

December 31, 2013

Oppenheimer

# Capital Appreciation Fund/VA

A Series of Oppenheimer Variable Account Funds

**Annual Report**

## **ANNUAL REPORT**

Listing of Top Holdings

Fund Performance Discussion

Financial Statements



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**Portfolio Manager:** Michael Kotlarz

**Average Annual Total Returns  
For the Periods Ended 12/31/13**

	1-Year	5-Year	10-Year
Non-Service Shares	29.74%	18.27%	5.73%
Service Shares	29.43%	17.98%	5.46%

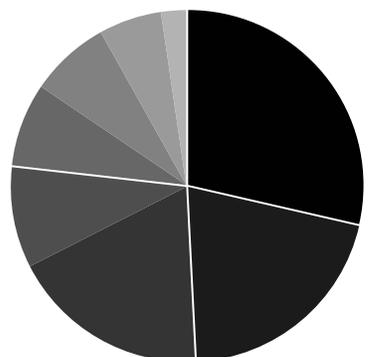
**Performance data quoted represents past performance, which does not guarantee future results.** *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance 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 include changes in share price and reinvested distributions but 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.*

**TOP TEN COMMON STOCK HOLDINGS**

Apple, Inc.	6.5%
Google, Inc., Cl. A	4.3
Biogen Idec, Inc.	3.4
Facebook, Inc., Cl. A	3.2
Gilead Sciences, Inc.	3.1
Walt Disney Co. (The)	3.0
MasterCard, Inc., Cl. A	2.5
Celgene Corp.	2.2
Amazon.com, Inc.	2.2
Twenty-First Century Fox, Inc., Cl. B	2.2

Portfolio holdings and allocations are subject to change. Percentages are as of December 31, 2013, and are based on net assets. For more current Fund holdings, please visit [oppenheimerfunds.com](http://oppenheimerfunds.com).

**SECTOR ALLOCATION**



■ Information Technology—28.6%
■ Health Care—20.6%
■ Consumer Discretionary—18.3%
■ Industrials—9.3%
■ Financials—7.7%
■ Consumer Staples—7.4%
■ Energy—5.8%
■ Materials—2.3%

Portfolio holdings and allocations are subject to change. Percentages are as of December 31, 2013, and are based on the total market value of common stocks.

## Fund Performance Discussion

The Fund's Non-Service shares produced a total return of 29.74% during the one-year reporting period ended December 31, 2013, underperforming the Russell 1000 Growth Index (the "Index"), which returned 33.48%. The Fund's underperformance stemmed primarily from weaker relative stock selection in the information technology, energy and consumer discretionary sectors. The Fund outperformed the Index in financials and industrials due to stronger relative stock selection. In addition, an overweight position in health care and not holding any investments in telecommunication services benefited relative performance this period. The Fund also underperformed the S&P 500 Index, which returned 32.39%.

### MARKET OVERVIEW

Equities in the U.S. and developed markets throughout the world delivered strong performance in 2013. Accommodative monetary policies on the part of central banks in the U.S., Europe and Japan, combined with supportive equity valuations relative to bonds, were instrumental in this performance. Signs that the U.S. economy was on the mend, demonstrated by rising house prices, also helped sentiment toward stocks. While equities performed well for the year, numerous concerns remained. Namely, in late May, remarks by Federal Reserve ("Fed") chairman Ben Bernanke were widely interpreted as a signal that U.S. monetary policymakers would begin to back away from their quantitative easing program sooner than expected, sparking heightened volatility in financial markets throughout the world. Additionally, fears began to creep into the market about a possible slowdown in the world's emerging economies. However, market conditions generally stabilized over the summer of 2013. While the Fed unexpectedly refrained from reducing its monthly bond purchases in September, in December, the Central Bank announced that it would reduce its monthly bond purchases by \$10 billion, from \$85 billion to \$75 billion, starting in January 2014. The Fed also announced that it would continue to hold short-term interest rates at very low levels until unemployment in the United States subsided below 6.5%. This was lower than its earlier 7% target.

### TOP INDIVIDUAL CONTRIBUTORS

During the reporting period, the top performing stock holding for the Fund was Google, Inc. Google, the leading internet search engine, benefited from momentum in its continued campaign to enhance price utilization for its mobile searches. While the company has struggled with declining mobile premiums, it staved off a dent in revenue by selling more ads at a faster rate. The volume of clicks on advertisements climbed at the fastest pace in 2013, compensating for a drop in average-ad prices.

Also contributing positively to performance were health care stocks Biogen Idec, Inc. and Vertex Pharmaceuticals, Inc., and consumer discretionary holding The Walt Disney Co. Biogen Idec is a global biotechnology company that benefited from strong sales of its multiple-sclerosis treatment Tecfidera. Vertex Pharmaceuticals, a developer of small molecule pharmaceuticals for multiple diseases, released data on a compound that it was developing that showed robust benefits for cystic fibrosis patients. This positive data also boosted optimism around the entire platform of cystic fibrosis drugs that Vertex is developing. Walt Disney produces movies, television programs, musical recordings, books, magazines, and merchandise for entertainment and education. It also operates distribution channels such as television networks, theme parks, hotels, cruise lines, retail stores and classrooms. The company's major investments in a new cruise ship and multiple amusement park upgrades in 2012 started to pay off in 2013.

### TOP INDIVIDUAL DETRACTORS

Detractors from performance this period included information technology stocks Teradata Corp., Cognizant Technology Solutions Corp. and VMware, Inc. Teradata, a provider of analytic data solutions through its database management service, warned third quarter results would miss analysts' expectations and cut its full-year outlook, saying sales were weak outside the U.S. and Europe. Management noted that international macro challenges were delaying some opportunities. Cognizant Technology Solutions is a multinational information technology, consulting and business process outsourcing company that experienced declines in April. VMware, a provider for server virtualization software, suffered from concerns that the company was losing market share in its core server virtualization market. We exited all three stocks during the reporting period.

### STRATEGY & OUTLOOK

The Fund continues to operate with the philosophy that long-term market outperformance can be achieved by investing in a managed portfolio of high quality growth stocks. We combine strategic top-down sector analysis with bottom up fundamental research, focusing on high quality companies with historically consistent growth and capital discipline.

Uncertainty about the Eurozone crisis, questions regarding the collateral impact of the reduction of the Federal Reserve's "Quantitative Easing" program, and the risk of deceleration in China continues to weigh on the global economy. The U.S. economy remains resilient, but continues to grow at a below normal expansionary pace and with subpar labor participation. The U.S. economy has been supported by strong productivity gains, low structural energy costs and a relatively attractive currency. Looking forward, we expect the U.S. economy to retain many of these issues and for the markets to reward those companies

demonstrating consistent quality, growth, and innovation. We expect that companies with capital discipline, strong management, and sustainable competitive advantages have the greatest prospects for outperformance over time.

