DECEMBER 31, 2013

Franklin Templeton Variable Insurance Products Trust

ANNUAL REPORT

FRANKLIN TEMPLETON INVESTMENTS

Franklin · Templeton · Mutual Series

Franklin Templeton Variable Insurance Products Trust Annual Report
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NOT FDIC INSURED | MAY LOSE VALUE | NO BANK GUARANTEE

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Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts, or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

This annual report for Templeton Foreign Securities Fund covers the fiscal year ended December 31, 2013.

Templeton Foreign Securities Fund – Class 2

Performance Summary as of 12/31/13

Average annual total return of Class 2 shares* represents the average annual change in value, assuming reinvestment of dividends and capital gains. Average returns smooth out variations in returns, which can be significant; they are not the same as year-by-year results.

Periods ended 12/31/13	1-Year	5-Year	10-Year
Average Annual Total Return	+22.97%	+14.06%	+7.74%

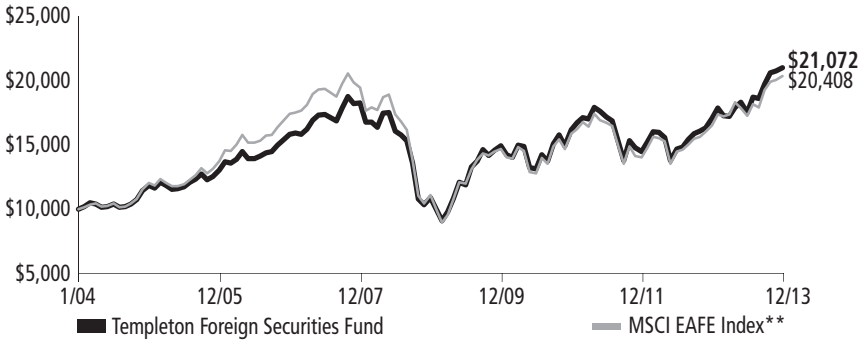
*The Fund has a fee waiver associated with its investments in a Franklin Templeton money fund, contractually guaranteed through at least its current fiscal year end. Fund investment results reflect the fee waiver, to the extent applicable; without this reduction, the results would have been lower.

Performance reflects the Fund's Class 2 operating expenses, but does *not* include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.

Total Return Index Comparison for a Hypothetical $10,000 Investment (1/1/04–12/31/13)

The graph below shows the change in value of a hypothetical $10,000 investment in the Fund over the indicated period and includes reinvestment of any income or distributions. The Fund's performance* is compared to the performance of the MSCI Europe, Australasia, Far East (EAFE) Index. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. **Please see Important Notes to Performance Information preceding the Fund Summaries.**

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.



**Source: © 2014 Morningstar. Please see Index Descriptions following the Fund Summaries.

Fund Risks: All investments involve risks, including possible loss of principal. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in emerging markets involve heightened risks related to the same factors. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. Current political uncertainty surrounding the European Union (EU) and its membership may increase market volatility. The financial instability of some countries in the EU, including Greece, Italy and Spain, together with the risk of that impacting other more stable countries, may increase the economic risk of investing in companies in Europe. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Fund Goal and Main Investments: Templeton Foreign Securities Fund seeks long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of issuers located outside the U.S., including those in emerging markets.

Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the Fund's benchmark, the MSCI EAFE Index, produced a +23.29% total return for the same period.[1] Please note, index performance information is provided for reference and we do not attempt to track the index but rather undertake investments on the basis of fundamental research.

Economic and Market Overview

The 12 months under review were characterized by reinvigorated policy support and an economic recovery in developed markets. However, differences in global economic trends corresponded with increasingly divergent monetary policies, and growth in emerging market economies tended to slow. The central banks of key developed markets generally reaffirmed their accommodative monetary stances while some emerging market counterparts tightened policy rates as they sought to control inflation and currency depreciation.

In the U.S., economic growth and employment trends generally exceeded expectations. The U.S. Federal Reserve Board (Fed) expanded its asset purchase program to $85 billion per month from $40 billion early in the year. After encouraging economic and employment reports, the Fed announced in December it would reduce its monthly bond purchases by $10 billion beginning in January 2014; however, the Fed committed to keeping interest rates low. In October, the federal government temporarily shut down after Congress failed to authorize routine federal funding amid a disagreement over a new health care law. However, Congress subsequently agreed to fund the government through early 2014 and later passed a two-year budget deal that could ease automatic spending cuts and lower the risk of another shutdown.

Outside the U.S., the eurozone emerged from its longest recession on record during 2013's second half and Japan's growth moderated. The European Central Bank reduced its policy rate to a record low and pledged to maintain systemic support following political turmoil in

1. Source: © 2014 Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

Greece, Spain, Portugal and Italy. Germany's re-election of Chancellor Angela Merkel was largely perceived as a vote of support for ongoing eurozone reform measures. In Asia, the Bank of Japan set an explicit inflation target and pledged to double bond purchases in an unprecedented wave of policy reform. The U.S. dollar fell versus the euro but rose versus the Japanese yen in 2013.

Growth in many emerging markets moderated based on lower domestic demand, falling exports and weakening commodity prices. Political turmoil in certain emerging markets, the Fed's potential tapering of its asset purchase program and the Chinese central bank's effort to tighten liquidity to curb real estate and credit speculation led to a sell-off in emerging market equities and a sharp depreciation in regional currencies against the U.S. dollar. Central banks in Brazil, India and Indonesia raised interest rates in the second half of 2013 as they sought to curb inflation.

The stock market rally in developed markets accelerated during 2013 amid redoubled central bank commitments, continued corporate earnings strength and increasing signs of economic progress. Emerging market stocks rebounded toward period-end, although Latin American stocks trailed their emerging market peers. Oil prices rallied in the third quarter and rose for the year mainly owing to supply concerns related to geopolitical turmoil, but gold posted its largest annual price decline in more than three decades. Increasingly divergent economic and political circumstances during the period resulted in declining market correlations, which many bottom-up investors perceived as more favorable.

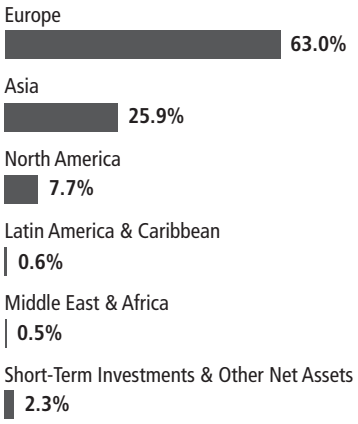
Investment Strategy

Our investment philosophy is bottom up, value oriented and long term. In choosing investments, we generally focus on the market price of a company's securities relative to our evaluation of the company's potential long-term earnings, asset value and cash flow. Among factors we consider are a company's historical value measures, including price/earnings ratio, profit margins and liquidation value. We do in-depth research to construct a bargain list from which we buy.

