1,500
Other	100,255
Total expenses	23,353,361
Less waivers and reimbursements of expenses	(27,171)
Net expenses	23,326,190
Net Investment Income	55,375,926
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on:	
Investments from unaffiliated companies (net of foreign capital gains tax of $58,482)	(43,828,208)
Foreign currency transactions	38,895,302
Net realized loss	(4,932,906)
Net change in unrealized appreciation/depreciation on:	
Investments (net of foreign capital gains tax of $26,446)	(221,671,448)
Translation of assets and liabilities denominated in foreign currencies	(44,974,031)
Net change in unrealized appreciation/depreciation	(266,645,479)
Net Decrease in Net Assets Resulting from Operations	**$(216,202,459)**

1. December 30, 2011 represents the last business day of the Fund's 2011 fiscal year. See Note 1 of the accompanying Notes.

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 30, 2011[1]	Year Ended December 31, 2010
Operations		
Net investment income	$ 55,375,926	$ 28,998,191
Net realized gain (loss)	(4,932,906)	61,465,998
Net change in unrealized appreciation/depreciation	(266,645,479)	297,995,320
Net increase (decrease) in net assets resulting from operations	(216,202,459)	388,459,509
Dividends and/or Distributions to Shareholders		
Dividends from net investment income:		
Non-Service shares	(17,234,287)	(19,240,136)
Service shares	(11,357,368)	(12,039,643)
Class 3 shares	(2,447,497)	(2,863,873)
Class 4 shares	(819,361)	(934,492)
	(31,858,513)	(35,078,144)
Beneficial Interest Transactions		
Net increase (decrease) in net assets resulting from beneficial interest transactions:		
Non-Service shares	(124,782,917)	(133,425,702)
Service shares	5,153,335	(16,572,723)
Class 3 shares	(27,368,355)	(29,607,611)
Class 4 shares	(5,984,377)	(6,420,742)
	(152,982,314)	(186,026,778)
Net Assets		
Total increase (decrease)	(401,043,286)	167,354,587
Beginning of period	2,796,835,138	2,629,480,551
End of period (including accumulated net investment income of $46,346,747 and $23,680,132, respectively)	**$2,395,791,852**	**$2,796,835,138**

1. December 30, 2011 represents the last business day of the Fund's 2011 fiscal year. See Note 1 of the accompanying Notes.

See accompanying Notes to Financial Statements.

Non-Service Shares	Year Ended December 30, 2011[1]	2010	2009	Year Ended December 31, 2008	2007
Per Share Operating Data					
Net asset value, beginning of period	$ 30.30	$ 26.50	$ 20.21	$ 36.60	$ 36.79
Income (loss) from investment operations:					
Net investment income[2]	.65	.33	.33	.55	.45
Net realized and unrealized gain (loss)	(3.11)	3.85	6.94	(14.46)	1.69
Total from investment operations	(2.46)	4.18	7.27	(13.91)	2.14
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(.38)	(.38)	(.50)	(.46)	(.50)
Distributions from net realized gain	—	—	(.48)	(2.02)	(1.83)
Total dividends and/or distributions to shareholders	(.38)	(.38)	(.98)	(2.48)	(2.33)
Net asset value, end of period	**$27.46**	**$30.30**	**$26.50**	**$20.21**	**$36.60**
Total Return, at Net Asset Value[3]	(8.29)%	15.96%	39.77%	(40.19)%	6.32%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	$1,165,141	$1,410,764	$1,364,597	$1,150,113	$2,193,638
Average net assets (in thousands)	$1,335,403	$1,336,110	$1,206,240	$1,679,720	$2,302,726
Ratios to average net assets:[4]					
Net investment income	2.17%	1.22%	1.51%	1.95%	1.21%
Total expenses[5]	0.76%	0.76%	0.75%	0.65%	0.65%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.76%	0.76%	0.75%	0.65%	0.65%
Portfolio turnover rate	13%	15%	11%	19%	18%

1. December 30, 2011 represents the last business day of the Fund's 2011 fiscal year. See Note 1 of the accompanying Notes.
2. Per share amounts calculated based on the average shares outstanding during the period.
3. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.
4. Annualized for periods less than one full year.
5. Total expenses including indirect expenses from affiliated fund were as follows:

Year Ended December 30, 2011	0.76%
Year Ended December 31, 2010	0.76%
Year Ended December 31, 2009	0.75%
Year Ended December 31, 2008	0.65%
Year Ended December 31, 2007	0.65%

See accompanying Notes to Financial Statements.

Service Shares	Year Ended December 30, 2011[1]	2010	2009	Year Ended December 31, 2008	2007
Per Share Operating Data					
Net asset value, beginning of period	$ 30.04	$ 26.28	$ 20.02	$ 36.27	$ 36.49
Income (loss) from investment operations:					
Net investment income[2]	.56	.26	.27	.47	.33
Net realized and unrealized gain (loss)	(3.08)	3.82	6.90	(14.32)	1.72
Total from investment operations	(2.52)	4.08	7.17	(13.85)	2.05
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(.31)	(.32)	(.43)	(.38)	(.44)
Distributions from net realized gain	—	—	(.48)	(2.02)	(1.83)
Total dividends and/or distributions to shareholders	(.31)	(.32)	(.91)	(2.40)	(2.27)
Net asset value, end of period	**$27.21**	**$30.04**	**$26.28**	**$20.02**	**$36.27**
Total Return, at Net Asset Value[3]	(8.53)%	15.70%	39.36%	(40.33)%	6.08%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	$1,003,839	$1,101,584	$980,485	$ 772,107	$1,300,989
Average net assets (in thousands)	$1,091,128	$ 997,627	$830,887	$1,051,239	$1,180,656
Ratios to average net assets:[4]					
Net investment income	1.90%	0.96%	1.23%	1.70%	0.91%
Total expenses[5]	1.01%	1.01%	1.00%	0.90%	0.89%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	1.01%	1.01%	1.00%	0.90%	0.89%
Portfolio turnover rate	13%	15%	11%	19%	18%

1. December 30, 2011 represents the last business day of the Fund's 2011 fiscal year. See Note 1 of the accompanying Notes.

2. Per share amounts calculated based on the average shares outstanding during the period.

3. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

4. Annualized for periods less than one full year.

5. Total expenses including indirect expenses from affiliated fund were as follows:

Year Ended December 30, 2011	1.01%
Year Ended December 31, 2010	1.01%
Year Ended December 31, 2009	1.00%
Year Ended December 31, 2008	0.90%
Year Ended December 31, 2007	0.89%

See accompanying Notes to Financial Statements.

Class 3 Shares	Year Ended December 30, 2011[1]	2010	2009	Year Ended December 31, 2008	2007
Per Share Operating Data					
Net asset value, beginning of period	$ 30.50	$ 26.67	$ 20.34	$ 36.82	$ 36.99
Income (loss) from investment operations:					
Net investment income[2]	.66	.33	.33	.56	.45
Net realized and unrealized gain (loss)	(3.13)	3.88	6.98	(14.56)	1.71
Total from investment operations	(2.47)	4.21	7.31	(14.00)	2.16
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(.38)	(.38)	(.50)	(.46)	(.50)
Distributions from net realized gain	—	—	(.48)	(2.02)	(1.83)
Total dividends and/or distributions to shareholders	(.38)	(.38)	(.98)	(2.48)	(2.33)
Net asset value, end of period	**$27.65**	**$30.50**	**$26.67**	**$20.34**	**$36.82**
Total Return, at Net Asset Value[3]	(8.27)%	15.97%	39.70%	(40.19)%	6.34%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	$158,343	$202,621	$206,356	$175,971	$361,621
Average net assets (in thousands)	$187,804	$196,495	$182,553	$269,650	$391,270
Ratios to average net assets:[4]					
Net investment income	2.17%	1.22%	1.49%	1.95%	1.22%
Total expenses[5]	0.76%	0.76%	0.75%	0.65%	0.65%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.76%	0.76%	0.75%	0.65%	0.65%
Portfolio turnover rate	13%	15%	11%	19%	18%

1. December 30, 2011 represents the last business day of the Fund's 2011 fiscal year. See Note 1 of the accompanying Notes.