**Investors should consider the Fund's investment objective, risks, charges and expenses carefully before investing. 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.**

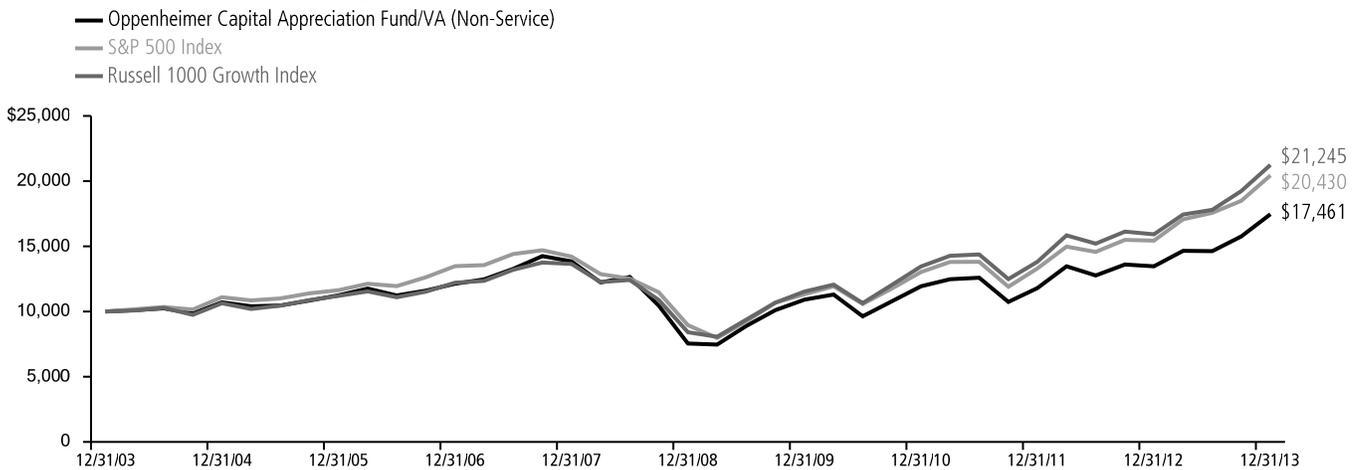
**The Fund's investment strategy and focus can change over time. The mention of specific fund holdings does not constitute a recommendation by OppenheimerFunds, Inc. or its affiliates.**

**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 31, 2013. Performance is measured over a ten-fiscal-year period for both Classes. 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 S&P 500 Index and the Russell 1000 Growth Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks intended to be a representative sample of leading companies in leading industries within the U.S. economy. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Indices are unmanaged and cannot be purchased directly by investors. Index performance includes reinvestment of income, but does not reflect transaction costs, fees, expenses or taxes. Index performance is shown for illustrative purposes only as a benchmark for the Fund's performance, and does not predict or depict performance of the Fund. The Fund's performance reflects the effects of the Fund's business and operating expenses.

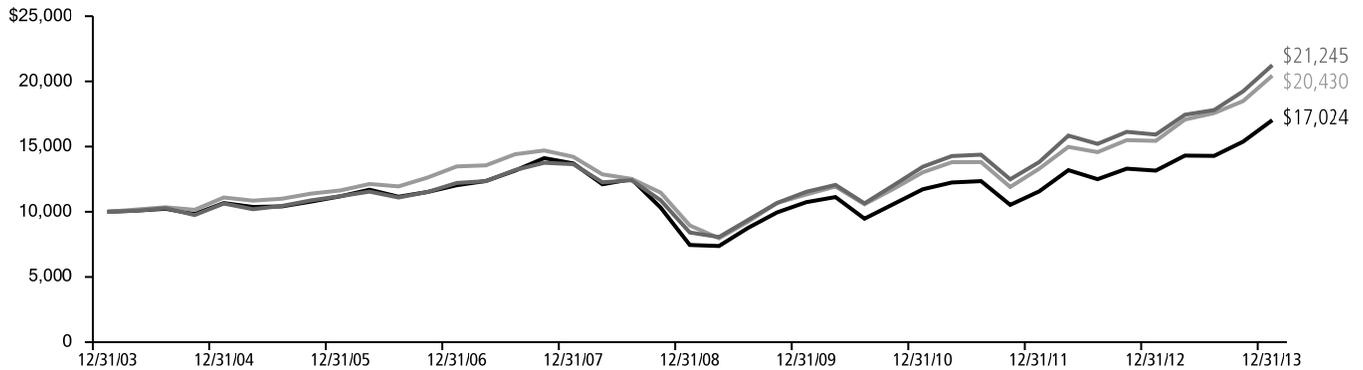
**COMPARISON OF CHANGE IN VALUE OF \$10,000 HYPOTHETICAL INVESTMENTS IN:**



**Average Annual Total Returns of Non-Service Shares of the Fund at 12/31/13**  
 1-Year 29.74%    5-Year 18.27%    10-Year 5.73%

COMPARISON OF CHANGE IN VALUE OF \$10,000 HYPOTHETICAL INVESTMENTS IN:

- Oppenheimer Capital Appreciation Fund/VA (Service)
- S&P 500 Index
- Russell 1000 Growth Index



**Average Annual Total Returns of Service Shares of the Fund at 12/31/13**

1-Year **29.43%**    5-Year **17.98%**    10-Year **5.46%**

**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 may be lower or higher than the performance 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 include changes in share price and reinvested distributions but 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.*

## 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 31, 2013.

**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.

<b>Actual</b>	<b>Beginning Account Value July 1, 2013</b>	<b>Ending Account Value December 31, 2013</b>	<b>Expenses Paid During 6 Months Ended December 31, 2013</b>
Non-Service shares	\$ 1,000.00	\$ 1,193.70	\$ 4.49
Service shares	1,000.00	1,192.00	5.93
<b>Hypothetical</b>			
<i>(5% return before expenses)</i>			
Non-Service shares	1,000.00	1,021.12	4.13
Service shares	1,000.00	1,019.81	5.46

Expenses are equal to the Fund's annualized expense ratio for that class, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period). Those annualized expense ratios, excluding indirect expenses from affiliated funds, based on the 6-month period ended December 31, 2013 are as follows:

<b>Class</b>	<b>Expense Ratios</b>
Non-Service shares	0.81%
Service shares	1.07

The expense ratios reflect contractual waivers and/or reimbursements of expenses by the Fund's Manager. Some of these undertakings may be modified or terminated at any time, unless approved by the Board of Trustees. 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.

# STATEMENT OF INVESTMENTS

December 31, 2013

	Shares	Value
<b>Common Stocks—100.4%</b>		
<b>Consumer Discretionary—18.5%</b>		
<b>Hotels, Restaurants &amp; Leisure—0.5%</b>		
Chipotle Mexican Grill, Inc. <sup>1</sup>	9,790	\$ 5,215,916
<b>Internet &amp; Catalog Retail—4.4%</b>		
Amazon.com, Inc. <sup>1</sup>	54,694	21,811,420
Priceline.com, Inc. <sup>1</sup>	8,960	10,415,104
TripAdvisor, Inc. <sup>1</sup>	131,010	10,851,558
		43,078,082
<b>Media—6.4%</b>		
Time Warner, Inc.	176,280	12,290,242
Twenty-First Century Fox, Inc., Cl. B	627,140	21,699,044
Walt Disney Co. (The)	382,930	29,255,852
		63,245,138
<b>Specialty Retail—4.6%</b>		
Home Depot, Inc. (The)	176,600	14,541,244
O'Reilly Automotive, Inc. <sup>1</sup>	39,740	5,114,935
Tiffany & Co.	117,030	10,858,043
TJX Cos., Inc. (The)	226,050	14,406,167
		44,920,389
<b>Textiles, Apparel &amp; Luxury Goods—2.6%</b>		
Nike, Inc., Cl. B	224,170	17,628,729
VF Corp.	125,480	7,822,423
		25,451,152
<b>Consumer Staples—7.6%</b>		
<b>Beverages—2.6%</b>		
Brown-Forman Corp., Cl. B	143,115	10,815,201
SABMiller plc	292,440	15,060,158
		25,875,359
<b>Food &amp; Staples Retailing—3.1%</b>		
Costco Wholesale Corp.	95,590	11,376,166
CVS Caremark Corp.	261,620	18,724,143
		30,100,309
<b>Food Products—1.9%</b>		
Flowers Foods, Inc.	119,250	2,560,297
Hershey Co. (The)	48,420	4,707,877
J.M. Smucker Co. (The)	105,370	10,918,439
		18,186,613
<b>Energy—5.7%</b>		
<b>Energy Equipment &amp; Services—2.8%</b>		
EnSCO plc, Cl. A	40,440	2,312,359
Halliburton Co.	255,860	12,984,895
Noble Corp. plc	63,210	2,368,479
Oceaneering International, Inc.	136,360	10,756,077
		28,421,810
<b>Oil, Gas &amp; Consumable Fuels—2.9%</b>		
Antero Resources Corp. <sup>1</sup>	98,110	6,224,098
EOG Resources, Inc.	40,630	6,819,339
Noble Energy, Inc.	91,430	6,227,297
Pioneer Natural Resources Co.	52,490	9,661,834
		28,932,568
<b>Financials—7.8%</b>		
<b>Capital Markets—6.0%</b>		
Ameriprise Financial, Inc.	127,280	14,643,564
Charles Schwab Corp. (The)	497,880	12,944,880
Goldman Sachs Group, Inc. (The)	67,980	12,050,135
Invesco Ltd.	296,230	10,782,772
Northern Trust Corp.	139,230	8,616,945
		59,038,296
<b>Insurance—1.6%</b>		
Aon plc	186,040	15,606,896
<b>Real Estate Investment Trusts (REITs)—0.2%</b>		
American Tower Corp., Cl. A	24,790	1,978,738
<b>Health Care—20.5%</b>		
<b>Biotechnology—11.1%</b>		
Amgen, Inc.	98,950	11,296,132
Biogen Idec, Inc. <sup>1</sup>	121,250	33,919,687
Celgene Corp. <sup>1</sup>	131,337	22,190,700
Gilead Sciences, Inc. <sup>1</sup>	408,750	30,717,563