Manager's Discussion

During the 12 months under review, all sectors in the MSCI EAFE Index delivered positive returns as the broad market rallied. Our stock selection in the financials sector, especially in insurance, diversified financial services and commercial banks, was a major contributor to

Geographic Breakdown
Templeton Foreign Securities Fund
Based on Total Net Assets as of 12/31/13



Top 10 Holdings
Templeton Foreign Securities Fund
12/31/13

Company *Sector/Industry, Country*	% of Total Net Assets
BNP Paribas SA *Commercial Banks, France*	3.2%
ING Groep NV, IDR *Diversified Financial Services, Netherlands*	3.0%
GlaxoSmithKline PLC *Pharmaceuticals, U.K.*	2.7%
Sanofi *Pharmaceuticals, France*	2.6%
Aviva PLC *Insurance, U.K.*	2.5%
Tesco PLC *Food & Staples Retailing, U.K.*	2.4%
Credit Suisse Group AG *Capital Markets, Switzerland*	2.4%
Samsung Electronics Co. Ltd. *Semiconductors & Semiconductor Equipment, South Korea*	2.2%
Total SA, B *Oil, Gas & Consumable Fuels, France*	2.2%
AXA SA *Insurance, France*	2.1%

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI).

Fund performance relative to its benchmark index.[2] Among the top sector contributors were insurance providers AXA (France) and Aegon (Netherlands), diversified financial services providers ING Groep (Netherlands) and ING U.S.,[3] a new holding, and commercial banks Lloyds Banking Group (U.K.), BNP Paribas (France) and UniCredit (Italy). AXA's shares advanced through the year as the insurer reported moderate revenue growth across all its business segments and continued to focus on higher margin products. The insurer also continued to expand its presence in emerging markets by acquiring domestic insurers in China and Colombia. Our underweighting in the underperforming materials sector, especially in metals and mining, contributed to relative results.[4] Stock selection in the health care sector also aided relative performance, with pharmaceutical company Roche Holding (Switzerland) as a notable contributor.[5] The company reported encouraging earnings results through the year, driven by demand for its cancer drugs, especially Avastin. The drug maker also progressed on its product pipeline and launched cancer drugs Perjeta in the U.S. and Kadcyla in the European Union. Underweightings in utilities, a sector we eliminated by period-end, and in consumer staples also aided returns.[6] Other individual contributors included telecommunication services provider Vodafone Group (U.K.), specialty retailer Kingfisher (U.K.) and Japanese automobile manufacturer Mazda Motor.[7] Vodafone's stock price advanced as the company entered into an agreement to sell a joint venture interest to its partner Verizon Communications and planned to return a large portion of the sale to Vodafone's shareholders.

In contrast, our overweighting and stock selection in the energy sector detracted from Fund performance.[8] Our positions in energy equipment and services companies Aker Solutions (Norway) and Trican Well Service[3] (Canada) as well as Norwegian oil and natural gas producer Statoil suffered from oil price fluctuations stemming from Middle East political tensions. Our stock selection in telecommunication services companies such as wireless telecommunication provider China Mobile[3] and diversified telecommunication provider China Telecom[3] weighed

2. The financials sector comprises capital markets, commercial banks, diversified financial services, insurance, and real estate management and development in the SOI.
3. Not part of the index.
4. The materials sector comprises chemicals, construction materials, containers and packaging, and metals and mining in the SOI.
5. The health care sector comprises health care equipment and supplies, health care providers and services, life sciences tools and services, and pharmaceuticals in the SOI.
6. The consumer staples sector comprises food and staples retailing in the SOI.
7. Sold by period-end.
8. The energy sector comprises energy equipment and services; and oil, gas and consumable fuels in the SOI.

on results.[9] China Mobile's stock price fell after the company reported lower-than-expected second- and third-quarter earnings because of rising network costs. Stock selection in the information technology sector detracted from relative performance, with an off-benchmark position in South Korean electronic products manufacturer Samsung Electronics as a major detractor.[10] In other sectors, the Fund's off-benchmark positions in POSCO (South Korea) and Potash Corp. of Saskatchewan[7] (Canada) as well as holdings in food and staples retailer Tesco (U.K.) and Brazilian metals and mining company Vale hindered relative performance.

From a geographic perspective, our stock selection in Europe benefited the Fund's relative performance, as a number of our investments in the U.K., Switzerland, the Netherlands, France and Italy performed well. A lack of exposure to Australia, an off-benchmark allocation to the U.S. and stock selection in Hong Kong also contributed to relative returns. However, elsewhere in Asia, off-benchmark allocations to South Korea and China detracted from relative performance. Our exposure to off-benchmark nation Canada and a few European countries, led by Norway, also hurt performance.

Thank you for your participation in Templeton Foreign Securities Fund. We look forward to serving your future investment needs.

9. The telecommunication services sector comprises diversified telecommunication services and wireless telecommunication services in the SOI.
10. The information technology sector comprises communications equipment; computers and peripherals; electronic equipment, instruments and components; semiconductors and semiconductor equipment; and software in the SOI.

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2013, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Templeton Foreign Securities Fund – Class 2

Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract level.

- Transaction expenses can include sales charges (loads) on purchases, redemption fees, surrender fees, transfer fees and premium taxes.
- Ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses.

The expenses shown in the table are meant to highlight ongoing expenses at the Fund level only and do not include ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract level. While the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

The table shows Fund-level ongoing expenses and can help you understand these expenses and compare them with those of other mutual funds offered through the Contract. The table assumes a $1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The first line (Actual) of the table provides actual account values and expenses. The "Ending Account Value" is derived from the Fund's actual return, which includes the effect of ongoing Fund expenses, but does not include the effect of ongoing Contract expenses.

You can estimate the Fund-level expenses you incurred during the period by following these steps. *Of course, your account value and expenses will differ from those in this illustration*:

1. Divide your account value by $1,000.
   If an account had an $8,600 value, then $8,600 ÷ $1,000 = 8.6.
2. Multiply the result by the number under the heading "Fund-Level Expenses Incurred During Period."
   If Fund-Level Expenses Incurred During Period were $7.50, then 8.6 x $7.50 = $64.50.

In this illustration, the estimated expenses incurred this period at the Fund level are $64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Information in the second line (Hypothetical) of the table can help you compare ongoing expenses of the Fund with those of other mutual funds offered through the Contract. This information may not be used to estimate the actual ending account balance or expenses you incurred during the period. The hypothetical "Ending Account Value" is based on the Fund's actual expense ratio and an assumed 5% annual rate of return before expenses, which does not represent the Fund's actual return. The figure under the heading "Fund-Level Expenses Incurred During Period" shows the hypothetical expenses your account would have incurred under this scenario. You can compare this figure with the 5% hypothetical examples that appear in shareholder reports of other funds offered through a Contract.

Class 2	Beginning Account Value 7/1/13	Ending Account Value 12/31/13	Fund-Level Expenses Incurred During Period* 7/1/13–12/31/13
Actual	$1,000	$1,201.40	$5.66
Hypothetical (5% return before expenses)	$1,000	$1,020.06	$5.19

*Expenses are calculated using the most recent six-month annualized expense ratio for the Fund's Class 2 shares (1.02%), which does not include any ongoing expenses of the Contract for which the Fund is an investment option, multiplied by the average account value over the period, multiplied by 184/365 to reflect the one-half year period.