2. Per share amounts calculated based on the average shares outstanding during the period.

3. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

4. Annualized for periods less than one full year.

5. Total expenses including indirect expenses from affiliated fund were as follows:

Year Ended December 30, 2011	0.76%
Year Ended December 31, 2010	0.76%
Year Ended December 31, 2009	0.75%
Year Ended December 31, 2008	0.65%
Year Ended December 31, 2007	0.65%

See accompanying Notes to Financial Statements.

Class 4 Shares	Year Ended December 30, 2011[1]	2010	2009	Year Ended December 31, 2008	2007
Per Share Operating Data					
Net asset value, beginning of period	$ 30.08	$ 26.32	$ 20.03	$ 36.28	$ 36.49
Income (loss) from investment operations:					
Net investment income[2]	.57	.26	.27	.47	.34
Net realized and unrealized gain (loss)	(3.08)	3.82	6.92	(14.34)	1.70
Total from investment operations	(2.51)	4.08	7.19	(13.87)	2.04
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(.31)	(.32)	(.42)	(.36)	(.42)
Distributions from net realized gain	—	—	(.48)	(2.02)	(1.83)
Total dividends and/or distributions to shareholders	(.31)	(.32)	(.90)	(2.38)	(2.25)
Net asset value, end of period	**$27.26**	**$30.08**	**$26.32**	**$20.03**	**$36.28**
Total Return, at Net Asset Value[3]	(8.49)%	15.67%	39.38%	(40.35)%	6.06%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	$68,469	$81,866	$78,043	$63,099	$123,542
Average net assets (in thousands)	$78,655	$76,519	$66,965	$93,909	$122,385
Ratios to average net assets:[4]					
Net investment income	1.93%	0.97%	1.22%	1.69%	0.93%
Total expenses[5]	1.01%	1.01%	1.00%	0.91%	0.90%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	1.01%	1.01%	1.00%	0.91%	0.90%
Portfolio turnover rate	13%	15%	11%	19%	18%

1. December 30, 2011 represents the last business day of the Fund's 2011 fiscal year. See Note 1 of the accompanying Notes.

2. Per share amounts calculated based on the average shares outstanding during the period.

3. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

4. Annualized for periods less than one full year.

5. Total expenses including indirect expenses from affiliated fund were as follows:

Year Ended December 30, 2011	1.01%
Year Ended December 31, 2010	1.01%
Year Ended December 31, 2009	1.00%
Year Ended December 31, 2008	0.91%
Year Ended December 31, 2007	0.90%

See accompanying Notes to Financial Statements.

1. Significant Accounting Policies
Oppenheimer Global Securities Fund/VA (the "Fund") is a separate series of Oppenheimer Variable Account Funds, an open-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund's investment objective is to seek long-term capital appreciation by investing a substantial portion of its assets in securities of foreign issuers, "growth-type" companies, cyclical industries and special situations that are considered to have appreciation possibilities. The Fund's investment adviser is OppenheimerFunds, Inc. (the "Manager").

The Fund offers Non-Service, Service, Class 3 and Class 4 shares. All classes are sold at their offering price, which is the net asset value per share, to separate investment accounts of participating insurance companies as an underlying investment for variable life insurance policies, variable annuity contracts or other investment products. The classes of shares being designated as Service shares and Class 4 shares are subject to a distribution and service plan. All classes of shares have identical rights and voting privileges with respect to the Fund in general and exclusive voting rights on matters that affect that class alone. Earnings, net assets and net asset value per share may differ due to each class having its own expenses, such as transfer and shareholder servicing agent fees and shareholder communications, directly attributable to that class. The Fund assesses a 1% fee on the proceeds of Class 3 and Class 4 shares that are redeemed (either by selling or exchanging to another Oppenheimer fund or other investment option offered through your variable life insurance or variable annuity contract) within 60 days of their purchase. The fee, which is retained by the Fund, is accounted for as an addition to paid-in capital.

The following is a summary of significant accounting policies consistently followed by the Fund.

Fiscal Year End. Since December 30, 2011 represents the last day during the Fund's 2011 fiscal year on which the New York Stock Exchange was open for trading, the Fund's financial statements have been presented through that date to maintain consistency with the Fund's net asset value calculations used for shareholder transactions.

Securities Valuation. The Fund calculates the net asset value of its shares as of the close of the New York Stock Exchange (the "Exchange"), normally 4:00 P.M. Eastern time, on each day the Exchange is open for trading.

Each investment asset or liability of the Fund is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Unadjusted quoted prices in active markets for identical securities are classified as "Level 1," observable market inputs other than unadjusted quoted prices are classified as "Level 2" and significant unobservable inputs, including the Manager's judgment about the assumptions that a market participant would use in pricing an asset or liability, are classified as "Level 3." The inputs used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. A table summarizing the Fund's investments under these levels of classification is included following the Statement of Investments.

Securities are valued using unadjusted quoted market prices, when available, as supplied primarily by portfolio pricing services approved by the Board of Trustees or dealers.

Securities traded on a registered U.S. securities exchange are valued based on the last sale price of the security reported on the principal exchange on which it is traded, prior to the time when the Fund's assets are valued. Securities whose principal exchange is NASDAQ® are valued based on the official closing prices reported by NASDAQ prior to the time when the Fund's assets are valued. In the absence of a sale, the security is valued at the last sale price on the prior trading day, if it is within the spread of the current day's closing "bid" and "asked" prices, and if not, at the current day's closing bid price. A foreign security traded on a foreign exchange is valued based on the last sale price on the principal exchange on which the security is traded, as identified by the portfolio pricing service used by the Manager, prior to the time when the Fund's assets are valued. In the absence of a sale, the security is valued at the most recent official closing price on the principal exchange on which it is traded.

Shares of a registered investment company that are not traded on an exchange are valued at that investment company's net asset value per share.

U.S. domestic and international debt instruments (including corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and "money market-type" debt instruments with a

1. Significant Accounting Policies Continued
remaining maturity in excess of sixty days are valued at the mean between the "bid" and "asked" prices utilizing price quotations obtained from independent pricing services or broker-dealers. Such prices are typically determined based upon information obtained from market participants including reported trade data, broker-dealer price quotations and inputs such as benchmark yields and issuer spreads from identical or similar securities.

"Money market-type" debt instruments with remaining maturities of sixty days or less are valued at cost adjusted by the amortization of discount or premium to maturity (amortized cost), which approximates market value.

In the absence of a current price quotation obtained from an independent pricing service or broker-dealer, including for securities whose values have been materially affected by what the Manager identifies as a significant event occurring before the Fund's assets are valued but after the close of the securities' respective exchanges, the Manager, acting through its internal valuation committee, in good faith determines the fair valuation of that asset using consistently applied procedures under the supervision of the Board of Trustees (which reviews those fair valuations by the Manager). Those procedures include certain standardized methodologies to fair value securities. Such methodologies include, but are not limited to, pricing securities initially at cost and subsequently adjusting the value based on: changes in company specific fundamentals, changes in an appropriate securities index, or changes in the value of similar securities which may be adjusted for any discounts related to resale restrictions. When possible, such methodologies use observable market inputs such as unadjusted quoted prices of similar securities, observable interest rates, currency rates and yield curves. The methodologies used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

There have been no significant changes to the fair valuation methodologies of the Fund during the period.