	Shares	Value
<b>Biotechnology (Continued)</b>		
Vertex Pharmaceuticals, Inc. <sup>1</sup>	172,710	\$ 12,832,353
		110,956,435
<b>Health Care Equipment &amp; Supplies—1.7%</b>		
Becton Dickinson & Co.	54,060	5,973,089
Medtronic, Inc.	197,640	11,342,560
		17,315,649
<b>Health Care Providers &amp; Services—1.6%</b>		
UnitedHealth Group, Inc.	209,130	15,747,489
<b>Health Care Technology—0.8%</b>		
Cerner Corp. <sup>1</sup>	143,620	8,005,379
<b>Life Sciences Tools &amp; Services—0.6%</b>		
Thermo Fisher Scientific, Inc.	49,590	5,521,847
<b>Pharmaceuticals—4.7%</b>		
Allergan, Inc.	31,510	3,500,131
Bristol-Myers Squibb Co.	336,870	17,904,640
Pfizer, Inc.	499,390	15,296,316
Roche Holding AG	35,119	9,844,452
		46,545,539
<b>Industrials—9.2%</b>		
<b>Aerospace &amp; Defense—3.4%</b>		
B/E Aerospace, Inc. <sup>1</sup>	141,170	12,286,025
Honeywell International, Inc.	45,070	4,118,046
Precision Castparts Corp.	66,430	17,889,599
		34,293,670
<b>Airlines—0.4%</b>		
Copa Holdings SA, Cl. A	25,380	4,063,592
<b>Building Products—0.9%</b>		
Allegion plc <sup>1</sup>	75,379	3,330,998
Fortune Brands Home & Security, Inc.	135,040	6,171,328
		9,502,326
<b>Electrical Equipment—0.7%</b>		
AMETEK, Inc.	134,510	7,084,642
<b>Machinery—2.6%</b>		
Ingersoll-Rand plc	226,150	13,930,840
Parker Hannifin Corp.	93,290	12,000,826
		25,931,666
<b>Trading Companies &amp; Distributors—1.2%</b>		
United Rentals, Inc. <sup>1</sup>	154,020	12,005,859
<b>Information Technology—28.8%</b>		
<b>Communications Equipment—1.3%</b>		
Cisco Systems, Inc.	582,570	13,078,696
<b>Computers &amp; Peripherals—9.8%</b>		
Apple, Inc.	114,510	64,252,706
EMC Corp.	827,620	20,814,643
Western Digital Corp.	136,230	11,429,697
		96,497,046
<b>Internet Software &amp; Services—9.5%</b>		
Facebook, Inc., Cl. A <sup>1</sup>	584,090	31,926,359
Google, Inc., Cl. A <sup>1</sup>	37,800	42,362,838
LinkedIn Corp., Cl. A <sup>1</sup>	90,680	19,662,144
		93,951,341
<b>IT Services—4.8%</b>		
FleetCor Technologies, Inc. <sup>1</sup>	45,020	5,274,993
MasterCard, Inc., Cl. A	29,250	24,437,205
Visa, Inc., Cl. A	79,237	17,644,495
		47,356,693
<b>Semiconductors &amp; Semiconductor Equipment—0.8%</b>		
Xilinx, Inc.	177,420	8,147,126
<b>Software—2.6%</b>		
Autodesk, Inc. <sup>1</sup>	382,790	19,265,821
Salesforce.com, Inc. <sup>1</sup>	123,120	6,794,993
		26,060,814
<b>Materials—2.3%</b>		
<b>Chemicals—2.3%</b>		
Ecolab, Inc.	48,600	5,067,522
PPG Industries, Inc.	95,100	18,036,666
		23,104,188
Total Common Stocks (Cost \$680,044,329)		995,221,263

# STATEMENT OF INVESTMENTS Continued

	Shares	Value
<b>Investment Company—0.4%</b>		
Oppenheimer Institutional Money Market Fund, Cl. E, 0.09% <sup>2,3</sup> (Cost \$3,644,176)	3,644,176	\$ 3,644,176
<b>Total Investments, at Value (Cost \$683,688,505)</b>	<b>100.8%</b>	<b>998,865,439</b>
<b>Liabilities in Excess of Other Assets</b>	<b>(0.8)</b>	<b>(7,744,230)</b>
<b>Net Assets</b>	<b>100.0%</b>	<b>\$ 991,121,209</b>

## Footnotes to Statement of Investments

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 31, 2013, 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, 2012	Gross Additions	Gross Reductions	Shares December 31, 2013
Oppenheimer Institutional Money Market Fund, Cl. E	11,345,499	187,682,000	195,383,323	3,644,176

	Value	Income
Oppenheimer Institutional Money Market Fund, Cl. E	\$ 3,664,176	\$ 9,263

3. Rate shown is the 7-day yield as of December 31, 2013.

See accompanying Notes to Financial Statements.

# STATEMENT OF ASSETS AND LIABILITIES

December 31, 2013

<b>Assets</b>	
Investments, at value—see accompanying statement of investments:	
Unaffiliated companies (cost \$680,044,329)	\$ 995,221,263
Affiliated companies (cost \$3,644,176)	3,644,176
	<u>998,865,439</u>
Receivables and other assets:	
Dividends	1,113,068
Shares of beneficial interest sold	42,318
Other	61,473
Total assets	<u>1,000,082,298</u>
<b>Liabilities</b>	
Payables and other liabilities:	
Shares of beneficial interest redeemed	8,664,624
Transfer and shareholder servicing agent fees	83,278
Distribution and service plan fees	78,664
Trustees' compensation	59,634
Shareholder communications	42,775
Other	32,114
Total liabilities	<u>8,961,089</u>
<b>Net Assets</b>	<b><u>\$ 991,121,209</u></b>
<b>Composition of Net Assets</b>	
Par value of shares of beneficial interest	\$ 17,179
Additional paid-in capital	650,565,501
Accumulated net investment income	1,964,801
Accumulated net realized gain on investments and foreign currency transactions	23,381,464
Net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currencies	315,192,264
<b>Net Assets</b>	<b><u>\$ 991,121,209</u></b>
<b>Net Asset Value Per Share</b>	
Non-Service Shares:	
Net asset value, redemption price (excludes applicable contingent deferred sales charge) and offering price per share (based on net assets of \$626,906,811 and 10,830,884 shares of beneficial interest outstanding)	\$57.88
Service Shares:	
Net asset value, redemption price (excludes applicable contingent deferred sales charge) and offering price per share (based on net assets of \$364,214,398 and 6,348,319 shares of beneficial interest outstanding)	\$57.37

See accompanying Notes to Financial Statements.