Franklin Templeton Variable Insurance Products Trust

Financial Highlights

Templeton Foreign Securities Fund

	Year Ended December 31,				
Class 1	**2013**	**2012**	**2011**	**2010**	**2009**
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	$ 14.63	$ 12.78	$ 14.54	$ 13.68	$ 10.95
Income from investment operations[a]:					
Net investment income[b]	0.34	0.38	0.42	0.28	0.25
Net realized and unrealized gains (losses)	3.00	1.91	(1.90)	0.86	3.39
Total from investment operations	3.34	2.29	(1.48)	1.14	3.64
Less distributions from:					
Net investment income	(0.41)	(0.44)	(0.28)	(0.28)	(0.43)
Net realized gains	—	—	—	—	(0.48)
Total distributions	(0.41)	(0.44)	(0.28)	(0.28)	(0.91)
Redemption fees[c]	—	—	—	—	—
Net asset value, end of year	$ 17.56	$ 14.63	$ 12.78	$ 14.54	$ 13.68
Total return[d]	23.27%	18.60%	(10.44)%	8.67%	37.34%
Ratios to average net assets					
Expenses	0.78%	0.79%	0.79%[e]	0.78%[e]	0.78%[e]
Net investment income	2.16%	2.84%	2.92%	2.10%	2.28%
Supplemental data					
Net assets, end of year (000's)	$298,468	$265,924	$ 254,292	$321,282	$318,173
Portfolio turnover rate	23.61%	12.53%	21.09%	19.16%	22.50%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Amount rounds to less than $0.01 per share.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which the Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.
[e]Benefit of expense reduction rounds to less than 0.01%.

The accompanying notes are an integral part of these financial statements.

Franklin Templeton Variable Insurance Products Trust

Financial Highlights *(continued)*

Templeton Foreign Securities Fund

	Year Ended December 31,				
Class 2	**2013**	**2012**	**2011**	**2010**	**2009**
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	$ 14.37	$ 12.56	$ 14.29	$ 13.45	$ 10.76
Income from investment operations[a]:					
Net investment income[b]	0.30	0.34	0.37	0.25	0.22
Net realized and unrealized gains (losses)	2.94	1.87	(1.86)	0.84	3.34
Total from investment operations	3.24	2.21	(1.49)	1.09	3.56
Less distributions from:					
Net investment income	(0.37)	(0.40)	(0.24)	(0.25)	(0.39)
Net realized gains	—	—	—	—	(0.48)
Total distributions	(0.37)	(0.40)	(0.24)	(0.25)	(0.87)
Redemption fees[c]	—	—	—	—	—
Net asset value, end of year	$ 17.24	$ 14.37	$ 12.56	$ 14.29	$ 13.45
Total return[d]	22.97%	18.23%	(10.63)%	8.41%	37.04%
Ratios to average net assets					
Expenses	1.03%	1.04%	1.04%[e]	1.03%[e]	1.03%[e]
Net investment income	1.91%	2.59%	2.67%	1.85%	2.03%
Supplemental data					
Net assets, end of year (000's)	$1,873,586	$1,744,231	$1,679,412	$2,090,757	$2,010,268
Portfolio turnover rate	23.61%	12.53%	21.09%	19.16%	22.50%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Amount rounds to less than $0.01 per share.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which the Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.
[e]Benefit of expense reduction rounds to less than 0.01%.

Franklin Templeton Variable Insurance Products Trust

Financial Highlights *(continued)*

Templeton Foreign Securities Fund

	Year Ended December 31,				
Class 3	**2013**	**2012**	**2011**	**2010**	**2009**
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$ 14.32	$ 12.51	$ 14.24	$ 13.37	$ 10.70
Income from investment operations[a]:					
Net investment income[b]	0.30	0.34	0.37	0.25	0.25
Net realized and unrealized gains (losses)	2.93	1.87	(1.86)	0.84	3.30
Total from investment operations	3.23	2.21	(1.49)	1.09	3.55
Less distributions from:					
Net investment income	(0.37)	(0.40)	(0.24)	(0.22)	(0.40)
Net realized gains	—	—	—	—	(0.48)
Total distributions	(0.37)	(0.40)	(0.24)	(0.22)	(0.88)
Redemption fees[c]	—	—	—	—	—
Net asset value, end of year	$ 17.18	$ 14.32	$ 12.51	$ 14.24	$ 13.37
Total return[d]	22.98%	18.30%	(10.68)%	8.41%	37.20%
Ratios to average net assets					
Expenses	1.03%	1.04%	1.04%[e]	1.03%[e]	1.03%[e]
Net investment income	1.91%	2.59%	2.67%	1.85%	2.03%
Supplemental data					
Net assets, end of year (000's)	$ 95,405	$ 91,642	$ 88,380	$108,766	$115,364
Portfolio turnover rate	23.61%	12.53%	21.09%	19.16%	22.50%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Amount rounds to less than $0.01 per share.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which the Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.
[e]Benefit of expense reduction rounds to less than 0.01%.

Franklin Templeton Variable Insurance Products Trust

Financial Highlights *(continued)*

Templeton Foreign Securities Fund

	Year Ended December 31,				
Class 4	**2013**	**2012**	**2011**	**2010**	**2009**
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	$ 14.48	$ 12.66	$ 14.43	$ 13.59	$ 10.91
Income from investment operations[a]:					
Net investment income[b]	0.28	0.33	0.36	0.17	0.21
Net realized and unrealized gains (losses)	2.97	1.89	(1.88)	0.92	3.37
Total from investment operations	3.25	2.22	(1.52)	1.09	3.58
Less distributions from:					
Net investment income	(0.36)	(0.40)	(0.25)	(0.25)	(0.42)
Net realized gains	—	—	—	—	(0.48)
Total distributions	(0.36)	(0.40)	(0.25)	(0.25)	(0.90)
Redemption fees[c]	—	—	—	—	—
Net asset value, end of year	$ 17.37	$ 14.48	$ 12.66	$ 14.43	$ 13.59
Total return[d]	22.86%	18.14%	(10.74)%	8.38%	36.84%
Ratios to average net assets					
Expenses	1.13%	1.14%	1.14%[e]	1.13%[e]	1.13%[e]
Net investment income	1.81%	2.49%	2.57%	1.75%	1.93%
Supplemental data					
Net assets, end of year (000's)	$513,098	$416,277	$ 353,346	$305,505	$ 48,501
Portfolio turnover rate	23.61%	12.53%	21.09%	19.16%	22.50%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund shares in relation to income earned and/or fluctuating market value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Amount rounds to less than $0.01 per share.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which the Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.
[e]Benefit of expense reduction rounds to less than 0.01%.