Investment in Oppenheimer Institutional Money Market Fund. The Fund is permitted to invest daily available cash balances in an affiliated money market fund. The Fund may invest the available cash in Class E shares of Oppenheimer Institutional Money Market Fund ("IMMF") to seek current income while preserving liquidity. IMMF is a registered open-end management investment company, regulated as a money market fund under the Investment Company Act of 1940, as amended. The Manager is also the investment adviser of IMMF. When applicable, the Fund's investment in IMMF is included in the Statement of Investments. Shares of IMMF are valued at their net asset value per share. As a shareholder, the Fund is subject to its proportional share of IMMF's Class E expenses, including its management fee. The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investment in IMMF.

Foreign Currency Translation. The Fund's accounting records are maintained in U.S. dollars. The values of securities denominated in foreign currencies and amounts related to the purchase and sale of foreign securities and foreign investment income are translated into U.S. dollars as of the close of the Exchange, normally 4:00 P.M. Eastern time, on each day the Exchange is open for trading. Foreign exchange rates may be valued primarily using a reliable bank, dealer or service authorized by the Board of Trustees.

Reported net realized gains and losses from foreign currency transactions arise from sales of portfolio securities, sales and maturities of short-term securities, sales of foreign currencies, exchange rate fluctuations between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized appreciation and depreciation on the translation of assets and liabilities denominated in foreign currencies arise from changes in the values of assets and liabilities, including investments in securities at fiscal period end, resulting from changes in exchange rates.

The effect of changes in foreign currency exchange rates on investments is separately identified from the fluctuations arising from changes in market values of securities held and reported with all other foreign currency gains and losses in the Fund's Statement of Operations.

Allocation of Income, Expenses, Gains and Losses. Income, expenses (other than those attributable to a specific class), gains and losses are allocated on a daily basis to each class of shares based upon the relative proportion of net assets represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

Federal Taxes. The Fund intends to comply with provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its investment company taxable income, including any net realized gain on investments not offset by capital loss carryforwards, if any, to shareholders. Therefore, no federal income or excise tax provision is required. The Fund files income tax returns in U.S. federal and applicable state jurisdictions. The statute of limitations on the Fund's tax return filings generally remain open for the three preceding fiscal reporting period ends.

The tax components of capital shown in the following table represent distribution requirements the Fund must satisfy under the income tax regulations, losses the Fund may be able to offset against income and gains realized in future years and unrealized appreciation or depreciation of securities and other investments for federal income tax purposes.

Undistributed Net Investment Income	Undistributed Long-Term Gain	Accumulated Loss Carryforward[1,2,3,4]	Net Unrealized Appreciation Based on Cost of Securities and Other Investments for Federal Income Tax Purposes
$51,001,105	$—	$23,697,429	$387,823,483

1. As of December 30, 2011, the Fund had $19,156,083 of net capital loss carryforwards available to offset future realized capital gains, if any, and thereby reduce future taxable gain distributions. Details of the capital loss carryforwards are included in the table below. Capital loss carryovers with no expiration, if any, must be utilized prior to those with expiration dates.

Expiring	
2017	$ 17,214,823
No expiration	1,941,260
Total	**$19,156,083**

2. As of December 30, 2011, the Fund had $4,541,346 of post-October losses available to offset future realized capital gains, if any.
3. During the fiscal year ended December 30, 2011, the Fund did not utilize any capital loss carryforward.
4. During the fiscal year ended December 31, 2010, the Fund utilized $61,984,330 of capital loss carryforward to offset capital gains realized in that fiscal year.

Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of dividends and distributions made during the fiscal year from net investment income or net realized gains may differ from their ultimate characterization for federal income tax purposes. Also, due to timing of dividends and distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or net realized gain was recorded by the Fund.

Accordingly, the following amounts have been reclassified for December 30, 2011. Net assets of the Fund were unaffected by the reclassifications.

Reduction to Accumulated Net Investment Income	Reduction to Accumulated Net Realized Loss on Investments
$850,798	$850,798

The tax character of distributions paid during the years ended December 30, 2011 and December 31, 2010 was as follows:

	Year Ended December 30, 2011	Year Ended December 31, 2010
Distributions paid from:		
Ordinary income	$31,858,513	$35,078,144

The aggregate cost of securities and other investments and the composition of unrealized appreciation and depreciation of securities and other investments for federal income tax purposes as of December 30, 2011 are noted in the

1. Significant Accounting Policies Continued

following table. The primary difference between book and tax appreciation or depreciation of securities and other investments, if applicable, is attributable to the tax deferral of losses or tax realization of financial statement unrealized gain or loss.

Federal tax cost of securities	**$2,004,481,659**
Gross unrealized appreciation	$ 523,872,404
Gross unrealized depreciation	(136,048,921)
Net unrealized appreciation	**$ 387,823,483**

Certain foreign countries impose a tax on capital gains which is accrued by the Fund based on unrealized appreciation, if any, on affected securities. The tax is paid when the gain is realized.

Trustees' Compensation. The Board of Trustees has adopted a compensation deferral plan for independent trustees that enables trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Fund. For purposes of determining the amount owed to the Trustee under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of the Fund or in other Oppenheimer funds selected by the Trustee. The Fund purchases shares of the funds selected for deferral by the Trustee in amounts equal to his or her deemed investment, resulting in a Fund asset equal to the deferred compensation liability. Such assets are included as a component of "Other" within the asset section of the Statement of Assets and Liabilities. Deferral of trustees' fees under the plan will not affect the net assets of the Fund, and will not materially affect the Fund's assets, liabilities or net investment income per share. Amounts will be deferred until distributed in accordance with the compensation deferral plan.

Dividends and Distributions to Shareholders. Dividends and distributions to shareholders, which are determined in accordance with income tax regulations and may differ from U.S. generally accepted accounting principles, are recorded on the ex-dividend date. Income and capital gain distributions, if any, are declared and paid annually or at other times as deemed necessary by the Manager.

Investment Income. Dividend income is recorded on the ex-dividend date or upon ex-dividend notification in the case of certain foreign dividends where the ex-dividend date may have passed. Non-cash dividends included in dividend income, if any, are recorded at the fair market value of the securities received. Interest income is recognized on an accrual basis. Discount and premium, which are included in interest income on the Statement of Operations, are amortized or accreted daily.

Custodian Fees. "Custodian fees and expenses" in the Statement of Operations may include interest expense incurred by the Fund on any cash overdrafts of its custodian account during the period. Such cash overdrafts may result from the effects of failed trades in portfolio securities and from cash outflows resulting from unanticipated shareholder redemption activity. The Fund pays interest to its custodian on such cash overdrafts, to the extent they are not offset by positive cash balances maintained by the Fund, at a rate equal to the Federal Funds Rate plus 0.50%. The "Reduction to custodian expenses" line item, if applicable, represents earnings on cash balances maintained by the Fund during the period. Such interest expense and other custodian fees may be paid with these earnings.

Security Transactions. Security transactions are recorded on the trade date. Realized gains and losses on securities sold are determined on the basis of identified cost.

Indemnifications. The Fund's organizational documents provide current and former trustees and officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Fund. In the normal course of business, the Fund may also enter into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

Other. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

2. Shares of Beneficial Interest

The Fund has authorized an unlimited number of $0.001 par value shares of beneficial interest of each class. Transactions in shares of beneficial interest were as follows:

	Year Ended December 30, 2011		Year Ended December 31, 2010	
	Shares	**Amount**	**Shares**	**Amount**
Non-Service Shares				
Sold	2,898,558	$ 85,697,523	3,002,141	$ 81,399,571
Dividends and/or distributions reinvested	544,183	17,234,287	719,257	19,240,136
Redeemed	(7,582,244)	(227,714,727)	(8,659,048)	(234,065,409)
Net decrease	**(4,139,503)**	**$(124,782,917)**	**(4,937,650)**	**$(133,425,702)**
Service Shares				
Sold	5,113,489	$ 150,060,254	4,081,506	$ 109,511,274
Dividends and/or distributions reinvested	361,125	11,357,368	453,129	12,039,643
Redeemed	(5,264,551)	(156,264,287)	(5,166,594)	(138,123,640)
Net increase (decrease)	**210,063**	**$ 5,153,335**	**(631,959)**	**$ (16,572,723)**
Class 3 Shares				
Sold	210,150	$ 6,434,653	201,269	$ 5,485,318
Dividends and/or distributions reinvested	76,748	2,447,497	106,384	2,863,873
Redeemed	(1,203,693)	(36,250,505)[1]	(1,401,659)	(37,956,802)[2]
Net decrease	**(916,795)**	**$ (27,368,355)**	**(1,094,006)**	**$ (29,607,611)**
Class 4 Shares				
Sold	153,872	$ 4,648,188	83,546	$ 2,267,578
Dividends and/or distributions reinvested	26,011	819,361	35,118	934,492
Redeemed	(389,690)	(11,451,926)[1]	(362,658)	(9,622,812)[2]
Net decrease	**(209,807)**	**$ (5,984,377)**	**(243,994)**	**$ (6,420,742)**

1. Net of redemption fees of $1,073 and $1,794 for Class 3 and Class 4, respectively.
2. Net of redemption fees of $3,781 and $2,816 for Class 3 and Class 4, respectively.