# STATEMENT OF OPERATIONS

For the Year Ended December 31, 2013

<b>Investment Income</b>	
Dividends:	
Unaffiliated companies (net of foreign withholding taxes of \$172,752)	\$ 12,032,149
Affiliated companies	9,263
Interest	35
Total investment income	<u>12,041,447</u>
<b>Expenses</b>	
Management fees	6,617,072
Distribution and service plan fees - Service shares	923,701
Transfer and shareholder servicing agent fees:	
Non-Service shares	595,558
Service shares	367,287
Shareholder communications:	
Non-Service shares	56,956
Service shares	34,965
Custodian fees and expenses	19,908
Trustees' compensation	49,184
Other	72,125
Total expenses	<u>8,736,756</u>
Less waivers and reimbursements of expenses	(70,336)
Net expenses	<u>8,666,420</u>
<b>Net Investment Income</b>	<b>3,375,027</b>
<b>Realized and Unrealized Gain (Loss)</b>	
Net realized gain on:	
Investments from unaffiliated companies	226,951,848
Foreign currency transactions	5,200
Net realized gain	<u>226,957,048</u>
Net change in unrealized appreciation/depreciation on:	
Investments	22,263,947
Translation of assets and liabilities denominated in foreign currencies	(2,617,566)
Net change in unrealized appreciation/depreciation	<u>19,646,381</u>
<b>Net Increase in Net Assets Resulting from Operations</b>	<b>\$ <u>249,978,456</u></b>

See accompanying Notes to Financial Statements.

## STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2013	Year Ended December 31, 2012
<b>Operations</b>		
Net investment income	\$ 3,375,027	\$ 8,440,486
Net realized gain	226,957,048	98,112,908
Net change in unrealized appreciation/depreciation	19,646,381	28,160,875
Net increase in net assets resulting from operations	249,978,456	134,714,269
<b>Dividends and/or Distributions to Shareholders</b>		
Dividends from net investment income:		
Non-Service shares	(5,856,634)	(3,878,051)
Service shares	(2,798,285)	(1,503,957)
	(8,654,919)	(5,382,008)
<b>Beneficial Interest Transactions</b>		
Net decrease in net assets resulting from beneficial interest transactions:		
Non-Service shares	(96,658,801)	(144,652,286)
Service shares	(93,891,544)	(57,530,166)
	(190,550,345)	(202,182,452)
<b>Net Assets</b>		
Total increase (decrease)	50,773,192	(72,850,191)
Beginning of period	940,348,017	1,013,198,208
End of period (including accumulated net investment income of \$1,964,801 and \$7,239,493, respectively)	<b>\$ 991,121,209</b>	<b>\$ 940,348,017</b>

See accompanying Notes to Financial Statements.

# FINANCIAL HIGHLIGHTS

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 30, 2011 <sup>1</sup>	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>Non-Service Shares</b>					
<b>Per Share Operating Data</b>					
Net asset value, beginning of period	\$ 45.06	\$ 39.75	\$ 40.35	\$ 36.94	\$ 25.67
Income (loss) from investment operations:					
Net investment income <sup>2</sup>	0.23	0.42	0.23	0.11	0.09
Net realized and unrealized gain (loss)	13.09	5.18	(0.69)	3.36	11.27
Total from investment operations	13.32	5.60	(0.46)	3.47	11.36
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(0.50)	(0.29)	(0.14)	(0.06)	(0.09)
Net asset value, end of period	<b>\$ 57.88</b>	<b>\$ 45.06</b>	<b>\$ 39.75</b>	<b>\$ 40.35</b>	<b>\$ 36.94</b>
<b>Total Return, at Net Asset Value<sup>3</sup></b>	29.74%	14.12%	(1.15)%	9.42%	44.52%
<b>Ratios/Supplemental Data</b>					
Net assets, end of period (in thousands)	\$ 626,907	\$ 573,684	\$ 637,868	\$ 771,086	\$ 1,074,190
Average net assets (in thousands)	\$ 595,912	\$ 600,121	\$ 713,770	\$ 976,242	\$ 927,670
Ratios to average net assets: <sup>4</sup>					
Net investment income	0.44%	0.95%	0.57%	0.31%	0.29%
Total expenses <sup>5</sup>	0.81%	0.81%	0.80%	0.79%	0.78%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.80%	0.80%	0.80%	0.79%	0.78%
Portfolio turnover rate	77%	28%	27%	58%	46%

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

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 31, 2013	0.81%
Year Ended December 31, 2012	0.81%
Year Ended December 30, 2011	0.80%
Year Ended December 31, 2010	0.79%
Year Ended December 31, 2009	0.78%

See accompanying Notes to Financial Statements.

	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 30, 2011 <sup>1</sup>	Year Ended December 31, 2010	Year Ended December 31, 2009
<b>Service Shares</b>					
<b>Per Share Operating Data</b>					
Net asset value, beginning of period	\$ 44.66	\$ 39.40	\$ 39.99	\$ 36.64	\$ 25.42
Income (loss) from investment operations:					
Net investment income <sup>2</sup>	0.10	0.31	0.13	0.02	0.01
Net realized and unrealized gain (loss)	12.98	5.12	(0.68)	3.33	11.21
Total from investment operations	13.08	5.43	(0.55)	3.35	11.22
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(0.37)	(0.17)	(0.04)	0.00	0.00 <sup>3</sup>
Net asset value, end of period	<b>\$ 57.37</b>	<b>\$ 44.66</b>	<b>\$ 39.40</b>	<b>\$ 39.99</b>	<b>\$ 36.64</b>
<b>Total Return, at Net Asset Value<sup>4</sup></b>	29.43%	13.81%	(1.37)%	9.15%	44.15%
<b>Ratios/Supplemental Data</b>					
Net assets, end of period (in thousands)	\$ 364,214	\$ 366,664	\$ 375,330	\$ 423,989	\$ 444,170
Average net assets (in thousands)	\$ 367,615	\$ 382,196	\$ 407,413	\$ 427,640	\$ 368,634
Ratios to average net assets: <sup>5</sup>					
Net investment income	0.20%	0.71%	0.32%	0.06%	0.03%
Total expenses <sup>6</sup>	1.06%	1.06%	1.05%	1.04%	1.04%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	1.05%	1.05%	1.05%	1.04%	1.03%
Portfolio turnover rate	77%	28%	27%	58%	46%

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

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

3. Less than \$0.005 per share.

4. 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.

5. Annualized for periods less than one full year.

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

Year Ended December 31, 2013	1.06%
Year Ended December 31, 2012	1.06%
Year Ended December 30, 2011	1.05%
Year Ended December 31, 2010	1.04%
Year Ended December 31, 2009	1.04%

See accompanying Notes to Financial Statements.

### 1. Significant Accounting Policies

Oppenheimer Capital Appreciation Fund/VA (the "Fund") is a separate series of Oppenheimer Variable Account Funds, a diversified open-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund's investment objective is to seek capital appreciation. The Fund's investment adviser is OFI Global Asset Management, Inc. ("OFI Global" or the "Manager"), a wholly-owned subsidiary of OppenheimerFunds, Inc. ("OFI" or the "Sub-Adviser"). The Manager has entered into a sub-advisory agreement with OFI. Shares of the Fund are sold only to separate accounts of life insurance companies.

The Fund offers two classes of shares. Both 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 class of shares designated as Service shares is subject to a distribution and service plan. Both 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 following is a summary of significant accounting policies consistently followed by the Fund.