Franklin Templeton Variable Insurance Products Trust

Statement of Investments, December 31, 2013

Templeton Foreign Securities Fund	Country	Shares	Value
Common Stocks 97.1%			
Aerospace & Defense 1.1%			
BAE Systems PLC	United Kingdom	4,201,030	$ 30,243,321
Airlines 0.8%			
[a]Deutsche Lufthansa AG	Germany	1,080,990	22,928,024
Auto Components 1.8%			
Cie Generale des Etablissements Michelin, B	France	222,570	23,649,703
Hyundai Mobis	South Korea	100,634	27,977,057
			51,626,760
Automobiles 1.7%			
Nissan Motor Co. Ltd.	Japan	1,341,500	11,261,975
Toyota Motor Corp., ADR	Japan	291,181	35,500,788
			46,762,763
Building Products 0.6%			
Compagnie de Saint-Gobain	France	296,890	16,324,678
Capital Markets 2.8%			
Credit Suisse Group AG	Switzerland	2,190,208	66,954,736
GAM Holding Ltd.	Switzerland	505,110	9,824,179
			76,778,915
Chemicals 1.6%			
Akzo Nobel NV	Netherlands	594,220	46,049,475
Commercial Banks 14.2%			
BNP Paribas SA	France	1,124,120	87,593,758
[a]Commerzbank AG	Germany	793,900	12,787,430
DBS Group Holdings Ltd.	Singapore	2,174,520	29,469,244
Hana Financial Group Inc.	South Korea	1,255,380	52,202,214
HSBC Holdings PLC	United Kingdom	4,015,600	43,577,184
KB Financial Group Inc., ADR	South Korea	1,189,645	48,192,519
[a]Lloyds Banking Group PLC	United Kingdom	19,072,470	24,875,644
Societe Generale	France	480,870	27,925,855
UniCredit SpA	Italy	6,991,743	51,740,224
United Overseas Bank Ltd.	Singapore	985,000	16,580,599
			394,944,671
Communications Equipment 0.4%			
Ericsson, B, ADR	Sweden	997,972	12,215,177
Computers & Peripherals 0.5%			
Compal Electronics Inc.	Taiwan	16,699,431	12,791,244
Construction & Engineering 0.7%			
Carillion PLC	United Kingdom	3,750,730	20,520,595
Construction Materials 0.6%			
CRH PLC	Ireland	659,820	16,608,757
Containers & Packaging 0.9%			
Rexam PLC	United Kingdom	2,719,161	23,875,348
Diversified Financial Services 4.4%			
[a]ING Groep NV, IDR	Netherlands	6,093,334	84,651,943
ING U.S. Inc.	United States	1,076,240	37,829,836
			122,481,779

Franklin Templeton Variable Insurance Products Trust

Statement of Investments, December 31, 2013 *(continued)*

Templeton Foreign Securities Fund	Country	Shares	Value
Common Stocks (continued)			
Diversified Telecommunication Services 5.6%			
China Telecom Corp. Ltd., H	China	47,482,357	$ 24,003,410
Orange SA	France	1,396,683	17,290,236
Singapore Telecommunications Ltd.	Singapore	9,394,000	27,248,407
[b]Telefonica SA, ADR	Spain	2,270,951	37,107,339
Telenor ASA	Norway	1,103,354	26,305,418
Vivendi SA	France	928,427	24,461,917
			156,416,727
Electrical Equipment 0.9%			
Alstom SA	France	438,720	15,976,586
Shanghai Electric Group Co. Ltd., H	China	23,792,000	8,590,997
			24,567,583
Electronic Equipment, Instruments & Components 1.8%			
[a]Flextronics International Ltd.	Singapore	2,385,970	18,538,987
Kingboard Chemical Holdings Ltd.	Hong Kong	11,646,000	30,337,707
			48,876,694
Energy Equipment & Services 3.7%			
Aker Solutions ASA	Norway	1,617,940	28,917,033
Ensign Energy Services Inc.	Canada	1,965,300	30,955,580
Fugro NV, IDR	Netherlands	253,200	15,085,600
Trican Well Service Ltd.	Canada	2,373,000	28,999,237
			103,957,450
Food & Staples Retailing 3.2%			
Metro AG	Germany	437,967	21,205,310
Tesco PLC	United Kingdom	12,226,930	67,709,603
			88,914,913
Health Care Equipment & Supplies 1.1%			
Getinge AB, B	Sweden	417,870	14,290,929
Nobel Biocare Holding AG	Switzerland	974,135	15,179,055
			29,469,984
Health Care Providers & Services 0.5%			
Shanghai Pharmaceuticals Holding Co. Ltd., H	China	5,268,500	12,881,900
Industrial Conglomerates 2.6%			
Hutchison Whampoa Ltd.	Hong Kong	2,500,239	34,016,418
Siemens AG	Germany	285,414	38,979,957
			72,996,375
Insurance 10.1%			
ACE Ltd.	United States	307,649	31,850,901
Aegon NV	Netherlands	5,507,530	51,983,816
AIA Group Ltd.	Hong Kong	7,789,600	39,076,833
Aviva PLC	United Kingdom	9,258,670	68,937,783
AXA SA	France	2,056,508	57,168,564
Muenchener Rueckversicherungs-Gesellschaft AG	Germany	68,060	14,992,686
Swiss Re AG	Switzerland	174,680	16,066,918
			280,077,501

Franklin Templeton Variable Insurance Products Trust

Statement of Investments, December 31, 2013 *(continued)*

Templeton Foreign Securities Fund	Country	Shares	Value
Common Stocks (continued)			
Leisure Equipment & Products 1.0%			
Namco Bandai Holdings Inc.	Japan	977,800	$ 21,673,174
Nikon Corp.	Japan	386,100	7,366,333
			29,039,507
Life Sciences Tools & Services 0.6%			
Lonza Group AG	Switzerland	175,440	16,638,332
Metals & Mining 2.6%			
HudBay Minerals Inc.	Canada	2,891,000	23,788,862
Mining and Metallurgical Co. Norilsk Nickel OJSC, ADR	Russia	317,022	5,264,151
POSCO	South Korea	136,907	42,340,700
			71,393,713
Multiline Retail 1.0%			
Marks & Spencer Group PLC	United Kingdom	4,066,900	29,146,395
Oil, Gas & Consumable Fuels 11.4%			
BP PLC	United Kingdom	5,946,135	48,064,250
China Shenhua Energy Co. Ltd., H	China	8,462,000	26,626,706
Eni SpA	Italy	1,159,640	27,898,032
LUKOIL Holdings, ADR	Russia	109,772	6,855,261
Royal Dutch Shell PLC, A	United Kingdom	16,803	601,696
Royal Dutch Shell PLC, B	United Kingdom	1,094,263	41,308,844
Statoil ASA	Norway	1,816,110	44,017,109
Suncor Energy Inc.	Canada	901,700	31,614,469
Talisman Energy Inc.	Canada	2,554,600	29,703,253
Total SA, B	France	979,926	60,021,459
			316,711,079
Pharmaceuticals 8.4%			
GlaxoSmithKline PLC	United Kingdom	2,772,585	73,997,433
Novartis AG	Switzerland	328,730	26,237,964
Roche Holding AG	Switzerland	179,480	50,138,912
Sanofi	France	670,755	71,152,721
Teva Pharmaceutical Industries Ltd., ADR	Israel	333,815	13,379,305
			234,906,335
Real Estate Management & Development 0.0%†			
Cheung Kong (Holdings) Ltd.	Hong Kong	922	14,565
Semiconductors & Semiconductor Equipment 3.1%			
Infineon Technologies AG	Germany	1,103,225	11,775,691
Samsung Electronics Co. Ltd.	South Korea	46,744	60,747,607
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	4,151,526	14,681,997
			87,205,295
Software 1.7%			
Capcom Co. Ltd.	Japan	1,211,400	21,708,564
Trend Micro Inc.	Japan	713,300	24,928,243
			46,636,807
Specialty Retail 1.2%			
Kingfisher PLC	United Kingdom	5,160,616	32,865,855
Trading Companies & Distributors 1.7%			
ITOCHU Corp.	Japan	3,753,600	46,305,094