3. Purchases and Sales of Securities

The aggregate cost of purchases and proceeds from sales of securities, other than short-term obligations and investments in IMMF, for the year ended December 30, 2011, were as follows:

	Purchases	**Sales**
Investment securities	$356,222,355	$489,405,781

4. Fees and Other Transactions with Affiliates

Management Fees. Under the investment advisory agreement, the Fund pays the Manager a management fee based on the daily net assets of the Fund at an annual rate as shown in the following table:

Fee Schedule	
Up to $200 million	0.75%
Next $200 million	0.72
Next $200 million	0.69
Next $200 million	0.66
Over $800 million	0.60

Administration Service Fees. The Fund pays the Manager a fee of $1,500 per year for preparing and filing the Fund's tax returns.

Transfer Agent Fees. OppenheimerFunds Services ("OFS"), a division of the Manager, acts as the transfer and shareholder servicing agent for the Fund. For the year ended December 30, 2011, the Fund paid $2,725,086 to OFS for services to the Fund.

Distribution and Service Plan for Service Shares and Class 4 Shares. The Fund has adopted a Distribution and Service Plan (the "Plan") in accordance with Rule 12b-1 under the Investment Company Act of 1940 for Service shares and Class 4 shares to pay OppenheimerFunds Distributor, Inc. (the "Distributor"), for distribution related services, personal service and account maintenance for the Fund's Service shares and Class 4 shares. Under the Plan, payments are made periodically at an annual rate of 0.25% of the daily net assets of Service shares and Class 4 shares of the Fund. The Distributor currently uses all of those fees to compensate sponsors of the insurance product that offers Fund shares, for providing personal service and maintenance of accounts of their variable contract owners that hold Service shares and Class 4 shares. These fees are paid out of the Fund's assets on an on-going basis and increase operating expenses of the Service shares and Class 4 shares, which results in lower performance compared to the Fund's shares that are not subject to a service fee. Fees incurred by the Fund under the Plan are detailed in the Statement of Operations.

Waivers and Reimbursements of Expenses. The Manager has voluntarily agreed to limit the Fund's total annual operating expenses so that those expenses, as percentages of daily net assets, will not exceed the annual rate of 1.00% for Non-Service and Class 3 shares and 1.25% for Service and Class 4 shares.

The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investment in IMMF. During the year ended December 30, 2011, the Manager waived fees and/or reimbursed the Fund $27,171 for IMMF management fees.

Some of these undertakings may be modified or terminated at any time; some may not be modified or terminated until after one year from the date of the current prospectus, as indicated therein.

5. Risk Exposures and the Use of Derivative Instruments

The Fund's investment objectives not only permit the Fund to purchase investment securities, they also allow the Fund to enter into various types of derivatives contracts, including, but not limited to, futures contracts, forward foreign currency exchange contracts, credit default swaps, interest rate swaps, total return swaps, and purchased and written options. In doing so, the Fund will employ strategies in differing combinations to permit it to increase, decrease, or change the level or types of exposure to market risk factors. Central to those strategies are features inherent to derivatives that make them more attractive for this purpose than equity and debt securities: they require little or no initial cash investment, they can focus exposure on only certain selected risk factors, and they may not require the ultimate receipt or delivery of the underlying security (or securities) to the contract. This may allow the Fund to pursue its objectives more quickly and efficiently than if it were to make direct purchases or sales of securities capable of effecting a similar response to market factors.

Market Risk Factors. In accordance with its investment objectives, the Fund may use derivatives to increase or decrease its exposure to one or more of the following market risk factors:

Commodity Risk. Commodity risk relates to the change in value of commodities or commodity indexes as they relate to increases or decreases in the commodities market. Commodities are physical assets that have tangible properties. Examples of these types of assets are crude oil, heating oil, metals, livestock, and agricultural products.

Credit Risk. Credit risk relates to the ability of the issuer to meet interest and principal payments, or both, as they come due. In general, lower-grade, higher-yield bonds are subject to credit risk to a greater extent than lower-yield, higher-quality bonds.

Equity Risk. Equity risk relates to the change in value of equity securities as they relate to increases or decreases in the general market.

Foreign Exchange Rate Risk. Foreign exchange rate risk relates to the change in the U.S. dollar value of a security held that is denominated in a foreign currency. The U.S. dollar value of a foreign currency denominated security will decrease as the dollar appreciates against the currency, while the U.S. dollar value will increase as the dollar depreciates against the currency.

Interest Rate Risk. Interest rate risk refers to the fluctuations in value of fixed-income securities resulting from the inverse relationship between price and yield. For example, an increase in general interest rates will tend to reduce the market value of already issued fixed-income investments, and a decline in general interest rates will tend to increase their value. In addition, debt securities with longer maturities, which tend to have higher yields, are subject to potentially greater fluctuations in value from changes in interest rates than obligations with shorter maturities.

Volatility Risk. Volatility risk refers to the magnitude of the movement, but not the direction of the movement, in a financial instrument's price over a defined time period. Large increases or decreases in a financial instrument's price over a relative time period typically indicate greater volatility risk, while small increases or decreases in its price typically indicate lower volatility risk.

The Fund's actual exposures to these market risk factors during the period are discussed in further detail, by derivative type, below.

Risks of Investing in Derivatives. The Fund's use of derivatives can result in losses due to unanticipated changes in the market risk factors and the overall market. In instances where the Fund is using derivatives to decrease, or hedge, exposures to market risk factors for securities held by the Fund, there are also risks that those derivatives may not perform as expected resulting in losses for the combined or hedged positions.

Derivatives may have little or no initial cash investment relative to their market value exposure and therefore can produce significant gains or losses in excess of their cost. This use of embedded leverage allows the Fund to increase its market value exposure relative to its net assets and can substantially increase the volatility of the Fund's performance.

Additional associated risks from investing in derivatives also exist and potentially could have significant effects on the valuation of the derivative and the Fund. Typically, the associated risks are not the risks that the Fund is attempting to increase or decrease exposure to, per its investment objectives, but are the additional risks from investing in derivatives. Examples of these associated risks are liquidity risk, which is the risk that the Fund will not be able to sell the derivative in the open market in a timely manner, and counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Fund. Associated risks can be different for each type of derivative and are discussed by each derivative type in the notes that follow.

Counterparty Credit Risk. Certain derivative positions are subject to counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Fund. The Fund's derivative counterparties are financial institutions who are subject to market conditions that may weaken their financial position. The Fund intends to enter into financial transactions with counterparties that the Manager believes to be creditworthy at the time of the transaction.