**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 the investment adviser of IMMF, and the Sub-Adviser provides investment and related advisory services to 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 New York Stock Exchange (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 <sup>1,2</sup>	Net Unrealized Appreciation Based on cost of Securities and Other Investments for Federal Income Tax Purposes
\$3,370,986	\$23,352,798	\$—	\$315,081,293

1. During the fiscal year ended December 31, 2013, the Fund utilized \$197,794,392 of capital loss carryforward to offset capital gains realized in that fiscal year.

2. During the fiscal year ended December 31, 2012, the Fund utilized \$92,201,391 of capital loss carryforward to offset capital gains realized in that fiscal year.

### 1. Significant Accounting Policies (Continued)

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 31, 2013. Net assets of the Fund were unaffected by the reclassifications.

Increase to Paid-in Capital	Increase to Accumulated Net Investment Income	Reduction to Accumulated Net Realized Gain on Investments <sup>3</sup>
\$2,895,618	\$5,200	\$2,900,818

3. \$2,895,618, all of which was long-term capital gain, was distributed in connection with Fund share redemptions.

The tax character of distributions paid during the years ended December 31, 2013 and December 31, 2012 was as follows:

	Year Ended December 31, 2013	Year Ended December 31, 2012
Distributions paid from:		
Ordinary income	\$ 8,654,919	\$ 5,382,008

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 31, 2013 are noted in the 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	<u>\$ 683,799,476</u>
Gross unrealized appreciation	\$ 318,121,272
Gross unrealized depreciation	(3,039,979)
Net unrealized appreciation	<u>\$ 315,081,293</u>

**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

**1. Significant Accounting Policies (Continued)**

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. 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.

The Fund’s Board has adopted procedures for the valuation of the Fund’s securities and has delegated the day-to-day responsibility for valuation determinations under those procedures to the Manager. The Manager has established a Valuation Committee which is responsible for determining a "fair valuation" for any security for which market quotations are not "readily available." The Valuation Committee’s fair valuation determinations are subject to review, approval and ratification by the Fund’s Board at its next regularly scheduled meeting covering the calendar quarter in which the fair valuation was determined.

Valuation Methods and Inputs

Securities are valued using unadjusted quoted market prices, when available, as supplied primarily by third party pricing services or dealers.

The following methodologies are used to determine the market value or the fair value of the types of securities described below:

Securities traded on a registered U.S. securities exchange (including exchange-traded derivatives other than futures and futures options) 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. 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 security of a foreign issuer traded on a foreign exchange, but not listed on a registered U.S. securities exchange, is valued based on the last sale price on the principal exchange on which the security is traded, as identified by the third party pricing service used by the Manager, prior to the time when the Fund’s assets are valued. If the last sale price is unavailable, the security is valued at the most recent official closing price on the principal exchange on which it is traded. If the last sales price or official closing price for a foreign security is not available, the security is valued at the mean between the bid and asked price per the exchange or, if not available from the exchange, obtained from two dealers. If bid and asked prices are not available from either the exchange or two dealers, the security is valued by using one of the following methodologies (listed in order of priority); (1) using a bid from the exchange, (2) the mean between the bid and asked price as provided by a single dealer, or (3) a bid from a single dealer.

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.

Corporate and government debt securities (of U.S. or foreign issuers) and municipal debt securities, event-linked bonds, loans, mortgage-backed securities, collateralized mortgage obligations, and asset-backed securities are valued at the mean between the "bid" and "asked" prices utilizing evaluated prices obtained from third party pricing services or broker-dealers who may use matrix pricing methods to determine the evaluated prices.

Short-term money market type debt securities with a remaining maturity 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. Short-term debt securities with a remaining maturity in excess of sixty days are valued at the mean between the "bid" and "asked" prices utilizing evaluated prices obtained from third party pricing services or broker-dealers.

A description of the standard inputs that may generally be considered by the third party pricing vendors in determining their evaluated prices is provided below.

<b>Security Type</b>	<b>Standard inputs generally considered by third-party pricing vendors</b>
Corporate debt, government debt, municipal, mortgage-backed and asset-backed securities	Reported trade data, broker-dealer price quotations, benchmark yields, issuer spreads on comparable securities, the credit quality, yield, maturity, and other appropriate factors.
Loans	Information obtained from market participants regarding reported trade data and broker-dealer price quotations.
Event-linked bonds	Information obtained from market participants regarding reported trade data and broker-dealer price quotations.

If a market value or price cannot be determined for a security using the methodologies described above, or if, in the "good faith" opinion of the Manager, the market value or price obtained does not constitute a "readily available market quotation," or a significant event has occurred that would materially affect the value of the security the security is fair valued either (i) by a standardized fair valuation methodology applicable to the security type or the significant event as previously approved by the Valuation Committee and the Fund’s Board or (ii) as determined in good faith by the Manager’s Valuation Committee. The Valuation Committee considers all relevant facts that are reasonably available, through either public information or information available to the Manager, when determining the fair value of a security. Fair value determinations by the Manager are subject to review, approval and ratification by the Fund’s Board at its next regularly scheduled meeting covering the calendar quarter in which the fair valuation was determined. Those fair valuation standardized methodologies include, but are not limited to, valuing securities at the last sale price or 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 further adjusted for any discounts related to security-specific 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 nor can it be assured that the Fund can obtain the fair value assigned to a security if it were to sell the security.

To assess the continuing appropriateness of security valuations, the Manager, or its third party service provider who is subject to oversight by the Manager, regularly compares prior day prices, prices on comparable securities, and sale prices to the current day prices and challenges those prices exceeding certain tolerance levels with the third party pricing service or broker source. For those securities valued by fair valuations, whether through a standardized fair valuation methodology or a fair valuation determination, the Valuation Committee reviews and affirms the reasonableness of the valuations based on such methodologies and fair valuation determinations on a regular basis after considering all relevant information that is reasonably available.

#### Classifications

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. 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 inputs used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

The table below categorizes amounts that are included in the Fund's Statement of Assets and Liabilities as of December 31, 2013 based on valuation input level:

	Level 1— Unadjusted Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Value
<b>Assets Table</b>				
<b>Investments, at Value:</b>				
Common Stocks				
Consumer Discretionary	\$ 181,910,677	\$ —	\$ —	\$ 181,910,677
Consumer Staples	59,102,123	15,060,158	—	74,162,281
Energy	57,354,378	—	—	57,354,378
Financials	76,623,930	—	—	76,623,930
Health Care	194,247,886	9,844,452	—	204,092,338
Industrials	92,881,755	—	—	92,881,755
Information Technology	285,091,716	—	—	285,091,716
Materials	23,104,188	—	—	23,104,188
Investment Company	3,644,176	—	—	3,644,176
<b>Total Assets</b>	<b>\$ 973,960,829</b>	<b>\$ 24,904,610</b>	<b>\$ —</b>	<b>\$ 998,865,439</b>

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.