Franklin Templeton Variable Insurance Products Trust

Statement of Investments, December 31, 2013 *(continued)*

Templeton Foreign Securities Fund	Country	Shares	Value
Common Stocks (continued)			
Wireless Telecommunication Services 2.8%			
China Mobile Ltd.	China	2,340,000	$ 24,216,730
Vodafone Group PLC, ADR	United Kingdom	1,340,319	52,687,940
			76,904,670
Total Common Stocks (Cost $2,052,849,016)			2,700,078,281
Preferred Stocks 0.6%			
Metals & Mining 0.3%			
Vale SA, ADR, pfd., A	Brazil	664,832	9,314,297
Oil, Gas & Consumable Fuels 0.3%			
Petroleo Brasileiro SA, ADR, pfd.	Brazil	517,880	7,607,657
Total Preferred Stocks (Cost $12,298,385)			16,921,954
Total Investments before Short Term Investments (Cost $2,065,147,401)			2,717,000,235
Short Term Investments 2.7%			
Money Market Funds (Cost $69,592,541) 2.5%			
[a,c]Institutional Fiduciary Trust Money Market Portfolio	United States	69,592,541	69,592,541
[d]**Investments from Cash Collateral Received for Loaned Securities (Cost $6,432,000) 0.2%**			
Money Market Funds 0.2%			
[e]BNY Mellon Overnight Government Fund, 0.017%	United States	6,432,000	6,432,000
Total Investments (Cost $2,141,171,942) 100.4%			2,793,024,776
Other Assets, less Liabilities (0.4)%			(12,466,730)
Net Assets 100.0%			$2,780,558,046

See Abbreviations on page TF-27.

†Rounds to less than 0.1% of net assets.
[a]Non-income producing.
[b]A portion or all of the security is on loan at December 31, 2013. See Note 1(c).
[c]See Note 7 regarding investments in the Institutional Fiduciary Trust Money Market Portfolio.
[d]See Note 1(c) regarding securities on loan.
[e]The rate shown is the annualized seven-day yield at period end.

Franklin Templeton Variable Insurance Products Trust

Financial Statements

Statement of Assets and Liabilities
December 31, 2013

	Templeton Foreign Securities Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$2,071,579,401
Cost - Sweep Money Fund (Note 7)	69,592,541
Total cost of investments	$2,141,171,942
Value - Unaffiliated issuers	$2,723,432,235
Value - Sweep Money Fund (Note 7)	69,592,541
Total value of investments (includes securities loaned in the amount $6,274,560)	2,793,024,776
Receivables:	
Investment securities sold	515,083
Capital shares sold	982,086
Dividends	4,477,585
Other assets	60
Total assets	2,798,999,590
Liabilities:	
Payables:	
Investment securities purchased	495,501
Capital shares redeemed	7,960,888
Management fees	1,477,136
Administrative fees	222,190
Distribution fees	1,104,444
Payable upon return of securities loaned	6,432,000
Accrued expenses and other liabilities	749,385
Total liabilities	18,441,544
Net assets, at value	$2,780,558,046
Net assets consist of:	
Paid-in capital	$2,147,551,858
Undistributed net investment income	49,005,172
Net unrealized appreciation (depreciation)	651,936,806
Accumulated net realized gain (loss)	(67,935,790)
Net assets, at value	$2,780,558,046

The accompanying notes are an integral part of these financial statements.

Franklin Templeton Variable Insurance Products Trust

Financial Statements *(continued)*

Statement of Assets and Liabilities *(continued)*
December 31, 2013

	Templeton Foreign Securities Fund
Class 1:	
Net assets, at value	$ 298,468,465
Shares outstanding	16,995,615
Net asset value and maximum offering price per share	$ 17.56
Class 2:	
Net assets, at value	$1,873,586,040
Shares outstanding	108,656,664
Net asset value and maximum offering price per share	$ 17.24
Class 3:	
Net assets, at value	$ 95,405,319
Shares outstanding	5,553,970
Net asset value and maximum offering price per share[a]	$ 17.18
Class 4:	
Net assets, at value	$ 513,098,222
Shares outstanding	29,544,388
Net asset value and maximum offering price per share	$ 17.37

[a]Redemption price is equal to net asset value less redemption fees retained by the Fund.

Franklin Templeton Variable Insurance Products Trust

Financial Statements *(continued)*

Statement of Operations
for the year ended December 31, 2013

	Templeton Foreign Securities Fund
Investment income:	
Dividends (net of foreign taxes of $6,946,517)	$ 75,267,252
Income from securities loaned	1,510,201
Total investment income	76,777,453
Expenses:	
Management fees (Note 3a)	16,712,881
Administrative fees (Note 3b)	2,535,512
Distribution fees: (Note 3c)	
Class 2	4,453,331
Class 3	230,038
Class 4	1,623,277
Unaffiliated transfer agent fees	1,774
Custodian fees (Note 4)	377,540
Reports to shareholders	436,387
Registration and filing fees	1,094
Professional fees	138,372
Trustees' fees and expenses	10,256
Other	56,693
Total expenses	26,577,155
Net investment income	50,200,298
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments	40,989,015
Foreign currency transactions	(465,033)
Net realized gain (loss)	40,523,982
Net change in unrealized appreciation (depreciation) on:	
Investments	454,907,975
Translation of other assets and liabilities denominated in foreign currencies	77,388
Net change in unrealized appreciation (depreciation)	454,985,363
Net realized and unrealized gain (loss)	495,509,345
Net increase (decrease) in net assets resulting from operations	$545,709,643

The accompanying notes are an integral part of these financial statements.