5. Risk Exposures and the Use of Derivative Instruments Continued

Credit Related Contingent Features. The Fund's agreements with derivative counterparties have several credit related contingent features that if triggered would allow its derivatives counterparties to close out and demand payment or additional collateral to cover their exposure from the Fund. Credit related contingent features are established between the Fund and its derivatives counterparties to reduce the risk that the Fund will not fulfill its payment obligations to its counterparties. These triggering features include, but are not limited to, a percentage decrease in the Fund's net assets and or a percentage decrease in the Fund's Net Asset Value or NAV. The contingent features are established within the Fund's International Swap and Derivatives Association, Inc. master agreements which govern certain positions in swaps, over-the-counter options and swaptions, and forward currency exchange contracts for each individual counterparty.

The effect of derivative instruments on the Statement of Operations is as follows:

Amount of Realized Gain or (Loss) Recognized on Derivatives

Derivatives Not Accounted for as Hedging Instruments	Foreign currency transactions
Foreign exchange contracts	$203,036

Amount of Change in Unrealized Gain or (Loss) Recognized on Derivatives

Derivatives Not Accounted for as Hedging Instruments	Translation of assets and liabilities denominated in foreign currencies
Foreign exchange contracts	$2,260

Foreign Currency Exchange Contracts

The Fund may enter into foreign currency exchange contracts ("forward contracts") for the purchase or sale of a foreign currency at a negotiated rate at a future date.

Forward contracts are reported on a schedule following the Statement of Investments. Forward contracts will be valued daily based upon the closing prices of the forward currency rates determined at the close of the Exchange as provided by a bank, dealer or pricing service. The resulting unrealized appreciation (depreciation) is reported in the Statement of Assets and Liabilities as a receivable or payable and in the Statement of Operations within the change in unrealized appreciation (depreciation). At contract close, the difference between the original cost of the contract and the value at the close date is recorded as a realized gain (loss) in the Statement of Operations.

The Fund has purchased and sold certain forward foreign currency exchange contracts of different currencies in order to acquire currencies to pay for or sell currencies to acquire related foreign securities purchase and sale transactions, respectively, or to convert foreign currencies to U.S. dollars from related foreign securities transactions. These foreign currency exchange contracts are negotiated at the current spot exchange rate with settlement typically within two business days thereafter.

During the year ended December 30, 2011, the Fund had daily average contract amounts on forward foreign currency contracts to buy and sell of $1,750,114 and $2,981,138, respectively.

Additional associated risk to the Fund includes counterparty credit risk. Counterparty credit risk arises from the possibility that the counterparty will default.

As of December 30, 2011, the Fund had no outstanding forward contracts.

6. Pending Litigation

Since 2009, a number of class action, derivative and individual lawsuits have been pending in federal and state courts against OppenheimerFunds, Inc., the Fund's investment advisor (the "Manager"), OppenheimerFunds Distributor, Inc., the Fund's principal underwriter and distributor (the "Distributor"), and certain funds (but not including the Fund) advised by the Manager and distributed by the Distributor (the "Defendant Funds"). Several of these lawsuits also name as defendants certain officers and current and former trustees of the respective Defendant Funds. The lawsuits raise claims under federal securities laws and various states' securities, consumer protection and common law and allege, among other things, that the disclosure documents of the respective Defendant Funds contained misrepresentations and omissions and that the respective Defendant Funds' investment policies were not followed. The plaintiffs in these actions seek unspecified damages, equitable relief and awards of attorneys' fees and litigation expenses. On September 30, 2011, the U.S. District Court for the District of Colorado entered orders and final judgments approving the settlement of certain putative class actions involving two Defendant Funds, Oppenheimer Champion Income Fund and Oppenheimer Core Bond Fund. Those orders are not subject to further appeal. These settlements do not resolve other outstanding lawsuits relating to Oppenheimer Champion Income Fund and Oppenheimer Core Bond Fund, nor do the settlements affect certain other putative class action lawsuits pending in federal court against the Manager, the Distributor, and other Defendant Funds and their independent trustees.

In 2009, what are claimed to be derivative lawsuits were filed in New Mexico state court against the Manager and a subsidiary (but not against the Fund) on behalf of the New Mexico Education Plan Trust challenging a settlement reached in 2010 between the Manager, its subsidiary and the Distributor and the board of the New Mexico section 529 college savings plan. These lawsuits allege breach of contract, breach of fiduciary duty, negligence and violation of state securities laws, and seek compensatory damages, equitable relief and an award of attorneys' fees and litigation expenses. On September 9, 2011, the court denied plaintiffs' request for a hearing to determine the fairness of the settlement, finding that plaintiffs lacked standing to pursue derivative claims on behalf of the Trust. On October 27, 2011, the parties to these actions filed a joint motion to dismiss the lawsuits with prejudice, which the court granted on October 28, 2011.

Other class action and individual lawsuits have been filed since 2008 in various state and federal courts against the Manager and certain of its affiliates by investors seeking to recover investments they allegedly lost as a result of the "Ponzi" scheme run by Bernard L. Madoff and his firm, Bernard L. Madoff Investment Securities, LLC ("BLMIS"). Plaintiffs in these suits allege that they suffered losses as a result of their investments in several funds managed by an affiliate of the Manager and assert a variety of claims, including breach of fiduciary duty, fraud, negligent misrepresentation, unjust enrichment, and violation of federal and state securities laws and regulations, among others. They seek unspecified damages, equitable relief and awards of attorneys' fees and litigation expenses. Neither the Distributor, nor any of the Oppenheimer mutual funds, their independent trustees or directors are named as defendants in these lawsuits. None of the Oppenheimer mutual funds invested in any funds or accounts managed by Madoff or BLMIS. On February 28, 2011, a stipulation of partial settlement of three groups of consolidated putative class action lawsuits relating to these matters was filed in the U.S. District Court for the Southern District of New York. On August 19, 2011, the court entered an order and final judgment approving the settlement as fair, reasonable and adequate. In September 2011, certain parties filed notices of appeal from the court's order approving the settlement. On July 29, 2011, a stipulation of settlement between certain affiliates of the Manager and the Trustee appointed under the Securities Investor Protection Act to liquidate BLMIS was filed in the U.S. Bankruptcy Court for the Southern District of New York to resolve purported preference and fraudulent transfer claims by the Trustee. On September 22, 2011, the court entered an order approving the settlement as fair, reasonable and adequate. In October 2011, certain parties filed notices of appeal from the court's order approving the settlement. The aforementioned settlements do not resolve other outstanding lawsuits against the Manager and its affiliates relating to BLMIS.

On April 16, 2010, a lawsuit was filed in New York state court against the Manager, an affiliate of the Manager and AAArdvark IV Funding Limited ("AAArdvark IV"), an entity advised by the Manager's affiliate, in connection with investments made by the plaintiffs in AAArdvark IV. Plaintiffs allege breach of contract against the defendants and seek compensatory damages, costs and disbursements, including attorney fees. On July 15, 2011, a lawsuit was filed in New York state court against the Manager, an affiliate of the Manager and AAArdvark Funding Limited ("AAArdvark I"), an entity advised by the Manager's affiliate, in connection with investments made by the plaintiffs in AAArdvark I. The complaint alleges breach of contract against the defendants and seeks compensatory damages, costs and disbursements, including attorney fees. On November 9, 2011, a lawsuit was filed in New York state court

6. Pending Litigation Continued

against the Manager, an affiliate of the Manager and AAArdvark XS Funding Limited (“AAArdvark XS”), an entity advised by the Manager’s affiliate, in connection with investments made by the plaintiffs in AAArdvark XS. The complaint alleges breach of contract against the defendants and seeks compensatory damages, costs and disbursements, including attorney fees.