### 3. 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 31, 2013		Year Ended December 31, 2012	
	Shares	Amount	Shares	Amount
<b>Non-Service Shares</b>				
Sold	300,888	\$ 15,140,401	816,576	\$ 35,841,126
Dividends and/or distributions reinvested	117,415	5,856,634	89,832	3,878,051
Redeemed	(2,319,735)	(117,655,836)	(4,220,005)	(184,371,463)
Net decrease	<b>(1,901,432)</b>	<b>\$ (96,658,801)</b>	<b>(3,313,597)</b>	<b>\$ (144,652,286)</b>

**3. Shares of Beneficial Interest (Continued)**

	Year Ended December 31, 2013		Year Ended December 31, 2012	
	Shares	Amount	Shares	Amount
<b>Service Shares</b>				
Sold	192,139	\$ 9,432,352	333,716	\$ 14,458,725
Dividends and/or distributions reinvested	56,519	2,798,285	35,098	1,503,957
Redeemed	(2,109,967)	(106,122,181)	(1,685,918)	(73,492,848)
Net decrease	<b>(1,861,309)</b>	<b>\$ (93,891,544)</b>	<b>(1,317,104)</b>	<b>\$ (57,530,166)</b>

**4. 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 31, 2013 were as follows:

	Purchases	Sales
Investment securities	\$732,076,816	\$906,989,473

**5. 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 Through October 31, 2013		Fee Schedule Effective November 1, 2013	
Up to \$200 million	0.75%	Up to \$200 million	0.75%
Next \$200 million	0.72	Next \$200 million	0.72
Next \$200 million	0.69	Next \$200 million	0.69
Next \$200 million	0.66	Next \$200 million	0.66
Over \$800 million	0.60	Over \$200 million	0.60
		Over \$1 billion	0.58

**Sub-Adviser Fees.** The Manager has retained the Sub-Adviser to provide the day-to-day portfolio management of the Fund. Under the Sub-Advisory Agreement, the Manager pays the Sub-Adviser an annual fee in monthly installments, equal to a percentage of the investment management fee collected by the Manager from the Fund, which shall be calculated after any investment management fee waivers. The fee paid to the Sub-Adviser is paid by the Manager, not by the Fund.

**Transfer Agent Fees.** OFI Global (the "Transfer Agent") serves as the transfer and shareholder servicing agent for the Fund. Fees incurred by the Fund with respect to these services are detailed in the Statement of Operations.

**Sub-Transfer Agent Fees.** The Transfer Agent has retained Shareholder Services, Inc., a wholly-owned subsidiary of OFI (the "Sub-Transfer Agent"), to provide the day-to-day transfer agent and shareholder servicing of the Fund. Under the Sub-Transfer Agency Agreement, the Transfer Agent pays the Sub-Transfer Agent an annual fee in monthly installments, equal to a percentage of the transfer agent fee collected by the Transfer Agent from the Fund, which shall be calculated after any applicable fee waivers. The fee paid to the Sub-Transfer Agent is paid by the Transfer Agent, not by the Fund.

**Distribution and Service Plan for Service 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 to pay OppenheimerFunds Distributor, Inc. (the "Distributor"), for distribution related services, personal service and account maintenance for the Fund's Service shares. Under the Plan, payments are made periodically at an annual rate of 0.25% of the daily net assets of Service 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. These fees are paid out of the Fund's assets on an on-going basis and increase operating expenses of the Service 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 contractually agreed to limit the Fund's expenses after payments, waivers and/or reimbursements and reduction to custodian expenses, excluding expenses incurred directly or indirectly by the Fund as a result of investments in other investment companies, wholly-owned subsidiaries and pooled investment vehicles; so that those expenses, as percentages of daily net assets, will not exceed the annual rate of 0.80% for Non-Service shares and 1.05% for Service shares. During the year ended December 31, 2013, the Manager waived fees and/or reimbursed the Fund \$ 39,301 and \$ 23,164 for Non-Service and Service shares, respectively.

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 31, 2013, the Manager waived fees and/or reimbursed the Fund \$7,871 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.

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## 6. Pending Litigation

Since 2009, seven class action lawsuits have been pending in the U.S. District Court for the District of Colorado against OppenheimerFunds, Inc. ("OFI"), OppenheimerFunds Distributor, Inc., the Fund's principal underwriter and distributor (the "Distributor"), and certain funds (but not including the Fund) advised by OFI Global Asset Management, Inc. and distributed by the Distributor (the "Defendant Funds"). The lawsuits also name as defendants certain officers and current and former trustees of the respective Defendant Funds. The lawsuits raise claims under federal securities 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. 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. On August 26, 2013, the parties in six of these lawsuits executed a memorandum of understanding setting forth the terms of proposed settlements of those actions. The proposed settlements are subject to a variety of contingencies, including the execution of settlement agreements, which will require preliminary and final approval by the court. The proposed settlements do not resolve a seventh outstanding lawsuit relating to Oppenheimer California Municipal Fund.

Other class action and individual lawsuits have been filed since 2008 in various state and federal courts against OFI 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 OFI 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. The settlement does not resolve other outstanding lawsuits against OFI and its affiliates relating to BLMIS.

On April 16, 2010, a lawsuit was filed in New York state court against (i) OFI, (ii) an affiliate of OFI and (iii) AAARDVARK IV Funding Limited ("AAARDVARK IV"), an entity advised by OFI's affiliate, in connection with investments made by the plaintiffs in AAARDVARK IV. Plaintiffs allege breach of contract and common law fraud claims against the defendants and seek compensatory damages, costs and disbursements, including attorney fees. On April 11, 2013, the court granted defendants' motion for summary judgment, dismissing plaintiffs' fraud claim with prejudice and dismissing their contract claim without prejudice, and granted plaintiffs leave to replead their contract claim to assert a cause of action for specific performance within 30 days. On May 9, 2013, plaintiffs filed a notice of appeal from the court's dismissal order. On January 7, 2014, the appellate court affirmed the trial court's dismissal order. On July 15, 2011, a lawsuit was filed in New York state court against OFI, an affiliate of OFI and AAARDVARK I Funding Limited ("AAARDVARK I"), an entity advised by OFI's affiliate, in connection with investments made by the plaintiffs in AAARDVARK I. The complaint alleges breach of contract and common law fraud claims 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 against OFI, an affiliate of OFI and AAARDVARK XS Funding Limited ("AAARDVARK XS"), an entity advised by OFI's affiliate, in connection with investments made by the plaintiffs in AAARDVARK XS. The complaint alleged breach of contract against the defendants and sought compensatory damages, costs and disbursements, including attorney fees. On November 8, 2013, the parties filed a stipulation of discontinuance dismissing the lawsuit with prejudice.

OFI 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. 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, OFI believes that these suits should not impair the ability of OFI 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

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

We have audited the accompanying statement of assets and liabilities of Oppenheimer Capital Appreciation Fund/VA (a separate series of Oppenheimer Variable Account Funds), including the statement of investments, as of December 31, 2013, 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 five-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.

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 31, 2013, 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 Capital Appreciation Fund/VA as of December 31, 2013, 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 five-year period then ended, in conformity with U.S. generally accepted accounting principles.

**KPMG** LLP

Denver, Colorado  
February 14, 2014

## FEDERAL INCOME TAX INFORMATION

Unaudited

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In early 2014, if applicable, shareholders of record received information regarding all dividends and distributions paid to them by the Fund during calendar year 2013

Dividends, if any, paid by the Fund during the fiscal year ended December 31, 2013 which are not designated as capital gain distributions should be multiplied by the maximum amount allowable but not less than 100% to arrive at the amount eligible for the corporate dividend-received deduction.

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.

# BOARD APPROVAL OF THE FUND'S INVESTMENT ADVISORY AND SUB-ADVISORY AGREEMENTS

Unaudited

The Fund has entered into an investment advisory agreement with OFI Global Asset Management, Inc. ("OFI Global" or the "Adviser"), a wholly-owned subsidiary of OppenheimerFunds, Inc. ("OFI" or the "Sub-Adviser") ("OFI Global" and "OFI" together the "Managers") and OFI Global has entered into a sub-advisory agreement with OFI whereby OFI provides investment sub-advisory services to the Fund (collectively, the "Agreements"). Each year, the Board of Trustees (the "Board"), including a majority of the independent Trustees, is required to determine whether to renew the Agreements. The Investment Company Act of 1940, as amended, requires that the Board request and evaluate, and that the Managers provide, such information as may be reasonably necessary to evaluate the terms of the Agreements. 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 to in-person meetings focused on this evaluation, the Board receives information throughout the year regarding Fund services, fees, expenses and performance.