Franklin Templeton Variable Insurance Products Trust

Financial Statements *(continued)*

Statements of Changes in Net Assets

	Templeton Foreign Securities Fund	
	Year Ended December 31, 2013	2012
Increase (decrease) in net assets:		
Operations:		
Net investment income	$ 50,200,298	$ 63,456,029
Net realized gain (loss) from investments and foreign currency transactions	40,523,982	19,998,467
Net change in unrealized appreciation (depreciation) on investments and translation of other assets and liabilities denominated in foreign currencies	454,985,363	333,368,769
Net increase (decrease) in net assets resulting from operations	545,709,643	416,823,265
Distributions to shareholders from:		
Net investment income:		
Class 1	(7,042,374)	(8,240,958)
Class 2	(42,339,120)	(51,055,731)
Class 3	(2,189,476)	(2,656,996)
Class 4	(10,745,373)	(11,448,483)
Total distributions to shareholders	(62,316,343)	(73,402,168)
Capital share transactions: (Note 2)		
Class 1	(18,682,478)	(24,104,168)
Class 2	(199,579,456)	(174,931,568)
Class 3	(13,135,502)	(9,153,115)
Class 4	10,467,967	7,407,804
Total capital share transactions	(220,929,469)	(200,781,047)
Redemption fees	19,703	4,388
Net increase (decrease) in net assets	262,483,534	142,644,438
Net assets:		
Beginning of year	2,518,074,512	2,375,430,074
End of year	$2,780,558,046	$2,518,074,512
Undistributed net investment income included in net assets:		
End of year	$ 49,005,172	$ 61,586,250

The accompanying notes are an integral part of these financial statements.

Franklin Templeton Variable Insurance Products Trust

Notes to Financial Statements

Templeton Foreign Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940, as amended, (1940 Act) as an open-end investment company, consisting of twenty separate funds. The Templeton Foreign Securities Fund (Fund) is included in this report. The financial statements of the remaining funds in the Trust are presented separately. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers four classes of shares: Class 1, Class 2, Class 3, and Class 4. Each class of shares differs by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share at the close of the New York Stock Exchange (NYSE), generally at 4p.m. Eastern time (NYSE close) on each day the NYSE is open for trading. Under procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator, investment manager and other affiliates have formed the Valuation and Liquidity Oversight Committee (VLOC). The VLOC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded or as of the NYSE close, whichever is earlier. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at the NYSE close on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities. Investments in open-end mutual funds and non-registered money market funds are valued at the closing net asset value.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VLOC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VLOC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VLOC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before the daily NYSE close. In addition, trading in certain foreign markets may not take place on every NYSE business day. Occasionally, events occur between the time at which trading in a foreign security is completed and the close of the NYSE that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at the close of the NYSE. In order to minimize the potential for these differences, the VLOC monitors price movements following the close of trading in foreign stock markets through a series of country specific market proxies (such as baskets of American Depositary Receipts, futures contracts

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

a. Financial Instrument Valuation (continued)

and exchange traded funds). These price movements are measured against established trigger thresholds for each specific market proxy to assist in determining if an event has occurred that may call into question the reliability of the values of the foreign securities held by the Fund. If such an event occurs, the securities may be valued using fair value procedures, which may include the use of independent pricing services.

Also, when the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the NYSE is closed, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any significant security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments on the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Securities Lending

The Fund participates in an agency based securities lending program. The Fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the market value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the market value of loaned securities, as determined at the close of fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. The collateral is invested in a non-registered money fund. The Fund receives income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. The Fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

d. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Income and Deferred Taxes (continued)

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund recognizes the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. As of December 31, 2013, and for all open tax years, the Fund has determined that no liability for unrecognized tax benefits is required in the Fund's financial statements related to uncertain tax positions taken on a tax return (or expected to be taken on future tax returns). Open tax years are those that remain subject to examination and are based on each tax jurisdiction statute of limitation.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except that certain dividends from foreign securities are recognized as soon as the Fund is notified of the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date and are determined according to income tax regulations (tax basis). Distributable earnings determined on a tax basis may differ from earnings recorded in accordance with accounting principles generally accepted in the United States of America. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the funds based on the ratio of net assets of each fund to the combined net assets of the Trust. Fund specific expenses are charged directly to the fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, not including class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions, by class, are generally due to differences in class specific expenses.

f. Accounting Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

g. Redemption Fees

Redemptions and exchanges of interests in an insurance company subaccount that invests in Class 3 shares of the Fund will be subject to a 1.0% short term trading fee if the interest in the subaccount has been held for less than 60 days. Such fees are retained by the Fund and accounted for as an addition to paid-in capital, allocated to each class of shares based upon the relative proportion of net assets of each class.

Franklin Templeton Variable Insurance Products Trust

Notes to Financial Statements *(continued)*

Templeton Foreign Securities Fund

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

2. SHARES OF BENEFICIAL INTEREST

At December 31, 2013, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2013		2012	
Class 1 Shares:	**Shares**	**Amount**	**Shares**	**Amount**
Shares sold	496,052	$ 7,884,222	437,702	$ 5,851,468
Shares issued in reinvestment of distributions	468,554	7,042,374	676,598	8,240,958
Shares redeemed	(2,142,399)	(33,609,074)	(2,835,243)	(38,196,594)
Net increase (decrease)	(1,177,793)	$ (18,682,478)	(1,720,943)	$ (24,104,168)
Class 2 Shares:				
Shares sold	9,932,214	$ 152,564,880	12,784,843	$ 164,850,484
Shares issued in reinvestment of distributions	2,864,622	42,339,120	4,261,747	51,055,731
Shares redeemed	(25,480,434)	(394,483,456)	(29,457,075)	(390,837,783)
Net increase (decrease)	(12,683,598)	$(199,579,456)	(12,410,485)	$(174,931,568)
Class 3 Shares:				
Shares sold	558,566	$ 8,455,794	414,387	$ 5,363,853
Shares issued in reinvestment of distributions	148,742	2,189,476	222,529	2,656,996
Shares redeemed	(1,552,340)	(23,780,772)	(1,302,161)	(17,173,964)
Net increase (decrease)	(845,032)	$ (13,135,502)	(665,245)	$ (9,153,115)
Class 4 Shares:				
Shares sold	5,690,758	$ 88,119,947	6,234,278	$ 81,740,548
Shares issued on reinvestment of distributions	721,650	10,745,373	947,722	11,448,483
Shares redeemed	(5,613,738)	(88,397,353)	(6,356,073)	(85,781,227)
Net increase (decrease)	798,670	$ 10,467,967	825,927	$ 7,407,804

3. TRANSACTIONS WITH AFFILIATES

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton Investments. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Templeton Investment Counsel, LLC (TIC)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

3. TRANSACTIONS WITH AFFILIATES (continued)

a. Management Fees

The Fund pays an investment management fee to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.750%	Up to and including $200 million
0.675%	Over $200 million, up to and including $1.3 billion
0.600%	Over $1.3 billion, up to and including $10 billion
0.580%	Over $10 billion, up to and including $15 billion
0.560%	Over $15 billion, up to and including $20 billion
0.540%	In excess of $20 billion

b. Administrative Fees

The Fund pays an administrative fee to FT Services based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.150%	Up to and including $200 million
0.135%	Over $200 million, up to and including $700 million
0.100%	Over $700 million, up to and including $1.2 billion
0.075%	In excess of $1.2 billion

c. Distribution Fees

The Board has adopted distribution plans for Class 2, Class 3, and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.25%, 0.35%, and 0.35% per year of its average daily net assets of Class 2, Class 3, and Class 4, respectively. Some distribution fees are not charged on shares held by affiliates. The Board has agreed to limit the current rate to 0.25% per year for Class 3. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

4. EXPENSE OFFSET ARRANGEMENT

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2013, there were no credits earned.