The Manager believes the lawsuits and appeals described above are without legal merit and, with the exception of actions it has settled, is defending against them vigorously. The Defendant Funds’ Boards of Trustees have also engaged counsel to represent the Funds and the present and former Independent Trustees named in those suits. While it is premature to render any opinion as to the outcome in these lawsuits, or whether any costs that the Defendant Funds may bear in defending the suits might not be reimbursed by insurance, the Manager believes that these suits should not impair the ability of the Manager or the Distributor to perform their respective duties to the Fund, and that the outcome of all of the suits together should not have any material effect on the operations of any of the Oppenheimer mutual funds.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Trustees and Shareholders of Oppenheimer Variable Account Funds:

We have audited the accompanying statement of assets and liabilities of Oppenheimer Global Securities Fund/VA (a separate series of Oppenheimer Variable Account Funds), including the statement of investments, as of December 30, 2011, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the three-year period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The accompanying financial highlights of Oppenheimer Global Securities Fund/VA for the years ended prior to January 1, 2009 were audited by other auditors whose report dated February 11, 2009 expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 30, 2011, by correspondence with the custodian and transfer agent. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Oppenheimer Global Securities Fund/VA as of December 30, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two-year period then ended and the financial highlights for each of the years in the three-year period then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP
Denver, Colorado
February 16, 2012

FEDERAL INCOME TAX INFORMATION Unaudited

In early 2012, if applicable, shareholders of record received information regarding all dividends and distributions paid to them by the Fund during calendar year 2011. Regulations of the U.S. Treasury Department require the Fund to report this information to the Internal Revenue Service.

Dividends, if any, paid by the Fund during the fiscal year ended December 30, 2011 which are not designated as capital gain distributions should be multiplied by the maximum amount allowable but not less than 23.65% to arrive at the amount eligible for the corporate dividend-received deduction.

The Fund has elected the application of Section 853 of the Internal Revenue Code to permit shareholders to take a federal income tax credit or deduction, at their option, on a per share basis. The maximum amount allowable but not less than $5,148,157 of foreign income taxes were paid by the Fund during the fiscal year ended December 30, 2011. A separate notice will be mailed to each shareholder, which will reflect the proportionate share of such foreign taxes which must be treated by shareholders as gross income for federal income tax purposes.

Gross income of the maximum amount allowable but not less than $54,961,717 was derived from sources within foreign countries or possessions of the United States.

The foregoing information is presented to assist shareholders in reporting distributions received from the Fund to the Internal Revenue Service. Because of the complexity of the federal regulations which may affect your individual tax return and the many variations in state and local tax regulations, we recommend that you consult your tax advisor for specific guidance.

Each year, the Board of Trustees (the "Board"), including a majority of the independent Trustees, is required to determine whether to renew the Fund's investment advisory agreement (the "Agreement"). The Investment Company Act of 1940, as amended, requires that the Board request and evaluate, and that the Manager provide, such information as may be reasonably necessary to evaluate the terms of the Agreement. The Board employs an independent consultant to prepare a report that provides information, including comparative information that the Board requests for that purpose. In addition, the Board receives information throughout the year regarding Fund services, fees, expenses and performance.

The Manager and the independent consultant provided information to the Board on the following factors: (i) the nature, quality and extent of the Manager's services, (ii) the investment performance of the Fund and the Manager, (iii) the fees and expenses of the Fund, including comparative expense information, (iv) the profitability of the Manager and its affiliates, including an analysis of the cost of providing services, (v) whether economies of scale are realized as the Fund grows and whether fee levels reflect these economies of scale for Fund investors and (vi) other benefits to the Manager from its relationship with the Fund. The Board was aware that there are alternatives to retaining the Manager.

Outlined below is a summary of the principal information considered by the Board as well as the Board's conclusions.

Nature, Quality and Extent of Services. The Board considered information about the nature, quality and extent of the services provided to the Fund and information regarding the Manager's key personnel who provide such services. The Manager's duties include providing the Fund with the services of the portfolio manager and the Manager's investment team, who provide research, analysis and other advisory services in regard to the Fund's investments; securities trading services; oversight of third-party service providers; monitoring compliance with applicable Fund policies and procedures and adherence to the Fund's investment restrictions. The Manager is responsible for providing certain administrative services to the Fund as well. Those services include providing and supervising all administrative and clerical personnel who are necessary in order to provide effective corporate administration for the Fund; compiling and maintaining records with respect to the Fund's operations; preparing and filing reports required by the Securities and Exchange Commission; preparing periodic reports regarding the operations of the Fund for its shareholders; preparing proxy materials for shareholder meetings; and preparing the registration statements required by Federal and state securities laws for the sale of the Fund's shares. The Manager also provides the Fund with office space, facilities and equipment.

The Board also considered the quality of the services provided and the quality of the Manager's resources that are available to the Fund. The Board took account of the fact that the Manager has had over fifty years of experience as an investment adviser and that its assets under management rank it among the top mutual fund managers in the United States. The Board evaluated the Manager's advisory, administrative, accounting, legal and compliance services, and information the Board has received regarding the experience and professional qualifications of the Manager's key personnel and the size and functions of its staff. In its evaluation of the quality of the portfolio management services provided, the Board considered the experience of Rajeev Bhaman, the portfolio manager for the Fund, and the Manager's investment team and analysts. The Board members also considered the totality of their experiences with the Manager as directors or trustees of the Fund and other funds advised by the Manager. The Board considered information regarding the quality of services provided by affiliates of the Manager, which its members have become knowledgeable about in connection with the renewal of the Fund's service agreements. The Board concluded, in light of the Manager's experience, reputation, personnel, operations and resources that the Fund benefits from the services provided under the Agreement.

Investment Performance of the Manager and the Fund. Throughout the year, the Manager provided information on the investment performance of the Fund and the Manager, including comparative performance information. The

Board also reviewed information, prepared by the Manager and by the independent consultant, comparing the Fund's historical performance to relevant market indices and to the performance of other global core funds underlying variable insurance products. The Board considered that the Fund outperformed its performance universe median during the one-, three-, five-, and ten-year Lipper periods.

Costs of Services by the Manager. The Board reviewed the fees paid to the Manager and the other expenses borne by the Fund. The Board also considered the comparability of the fees charged and the services provided to the Fund to the fees and services for other clients or accounts advised by the Manager. The independent consultant provided comparative data in regard to the fees and expenses of the Fund and other global core funds underlying variable insurance products. In reviewing the fees and expenses charged to the VA funds, the Board considered the Manager's assertion that, because there is much greater disparity in the fees and services that may be provided by a manager to a VA fund as opposed to a retail fund, when comparing the expenses of the various VA funds to those of retail funds, it is most appropriate to focus on total expenses (rather than on the management fees). Accordingly, while the Board reviewed and considered all expenses, it focused on total expenses. The Board considered that the Fund's actual management fees and total expenses were lower than its expense group median. The Manager has voluntarily agreed to limit the Fund's total annual operating expenses so that those expenses, as percentages of daily net assets, will not exceed the annual rate of 1.00% for Non-Service and Class 3 shares and 1.25% for Service and Class 4 shares. This voluntary expense limitation may be amended or withdrawn at any time.

Economies of Scale and Profits Realized by the Manager. The Board considered information regarding the Manager's costs in serving as the Fund's investment adviser, including the costs associated with the personnel and systems necessary to manage the Fund, and information regarding the Manager's profitability from its relationship with the Fund. The Board reviewed whether the Manager may realize economies of scale in managing and supporting the Fund. The Board noted that the Fund currently has management fee breakpoints, which are intended to share with Fund shareholders economies of scale that may exist as the Fund's assets grow.

Other Benefits to the Manager. In addition to considering the profits realized by the Manager, the Board considered information that was provided regarding the direct and indirect benefits the Manager receives as a result of its relationship with the Fund, including compensation paid to the Manager's affiliates and research provided to the Manager in connection with permissible brokerage arrangements (soft dollar arrangements). The Board also considered that the Manager must be able to pay and retain experienced professional personnel at competitive rates to provide quality services to the Fund.

Conclusions. These factors were also considered by the independent Trustees meeting separately from the full Board, assisted by experienced counsel to the Fund and to the independent Trustees. Fund counsel and the independent Trustees' counsel are independent of the Manager within the meaning and intent of the Securities and Exchange Commission Rules.