The Adviser, Sub-Adviser and the independent consultant provided information to the Board on the following factors: (i) the nature, quality and extent of the Managers' services, (ii) the investment performance of the Fund and the Managers, (iii) the fees and expenses of the Fund, including comparative expense information, (iv) the profitability of the Managers and their 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 Managers from their relationship with the Fund. The Board was aware that there are alternatives to retaining the Managers.

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 Managers' key personnel who provide such services. The Sub-Adviser's duties include providing the Fund with the services of the portfolio manager and the Sub-Adviser'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; and risk management. The Managers are 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 Managers also provide the Fund with office space, facilities and equipment.

The Board also considered the quality of the services provided and the quality of the Managers' resources that are available to the Fund. The Board took account of the fact that the Sub-Adviser 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 Sub-Adviser's advisory, administrative, accounting, legal, compliance services and risk management, and information the Board has received regarding the experience and professional qualifications of the Managers' 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 Michael Kotlarz, the portfolio manager for the Fund, and the Sub-Adviser's investment team and analysts. The Board members also considered the totality of their experiences with the Managers as directors or trustees of the Fund and other funds advised by the Managers. The Board considered information regarding the quality of services provided by affiliates of the Managers, 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 Managers' experience, reputation, personnel, operations and resources that the Fund benefits from the services provided under the Agreement.

**Investment Performance of the Fund, the Adviser and the Sub-Adviser.** Throughout the year, the Manager provided information on the investment performance of the Fund, 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 large growth funds underlying variable insurance products. The Board noted that the Fund underperformed its category median during the one-, three-, five- and ten-year periods. The Board considered the Fund's improved performance over the one- and three-year periods but noted that in 2012, a number of holdings with international exposure in the portfolio, particularly in the consumer discretionary sector, came under selling pressure due mostly to concerns about a weakening global economy. The Board further noted that the Fund is positioned more towards high quality growth names than other funds in its performance category, which detracted from relative performance.

**Costs of Services by the Adviser.** The Board reviewed the fees paid to the Manager and the other expenses borne by the Fund. The independent consultant provided comparative data in regard to the fees and expenses of the Fund and other large growth 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 total expenses were higher than its peer group median and equal to its category median and its contractual management fees were lower than its peer group median and category median. Within the total asset range of \$500 million to \$1 billion, the Fund's effective rate was higher than its peer group median and category median. The Manager has contractually 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 0.80% for Non-Service Shares and 1.05% for Service Shares. This waiver and/or reimbursement may not be amended or withdrawn for one year from the date of the Fund's prospectus.

**Economies of Scale and Profits Realized by the Adviser and Sub-Adviser.** 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. Based on the Board's evaluation, the Managers agreed to a revised

# BOARD APPROVAL OF THE FUND'S INVESTMENT ADVISORY AND SUB-ADVISORY AGREEMENTS

Unaudited /Continued

breakpoint schedule as negotiated by the Board that, effective November 2013, includes an additional fee breakpoint of 0.58% for assets in excess of \$1 billion.

**Other Benefits to the Managers.** In addition to considering the profits realized by the Managers, the Board considered information that was provided regarding the direct and indirect benefits the Managers receive as a result of their relationship with the Fund, including compensation paid to the Managers' affiliates and research provided to the Adviser in connection with permissible brokerage arrangements (soft dollar arrangements). The Board also considered that the Managers 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 Managers 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 Agreements through August 31, 2014. In arriving at its decision, the Board did not identify 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 Agreements, including the management fees, in light of all the surrounding circumstances.

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

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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.CALL OPP (225.5677), (ii) on the Fund's website at [oppenheimerfunds.com](http://oppenheimerfunds.com), and (iii) on the SEC's website at [www.sec.gov](http://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.CALL OPP (225.5677), and (ii) in the Form N-PX filing on the SEC's website at [www.sec.gov](http://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](http://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, Year of Birth**

**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.*

**Sam Freedman,**  
Chairman of the Board of Trustees (since 2013) and Trustee (since 1996)  
Year of Birth: 1940

Director of Colorado UplIFT (charitable organization) (since September 1984). Mr. Freedman held several positions with the Sub-Adviser and with subsidiary or affiliated companies of the Sub-Adviser (until October 1994). Oversees 39 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.

**Edward L. Cameron,**  
Trustee (since 1999)  
Year of Birth: 1938

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 39 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)  
Year of Birth: 1942

Chairman of the Board (2006-December 2011) and Director (June 2002-December 2011) of UNUMProvident (insurance company); Director of Northwestern Energy Corp. (public utility corporation) (November 2004-December 2009); 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 Sub-Adviser; President, Chief Executive Officer and Director of the following: Oppenheimer Acquisition Corp. ("OAC") (parent holding company of the Sub-Adviser), Shareholders Services, Inc. and Shareholder Financial Services, Inc. (until October 1995). Oversees 39 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.

**Richard F. Grabish,**  
Trustee (since 2012)  
Year of Birth: 1948

Formerly Senior Vice President and Assistant Director of Sales and Marketing (March 1997-December 2007), Director (March 1987-December 2007) and Manager of Private Client Services (June 1985-June 2005) of A.G. Edwards & Sons, Inc. (broker/dealer and investment firm); Chairman and Chief Executive Officer of A.G. Edwards Trust Company, FSB (March 2001-December 2007); President and Vice Chairman of A.G. Edwards Trust Company, FSB (investment adviser) (April 1987-March 2001); President of A.G. Edwards Trust Company, FSB (investment adviser) (June 2005-December 2007). Oversees 39 portfolios in the OppenheimerFunds complex. Mr. Grabish has served on the Boards of certain Oppenheimer funds since 2001, 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)  
Year of Birth: 1946

Trustee of Monterey Institute for International Studies (educational organization) (since February 2000); Board Member of Middlebury College (educational organization) (December 2005-June 2011); 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 Advisor to Unilever (Holland) pension fund (2000-2003). Oversees 39 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.

**Victoria J. Herget,**  
Trustee (since 2012)  
Year of Birth: 1951

Independent Director of the First American Funds (mutual fund family) (2003-2011); former Managing Director (1993-2001), Principal (1985-1993), Vice President (1978-1985) and Assistant Vice President (1973-1978) of Zurich Scudder Investments (and its predecessor firms); Board Chair (2008-Present) and Director (2004-Present), United Educators (insurance company); Trustee (1992-2007), Chair of the Board of Trustees (1999-2007), Investment Committee Chair (1994-1999) and Investment Committee member (2007-2010) of Wellesley College; Trustee (since 2000) and Chair (since 2010), Newberry Library; Trustee, Mather LifeWays (since 2001); Trustee, BoardSource (2006-2009) and Chicago City Day School (1994-2005). Oversees 39 portfolios in the OppenheimerFunds complex. Ms. Herget has served on the Boards of certain Oppenheimer funds since 2012, 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.

# TRUSTEES AND OFFICERS

Unaudited / Continued

**Robert J. Malone,**  
Trustee (since 2002)  
Year of Birth: 1944

Chairman of the Board (since 2012) and Director (since August 2005) 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); Trustee of the Gallagher Family Foundation (non-profit organization) (since 2000); Board of Directors of Opera Colorado Foundation (non-profit organization) (2008-2012); Director of Colorado UpLIFT (charitable organization) (1986-2010); Director of Jones Knowledge, Inc. (2006-2010); 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 U.S. Exploration, Inc. (oil and gas exploration) (1997-February 2004); Chairman of the Board (1991-1994) and Trustee (1985-1994) of Regis University; and Chairman of the Board (1990-1991 and Trustee (1984-1999) of Young Presidents Organization. Oversees 39 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)  
Year of Birth: 1942

Trustee Emeritus of Worcester Polytech Institute (WPI) (private university) (since 2009); Trustee of MassMutual Select Funds (formerly MassMutual Institutional Funds) (investment company) (since 1996), MML Series Investment Fund (investment company) (since 1996) and Mass Mutual Premier Funds (investment company) (since January 2012); President and Treasurer of the SIS Fund (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 43 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.