5. INCOME TAXES

For tax purposes, capital losses may be carried over to offset future capital gains. Capital loss carryforwards with no expiration, if any, must be fully utilized before those losses with expiration dates.

5. INCOME TAXES (continued)

At December 31, 2013, the Fund had capital loss carryforwards of $59,815,020 expiring in 2017. During the year ended December 31, 2013, the Fund utilized $40,989,015 of capital loss carryforwards.

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

	2013	2012
Distributions paid from ordinary income	$62,316,343	$73,402,168

At December 31, 2013, the cost of investments, net unrealized appreciation (depreciation), and undistributed ordinary income for income tax purposes were as follows:

Cost of investments	$2,149,983,787
Unrealized appreciation	$ 707,876,713
Unrealized depreciation	(64,835,724)
Net unrealized appreciation (depreciation)	$ 643,040,989
Distributable earnings – undistributed ordinary income	$ 49,729,731

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions and wash sales.

6. INVESTMENT TRANSACTIONS

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2013, aggregated $592,406,211 and $841,981,365, respectively.

7. INVESTMENTS IN INSTITUTIONAL FIDUCIARY TRUST MONEY MARKET PORTFOLIO

The Fund invests in the Institutional Fiduciary Trust Money Market Portfolio (Sweep Money Fund), an open-end investment company managed by Franklin Advisers, Inc. (an affiliate of the investment manager). Management fees paid by the Fund are reduced on assets invested in the Sweep Money Fund, in an amount not to exceed the management and administrative fees paid by the Sweep Money Fund.

8. CONCENTRATION OF RISK

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities.

9. CREDIT FACILITY

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling $1.5 billion (Global Credit Facility) which, after an extension of the original terms, matured on February 14, 2014. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 14, 2014, the Borrowers renewed the Global Credit Facility which matures on February 13, 2015.

9. CREDIT FACILITY (continued)

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.07% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses on the Statement of Operations. During the year ended December 31, 2013, the Fund did not use the Global Credit Facility.

10. FAIR VALUE MEASUREMENTS

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of December 31, 2013, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Equity Investments[a,b]	$2,717,000,235	$ —	$ —	$2,717,000,235
Short Term Investments	69,592,541	6,432,000	—	76,024,541
Total Investments in Securities	$2,786,592,776	$6,432,000	$ —	$2,793,024,776

[a]Includes common and preferred stocks.
[b]For detailed categories, see the accompanying Statement of Investments.

11. NEW ACCOUNTING PRONOUNCEMENTS

In June 2013, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2013-08, Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The ASU modifies the criteria used in defining an investment company under U.S. Generally Accepted Accounting Principles and also sets forth certain measurement and disclosure requirements. Under the ASU, an entity that is registered under the 1940 Act automatically qualifies as an investment company. The ASU is effective for interim and annual reporting periods beginning after December 15, 2013. Management has reviewed the requirements and believes the adoption of this ASU will not have a material impact on the financial statements.

12. SUBSEQUENT EVENTS

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

ABBREVIATIONS

Selected Portfolio

ADR - American Depositary Receipt
IDR - International Depositary Receipt

Franklin Templeton Variable Insurance Products Trust

Templeton Foreign Securities Fund

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Franklin Templeton Variable Insurance Products Trust

In our opinion, the accompanying statement of assets and liabilities, including the statement of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Templeton Foreign Securities Fund (the "Fund") at December 31, 2013, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements 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 are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2013 by correspondence with the custodian, transfer agent and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California
February 14, 2014

Franklin Templeton Variable Insurance Products Trust

Tax Information (unaudited)

Templeton Foreign Securities Fund

At December 31, 2013, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. The Fund elects to treat foreign taxes paid as allowed under Section 853 of the Internal Revenue Code (Code). This election will allow shareholders of record as of the 2014 distribution date, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

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The indexes are unmanaged and include reinvested distributions.

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Barclays U.S. Aggregate Index is a market capitalization-weighted index representing the U.S. investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Barclays U.S. Government Index: Intermediate Component is the intermediate component of the Barclays U.S. Government Index, which includes public obligations of the U.S. Treasury with at least one year to final maturity and publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

Citigroup World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

Consumer Price Index (CPI), calculated by the Bureau of Labor Statistics, is a commonly used measure of the inflation rate.

Credit Suisse (CS) High Yield Index is designed to mirror the investable universe of the U.S. dollar-denominated high yield debt market.

Dow Jones Industrial Average is a price-weighted average of blue-chip stocks that are generally the leaders in their industry.

Dow Jones-UBS Commodity Index is a broadly diversified index designed to allow investors to track commodity futures through a single, simple measure. The index reflects the return on fully collateralized positions in the underlying futures contracts on physical commodities, which are reweighted and rebalanced annually on a price-percentage basis. The Dow Jones-UBS Commodity Indices℠ are a joint product of DJI Opco, LLC, a subsidiary of S&P Dow Jones Indices LLC, and UBS Securities LLC ("UBS") and have been licensed for use to S&P Opco, LLC and Franklin Templeton Companies, LLC. S&P® is a registered trademark of Standard & Poor's Financial Services LLC, Dow Jones® and DJ are registered trademarks of Dow Jones Trademark Holdings LLC, and "UBS" is a registered trademark of UBS AG. All content of the Dow Jones-UBS Commodity Indices℠ © S&P Dow Jones Indices LLC and UBS and their respective affiliates 2014. Reproduction of Dow Jones-UBS Commodity Indices℠ in any form is prohibited except with the prior written permission of S&P. S&P does not guarantee the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions, regardless of the cause or for the results obtained from the use of such information. S&P DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. In no event shall S&P be liable for any direct, indirect, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with subscriber's or others' use of Dow Jones-UBS Commodity Indices℠.

FTSE EPRA/NAREIT Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets. FTSE® is a trademark of London Stock Exchange Plc and The Financial Times Limited and is used by FTSE under license.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the 12-month period ended 12/31/13, there were 226 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity

Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the 12-month period ended 12/31/13, there were 66 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the 12-month period ended 12/31/13, there were 50 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP High Yield Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper High Yield Funds Classification in the Lipper VIP underlying funds universe. Lipper High Yield Funds aim at high (relative) current yield from fixed income securities, have no quality or maturity restrictions, and tend to invest in lower grade debt issues. For the 12-month period ended 12/31/13, there were 110 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets.

MSCI Emerging Markets (EM) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI Europe, Australasia, Far East (EAFE) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets excluding the U.S. and Canada.