Based on its review of the information it received and its evaluations described above, the Board, including a majority of the independent Trustees, decided to continue the Agreement through August 31, 2012. In arriving at this decision, the Board did not single out any factor or factors as being more important than others, but considered all of the above information, and considered the terms and conditions of the Agreement, including the management fee, in light of all of the surrounding circumstances.

PORTFOLIO PROXY VOTING POLICIES AND PROCEDURES; UPDATES TO STATEMENTS OF INVESTMENTS Unaudited

The Fund has adopted Portfolio Proxy Voting Policies and Procedures under which the Fund votes proxies relating to securities ("portfolio proxies") held by the Fund. A description of the Fund's Portfolio Proxy Voting Policies and Procedures is available (i) without charge, upon request, by calling the Fund toll-free at 1.800.525.7048, (ii) on the Fund's website at oppenheimerfunds.com, and (iii) on the SEC's website at www.sec.gov. In addition, the Fund is required to file Form N-PX, with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. The Fund's voting record is available (i) without charge, upon request, by calling the Fund toll-free at 1.800.525.7048, and (ii) in the Form N-PX filing on the SEC's website at www.sec.gov.

The Fund files its complete schedule of portfolio holdings with the SEC for the first quarter and the third quarter of each fiscal year on Form N-Q. The Fund's Form N-Q filings are available on the SEC's website at www.sec.gov. Those forms may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Name, Position(s) Held with the Fund, Length of Service, Age	Principal Occupation(s) During the Past 5 Years; Other Trusteeships/Directorships Held; Number of Portfolios in the Fund Complex Currently Overseen
INDEPENDENT TRUSTEES	*The address of each Trustee in the chart below is 6803 S. Tucson Way, Centennial, Colorado 80112-3924. Each Trustee serves for an indefinite term, or until his or her resignation, retirement, death or removal.*
William L. Armstrong, Chairman of the Board of Trustees (since 2003), Trustee (since 1999) Age: 74	President, Colorado Christian University (since 2006); Chairman, Cherry Creek Mortgage Company (since 1991), Chairman, Centennial State Mortgage Company (since 1994), Chairman, The El Paso Mortgage Company (since 1993); Chairman, Ambassador Media Corporation (since 1984); Chairman, Broadway Ventures (since 1984); Director of Helmerich & Payne, Inc. (oil and gas drilling/production company) (since 1992), former Director of Campus Crusade for Christ (non-profit) (1991-2008); former Director, The Lynde and Harry Bradley Foundation, Inc. (non-profit organization) (2002-2006); former Chairman of: Transland Financial Services, Inc. (private mortgage banking company) (1997-2003), Great Frontier Insurance (1995-2000), Frontier Real Estate, Inc. (residential real estate brokerage) (1994-2000) and Frontier Title (title insurance agency) (1995-2000); former Director of the following: UNUMProvident (insurance company) (1991-2004), Storage Technology Corporation (computer equipment company) (1991-2003) and International Family Entertainment (television channel) (1992-1997); U.S. Senator (January 1979-January 1991). Oversees 36 portfolios in the OppenheimerFunds complex. Mr. Armstrong has served on the Boards of certain Oppenheimer funds since 1999, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Boards' deliberations.
Edward L. Cameron, Trustee (since 1999) Age: 73	Member of The Life Guard of Mount Vernon (George Washington historical site) (June 2000–June 2006); Partner of PricewaterhouseCoopers LLP (accounting firm) (July 1974-June 1999); Chairman of Price Waterhouse LLP Global Investment Management Industry Services Group (accounting firm) (July 1994-June 1998). Oversees 36 portfolios in the OppenheimerFunds complex. Mr. Cameron has served on the Boards of certain Oppenheimer funds since 1999, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Boards' deliberations.
Jon S. Fossel, Trustee (since 1990) Age: 69	Chairman of the Board (since 2006) and Director (since June 2002) of UNUMProvident (insurance company); Director of Northwestern Energy Corp. (public utility corporation) (since November 2004); Director of P.R. Pharmaceuticals (October 1999-October 2003); Director of Rocky Mountain Elk Foundation (non-profit organization) (February 1998-February 2003 and February 2005-February 2007); Chairman and Director (until October 1996) and President and Chief Executive Officer (until October 1995) of the Manager; President, Chief Executive Officer and Director of the following: Oppenheimer Acquisition Corp. ("OAC") (parent holding company of the Manager), Shareholders Services, Inc. and Shareholder Financial Services, Inc. (until October 1995). Oversees 36 portfolios in the OppenheimerFunds complex. Mr. Fossel has served on the Boards of certain Oppenheimer funds since 1990, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Boards' deliberations.
Sam Freedman, Trustee (since 1996) Age: 71	Director of Colorado UpLIFT (charitable organization) (since September 1984). Mr. Freedman held several positions with the Manager and with subsidiary or affiliated companies of the Manager (until October 1994). Oversees 36 portfolios in the OppenheimerFunds complex. Mr. Freedman has served on the Boards of certain Oppenheimer funds since 1996, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Boards' deliberations.
Beverly L. Hamilton, Trustee (since 2002) Age: 65	Trustee of Monterey Institute for International Studies (educational organization) (since February 2000); Board Member of Middlebury College (educational organization) (since December 2005); Chairman (since 2010) of American Funds' Emerging Markets Growth Fund, Inc. (mutual fund); Director of The California Endowment (philanthropic organization) (April 2002-April 2008); Director (February 2002-2005) and Chairman of Trustees (2006-2007) of the Community Hospital of Monterey Peninsula; Director (October 1991-2005); Vice Chairman (2006-2009) of American Funds' Emerging Markets Growth Fund, Inc. (mutual fund); President of ARCO Investment Management Company (February 1991-April 2000); Member of the investment committees of The Rockefeller Foundation (2001-2006) and The University of Michigan (since 2000); Advisor at Credit Suisse First Boston's Sprout venture capital unit (venture capital fund) (1994-January 2005); Trustee of MassMutual Institutional Funds (investment company) (1996-June 2004); Trustee of MML Series Investment Fund (investment company) (April 1989-June 2004); Member of the investment committee of Hartford Hospital (2000-2003); and