**Karen L. Stuckey,**  
Trustee (since 2012)  
Year of Birth: 1953

Partner (1990-2012) of PricewaterhouseCoopers LLP (held various positions 1975-1990); Emeritus Trustee (since 2006), Trustee (1992-2006) and member of Executive, Nominating and Audit Committees and Chair of Finance Committee of Lehigh University; and member, Women's Investment Management Forum since inception. Oversees 39 portfolios in the OppenheimerFunds complex. Ms. Stuckey has served on the Boards of certain Oppenheimer funds since 2012, 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.

**James D. Vaughn,**  
Trustee (since 2012)  
Year of Birth: 1945

Retired; former managing partner (1994-2001) of Denver office of Deloitte & Touche LLP, (held various positions 1969-1993); Trustee and Chairman of the Audit Committee of Schroder Funds (2003-2012); Board member and Chairman of Audit Committee of AMG National Trust Bank (since 2005); Trustee and Investment Committee member, University of South Dakota Foundation (since 1996); Board member, Audit Committee Member and past Board Chair, Junior Achievement (since 1993); former Board member, Mile High United Way, Boys and Girls Clubs, Boy Scouts, Colorado Business Committee for the Arts, Economic Club of Colorado and Metro Denver Network. Oversees 39 portfolios in the OppenheimerFunds complex. Mr. Vaughn has served on the Boards of certain Oppenheimer funds since 2012, 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.

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## INTERESTED TRUSTEE AND OFFICER

*Mr. Glavin is an "Interested Trustee" because he is affiliated with the Manager and the Sub-Adviser by virtue of his positions as an officer and director of the Manager and a director of the Sub-Adviser, and as a shareholder of the Sub-Adviser's parent company. Both as a Trustee and as an officer, he serves for an indefinite term, or until his resignation, retirement, death or removal. Mr. Glavin's address is Two World Financial Center, 225 Liberty Street, 11th Floor, New York, New York 10281-1008.*

**William F. Glavin, Jr.,**  
Trustee, President and Principal Executive Officer (since 2009)  
Year of Birth: 1958

Director, Chairman and Chief Executive Officer of the Manager (since January 2013); President of the Manager (January 2013-May 2013); Chairman of the Sub-Adviser (December 2009-December 2012); Chief Executive Officer (January 2009-December 2012) and Director of the Sub-Adviser (since January 2009); President of the Sub-Adviser (May 2009-December 2012); Management Director (since June 2009), President (since December 2009) and Chief Executive Officer (since January 2011) of Oppenheimer Acquisition Corp. ("OAC") (the Sub-Adviser's parent holding company); Director of Oppenheimer Real Asset Management, Inc. (since March 2010); 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. An officer of 90 portfolios in the OppenheimerFunds complex.

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**OTHER OFFICERS OF THE FUND**

*The addresses of the Officers in the chart below are as follows: for Messrs. Kotlarz, 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.*

**Michael Kotlarz,**  
Vice President (since 2012)  
Year of Birth: 1972

Vice President of the Sub-Adviser (since March 2008). Senior Research Analyst of the Sub-Adviser (March 2008-May 2013). Managing Director of Equity Research at Ark Asset Management (March 2000-March 2008). A portfolio manager and officer of other portfolios in the OppenheimerFunds complex.

**Arthur S. Gabinet,**  
Secretary and Chief Legal Officer (since 2011)  
Year of Birth: 1958

Executive Vice President, Secretary and General Counsel of the Manager (since January 2013); General Counsel OFI SteelPath, Inc. (since January 2013); Executive Vice President (May 2010-December 2012) and General Counsel (since January 2011) of the Sub-Adviser; General Counsel of the Distributor (since January 2011); General Counsel of Centennial Asset Management Corporation (January 2011-December 2012); Executive Vice President (January 2011-December 2012) 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; Director of Oppenheimer Real Asset Management, Inc. (January 2011-December 2012) and General Counsel (since January 2011); Executive Vice President (January 2011-December 2011) and General Counsel of Shareholder Financial Services, Inc. and Shareholder Services, Inc. (since January 2011); Executive Vice President (January 2011-December 2012) and General Counsel of OFI Private Investments Inc. (since January 2011); Vice President of OppenheimerFunds Legacy Program (January 2011-December 2011); Executive Vice President (January 2011-December 2012) and General Counsel of OFI Institutional Asset Management, Inc. (since January 2011); General Counsel, Asset Management of the Sub-Adviser (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 90 portfolios in the OppenheimerFunds complex.

**Christina M. Nasta,**  
Vice President and Chief Business Officer (since 2011)  
Year of Birth: 1973

Senior Vice President of OppenheimerFunds Distributor, Inc. (since January 2013); Senior Vice President of the Sub-Adviser (July 2010-December 2012); Vice President of the Sub-Adviser (January 2003-July 2010); Vice President of OppenheimerFunds Distributor, Inc. (January 2003-July 2010). An officer of 90 portfolios in the OppenheimerFunds complex.

**Mark S. Vandehey,**  
Vice President and Chief Compliance Officer (since 2004)  
Year of Birth: 1950

Senior Vice President and Chief Compliance Officer of the Manager (since January 2013); Chief Compliance Officer of OFI SteelPath, Inc. (since January 2013); Senior Vice President of the Sub-Adviser (March 2004-December 2012); Chief Compliance Officer of the Sub-Adviser, OppenheimerFunds Distributor, Inc., OFI Trust Company, OFI Institutional Asset Management, Inc., Oppenheimer Real Asset Management, Inc., OFI Private Investments, Inc., Harborview Asset Management Corporation, Trinity Investment Management Corporation, and Shareholder Services, Inc. (since March 2004); Vice President of OppenheimerFunds Distributor, Inc., Centennial Asset Management Corporation and Shareholder Services, Inc. (June 1983-December 2012). An officer of 90 portfolios in the OppenheimerFunds complex.

**Brian W. Wixted,**  
Treasurer and Principal Financial & Accounting Officer (since 1999)  
Year of Birth: 1959

Senior Vice President of the Manager (since January 2013); Treasurer of the Sub-Adviser, HarbourView Asset Management Corporation, Shareholder Financial Services, Inc., Shareholder Services, Inc., and Oppenheimer Real Asset Management, 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. (November 2000-June 2008), and OppenheimerFunds Legacy Program (charitable trust program established by the Sub-Adviser) (June 2003-December 2011); Treasurer and Chief Financial Officer of OFI Trust Company (since May 2000); Assistant Treasurer of Oppenheimer Acquisition Corporation (March 1999-June 2008). An officer of 90 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.**

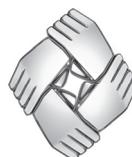
# OPPENHEIMER CAPITAL APPRECIATION FUND/VA

A Series of Oppenheimer Variable Account Funds

<b>Manager</b>	OFI Global Asset Management, Inc.
<b>Sub-Adviser</b>	OppenheimerFunds, Inc.
<b>Distributor</b>	OppenheimerFunds Distributor, Inc.
<b>Transfer and Shareholder Servicing Agent</b>	OFI Global Asset Management, Inc.
<b>Sub-Transfer Agent</b>	Shareholder Services, Inc. OppenheimerFunds Services
<b>Independent Registered Public Accounting Firm</b>	KPMG LLP
<b>Counsel</b>	K&L Gates LLP

**Before investing, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses and summary prospectuses contain this and other information about the funds, 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.**

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