MSCI Europe, Australasia, Far East (EAFE) Index Net Return (Local Currency) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance of global developed markets excluding the U.S. and Canada. The index is calculated in local currency and includes reinvested daily net dividends.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 1000® Value Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2500™ Index is market capitalization weighted and measures performance of the smallest companies in the Russell 3000® Index, which represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 2500™ Value Index is market capitalization weighted and measures performance of those Russell 2500™ Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000® Index is market capitalization weighted and measures performance of the largest U.S. companies based on total market capitalization and represents the majority of the investable U.S. equity market.

Russell Midcap® Growth Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represent a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's 500 Index (S&P 500) is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance. STANDARD & POOR'S®, S&P® and S&P 500® are registered trademarks of Standard & Poor's Financial Services LLC.

Standard & Poor's/International Finance Corporation Investable (S&P/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

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Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupation during at least the past five years and number of portfolios overseen in the Franklin Templeton Investments fund complex are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	141	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and **formerly,** Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Sam Ginn (1937) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	114	ICO Global Communications (Holdings) Limited (satellite company) (2006-2010), Chevron Corporation (global energy company) (1989-2009), Hewlett-Packard Company (technology company) (1996-2002), Safeway, Inc. (grocery retailer) (1991-1998) and TransAmerica Corporation (insurance company) (1989-1999).
Principal Occupation During at Least the Past 5 Years: Private investor; Chairman, First Responder Network Authority (FirstNet) (interoperable wireless broadband network) (2012); and **formerly,** Chairman of the Board, Vodafone AirTouch, PLC (wireless company) (1999-2000); Chairman of the Board and Chief Executive Officer, AirTouch Communications (cellular communications) (1993-1998) and Pacific Telesis Group (telephone holding company) (1988-1994).				
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2005	141	Hess Corporation (exploration and refining of oil and gas), H.J. Heinz Company (processed foods and allied products)(1994-2013), RTI International Metals, Inc. (manufacture and distribution of titanium), Canadian National Railway (railroad) and White Mountains Insurance Group, Ltd. (holding company).
Principal Occupation During at Least the Past 5 Years: Director or Trustee of various companies and trusts; and **formerly,** Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison – United States Treasury Department (1988-1989).				
J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	141	Boeing Capital Corporation (aircraft financing) (2006-2013).
Principal Occupation During at Least the Past 5 Years: Executive Vice President, General Counsel and member of Executive Council, The Boeing Company (aerospace company); and **formerly,** Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				
Frank A. Olson (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2005	141	Hess Corporation (exploration and refining of oil and gas) (1998-2013).
Principal Occupation During at Least the Past 5 Years: Chairman Emeritus, The Hertz Corporation (car rental) (since 2000) (Chairman of the Board (1980-2000) and Chief Executive Officer (1977-1999)); and **formerly,** Chairman of the Board, President and Chief Executive Officer, UAL Corporation (airlines) (until 1987).				

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	141	Cbeyond, Inc. (business communications provider) (2010-2012), The Southern Company (energy company) (2010-2012) and The Washington Post Company (education and media organization).
Principal Occupation During at Least the Past 5 Years: Executive Vice President – Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (July 2012); and **formerly,** John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2011-2012); Senior Vice President – Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).				
John B. Wilson (1959) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2007 and Lead Independent Trustee since 2008	114	None
Principal Occupation During at Least the Past 5 Years: President, Staples Europe (office supplies) (2012); President and Founder, Hyannis Port Capital, Inc. (real estate and private equity investing); serves on private and non-profit boards; and **formerly,** Chief Operating Officer and Executive Vice President, Gap, Inc. (retail) (1996-2000); Chief Financial Officer and Executive Vice President – Finance and Strategy, Staples, Inc. (1992-1996); Senior Vice President – Corporate Planning, Northwest Airlines, Inc. (airlines) (1990-1992); and Vice President and Partner, Bain & Company (consulting firm) (1986-1990).				

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
****Gregory E. Johnson** (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since June 2013	152	None
Principal Occupation During at Least the Past 5 Years: Chairman of the Board, Member – Office of the Chairman, Director, President and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 44 of the investment companies in Franklin Templeton Investments; and Chairman, Investment Company Institute.				
****Rupert H. Johnson, Jr.** (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board since June 2013 and Trustee since 1988	141	None
Principal Occupation During at Least the Past 5 Years: Vice Chairman, Member – Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton Investments.				
Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.				

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Laura F. Fergerson (1962) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Gaston Gardey (1967) One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer and Chief Accounting Officer	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Fund Accounting, Franklin Templeton Investments; and officer of 27 of the investment companies in Franklin Templeton Investments.				
Aliya S. Gordon (1973) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; officer of 46 of the investment companies in Franklin Templeton Investments; and **formerly,** Litigation Associate, Steefel, Levitt & Weiss, LLP (2000-2004).				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc.; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Selena L. Holmes (1965) 100 Fountain Parkway St. Petersburg, FL 33716-1205	Vice President – AML Compliance	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance Monitoring; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Edward B. Jamieson (1948) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2010	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: President, Chief Investment Officer and Director, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer and/or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 10 of the investment companies in Franklin Templeton Investments.				
Kimberly H. Novotny (1972) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since March 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; Vice President and Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 46 of the investment companies in Franklin Templeton Investments.				

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since March 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton Investments; officer of 46 of the investment companies in Franklin Templeton Investments; and **formerly,** Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
Karen L. Skidmore (1952) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Since 2006	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; and officer of 46 of the investment companies in Franklin Templeton Investments.				
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 46 of the investment companies in Franklin Templeton Investments.				
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2011	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; Vice President, Fiduciary Trust International of the South; and officer of 46 of the investment companies in Franklin Templeton Investments.				

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

Note 3: Effective June 13, 2013, Charles B. Johnson ceased to be a trustee of the Fund.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated John B. Wilson as its audit committee financial expert. The Board believes that Mr. Wilson qualifies as such an expert in view of his extensive business background and experience, including service as chief financial officer of Staples, Inc. from 1992 to 1996. Mr. Wilson has been a Member and Chairman of the Fund's Audit Committee since 2007. As a result of such background and experience, the Board believes that Mr. Wilson has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Mr. Wilson is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) 321-8563 or their insurance companies to request the SAI.

Franklin Templeton Variable Insurance Products Trust

Shareholder Information

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

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VALUE | BLEND | GROWTH | SECTOR | GLOBAL | INTERNATIONAL | HYBRID | ASSET ALLOCATION | FIXED INCOME

< GAIN FROM OUR PERSPECTIVE® >

Annual Report

Franklin Templeton Variable Insurance Products Trust

Investment Managers
Franklin Advisers, Inc.
Franklin Advisory Services, LLC
Franklin Mutual Advisers, LLC
Franklin Templeton Institutional, LLC
Templeton Asset Management Ltd.
Templeton Global Advisors Limited
Templeton Investment Counsel, LLC

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Templeton Distributors, Inc.

Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To ensure the highest quality of service, telephone calls to or from our service departments may be monitored, recorded and accessed. These calls can be identified by the presence of a regular beeping tone.

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