Beverly L. Hamilton, Continued	Advisor to Unilever (Holland) pension fund (2000-2003). Oversees 36 portfolios in the OppenheimerFunds complex. Ms. Hamilton has served on the Boards of certain Oppenheimer funds since 2002, during which time she has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Boards' deliberations.
Robert J. Malone, Trustee (since 2002) Age: 67	Board of Directors of Opera Colorado Foundation (non-profit organization) (since March 2008); Director of Jones Knowledge, Inc. (since 2006); Director of Jones International University (educational organization) (since August 2005); Chairman, Chief Executive Officer and Director of Steele Street Bank & Trust (commercial banking) (since August 2003); Director of Colorado UpLIFT (charitable organization) (since 1986); Trustee of the Gallagher Family Foundation (non-profit organization) (since 2000); Former Chairman of U.S. Bank-Colorado (subsidiary of U.S. Bancorp and formerly Colorado National Bank) (July 1996-April 1999); Director of Commercial Assets, Inc. (real estate investment trust) (1993-2000); Director of Jones Knowledge, Inc. (2001-July 2004); and Director of U.S. Exploration, Inc. (oil and gas exploration) (1997-February 2004). Oversees 36 portfolios in the OppenheimerFunds complex. Mr. Malone has served on the Boards of certain Oppenheimer funds since 2002, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Boards' deliberations.
F. William Marshall, Jr., Trustee (since 2000) Age: 69	Trustee Emeritus of Worcester Polytech Institute (WPI) (private university) (since 2009); Trustee of MassMutual Select Funds (formerly MassMutual Institutional Funds) (investment company) (since 1996) and MML Series Investment Fund (investment company) (since 1996); President and Treasurer of the SIS Funds (private charitable fund) (January 1999–March 2011); Former Trustee of WPI (1985-2008); Former Chairman of the Board (2004-2006) and Former Chairman of the Investment Committee of WPI (1994-2008); Chairman of SIS & Family Bank, F.S.B. (formerly SIS Bank) (commercial bank) (January 1999-July 1999); Executive Vice President of Peoples Heritage Financial Group, Inc. (commercial bank) (January 1999-July 1999); and Former President and Chief Executive Officer of SIS Bancorp. (1993-1999). Oversees 38 portfolios in the OppenheimerFunds complex. Mr. Marshall has served on the Boards of certain Oppenheimer funds since 2000, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Boards' deliberations.
INTERESTED TRUSTEE AND OFFICER	*The address of Mr. Glavin is Two World Financial Center, 225 Liberty Street, 11th Floor, New York, New York 10281-1008. Mr. Glavin serves as a Trustee for an indefinite term, or until his resignation, retirement, death or removal and as an Officer for an indefinite term, or until his resignation, retirement, death or removal. Mr. Glavin is an Interested Trustee due to his positions with OppenheimerFunds, Inc. and its affiliates.*
William F. Glavin, Jr., Trustee, President and Principal Executive Officer (since 2009) Age: 53	Chairman of the Manager (since December 2009); Chief Executive Officer and Director of the Manager (since January 2009); President of the Manager (since May 2009); Director of Oppenheimer Acquisition Corp. ("OAC") (the Manager's parent holding company) (since June 2009); Executive Vice President (March 2006-February 2009) and Chief Operating Officer (July 2007-February 2009) of Massachusetts Mutual Life Insurance Company (OAC's parent company); Director (May 2004-March 2006) and Chief Operating Officer and Chief Compliance Officer (May 2004-January 2005), President (January 2005-March 2006) and Chief Executive Officer (June 2005-March 2006) of Babson Capital Management LLC; Director (March 2005-March 2006), President (May 2003-March 2006) and Chief Compliance Officer (July 2005-March 2006) of Babson Capital Securities, Inc. (a broker-dealer); President (May 2003-March 2006) of Babson Investment Company, Inc.; Director (May 2004-August 2006) of Babson Capital Europe Limited; Director (May 2004-October 2006) of Babson Capital Guernsey Limited; Director (May 2004-March 2006) of Babson Capital Management LLC; Non-Executive Director (March 2005-March 2007) of Baring Asset Management Limited; Director (February 2005- June 2006) Baring Pension Trustees Limited; Director and Treasurer (December 2003-November 2006) of Charter Oak Capital Management, Inc.; Director (May 2006-September 2006) of C.M. Benefit Insurance Company; Director (May 2008-June 2009) and Executive Vice President (June 2007-July 2009) of C.M. Life Insurance Company; President (March 2006-May 2007) of MassMutual Assignment Company; Director (January 2005-December 2006), Deputy Chairman (March 2005-December 2006) and President (February 2005- March 2005) of MassMutual Holdings (Bermuda) Limited; Director (May 2008-June 2009) and Executive Vice President (June 2007-July 2009) of MML Bay State Life Insurance Company; Chief Executive Officer and President (April 2007-January 2009) of MML Distributors, LLC; and Chairman (March 2006-December 2008) and Chief Executive Officer (May 2007-December 2008) of MML Investors Services, Inc. Oversees 63 portfolios as a Trustee/Director and 96 portfolios as an officer in the OppenheimerFunds complex.

OTHER OFFICERS OF THE FUND	*The addresses of the Officers in the chart below are as follows: for Messrs. Bhaman, Gabinet and Ms. Nasta, Two World Financial Center, 225 Liberty Street, New York, New York 10281-1008, for Messrs. Vandehey and Wixted, 6803 S. Tucson Way, Centennial, Colorado 80112-3924. Each Officer serves for an indefinite term or until his or her resignation, retirement, death or removal.*
Rajeev Bhaman, Vice President (since 2004) Age: 48	Senior Vice President of the Manager (since May 2006); Vice President of the Manager (January 1997-May 2006); a Chartered Financial Analyst. An officer of 3 portfolios in the OppenheimerFunds complex.
Arthur S. Gabinet, Secretary (since 2011) Age: 53	Executive Vice President (since May 2010) and General Counsel (since January 2011) of the Manager; General Counsel of the Distributor (since January 2011); General Counsel of Centennial Asset Management Corporation (since January 2011); Executive Vice President and General Counsel of HarbourView Asset Management Corporation (since January 2011); Assistant Secretary (since January 2011) and Director (since January 2011) of OppenheimerFunds International Ltd. and OppenheimerFunds plc; Vice President and Director of Oppenheimer Partnership Holdings, Inc. (since January 2011); Director of Oppenheimer Real Asset Management, Inc. (since January 2011); Executive Vice President and General Counsel of Shareholder Financial Services, Inc. and Shareholder Services, Inc. (since January 2011); Executive Vice President and General Counsel of OFI Private Investments, Inc. (since January 2011); Vice President of OppenheimerFunds Legacy Program (since January 2011); Executive Vice President and General Counsel of OFI Institutional Asset Management, Inc. (since January 2011); General Counsel, Asset Management of the Manager (May 2010-December 2010); Principal, The Vanguard Group (November 2005-April 2010); District Administrator, U.S. Securities and Exchange Commission (January 2003-October 2005). An officer of 96 portfolios in the OppenheimerFunds complex.
Christina M. Nasta, Vice President and Chief Business Officer (since 2011) Age: 38	Senior Vice President of the Manager (since July 2010); Vice President of the Manager (since January 2003); Vice President of OppenheimerFunds Distributor, Inc. (since January 2003). An officer of 96 portfolios in the OppenheimerFunds complex.
Mark S. Vandehey, Vice President and Chief Compliance Officer (since 2004) Age: 61	Senior Vice President and Chief Compliance Officer of the Manager (since March 2004); Chief Compliance Officer of OppenheimerFunds Distributor, Inc., Centennial Asset Management and Shareholder Services, Inc. (since March 2004); Vice President of OppenheimerFunds Distributor, Inc., Centennial Asset Management Corporation and Shareholder Services, Inc. (since June 1983). An officer of 96 portfolios in the OppenheimerFunds complex.
Brian W. Wixted, Treasurer and Principal Financial & Accounting Officer (since 1999) Age: 52	Senior Vice President of the Manager (since March 1999); Treasurer of the Manager and the following: HarbourView Asset Management Corporation, Shareholder Financial Services, Inc., Shareholder Services, Inc., Oppenheimer Real Asset Management, Inc. and Oppenheimer Partnership Holdings, Inc. (March 1999-June 2008), OFI Private Investments, Inc. (March 2000-June 2008), OppenheimerFunds International Ltd. and OppenheimerFunds plc (since May 2000), OFI Institutional Asset Management, Inc. (since November 2000), and OppenheimerFunds Legacy Program (charitable trust program established by the Manager) (since June 2003); Treasurer and Chief Financial Officer of OFI Trust Company (trust company subsidiary of the Manager) (since May 2000); Assistant Treasurer of OAC (March 1999-June 2008). An officer of 96 portfolios in the OppenheimerFunds complex.

The Fund's Statement of Additional Information contains additional information about the Fund's Trustees and Officers and is available without charge, upon request, by calling 1.800.988.8287.

OPPENHEIMER GLOBAL SECURITIES FUND/VA

A Series of Oppenheimer Variable Account Funds

Manager	OppenheimerFunds, Inc.
Distributor	OppenheimerFunds Distributor, Inc.
Transfer Agent	OppenheimerFunds Services
Independent Registered Public Accounting Firm	KPMG LLP
Counsel	K&L Gates LLP

Before investing in the Fund, investors should carefully consider its investment objectives, risks, charges and expenses. The Fund's prospectus and summary prospectus contain this and other information about the Fund, and may be obtained by asking your financial advisor or calling us at 1.800.988.8287. Read prospectuses and summary prospectuses carefully before investing.

OppenheimerFunds®
Distributor, Inc.