December 31, 2009

Oppenheimer

High Income Fund/VA

A Series of Oppenheimer Variable Account Funds

Annual Report

ANNUAL REPORT

OppenheimerFunds®

The Right Way to Invest

Fund Objective. The Fund seeks a high level of current income by investing mainly in a diversified portfolio of high-yield, lower-grade, fixed-income securities that the Fund's investment manager, OppenheimerFunds, Inc., believes does not involve undue risk.

Portfolio Manager: Joseph Welsh[1]

Average Annual Total Returns

For the Periods Ended 12/31/09

	1-Year	5-Year	10-Year
Non-Service Shares	25.32%	–21.46%	–9.06%
	1-Year	5-Year	Since Inception (9/18/01)
Service Shares	25.95%	–21.44%	–10.51%
	1-Year	5-Year	Since Inception (5/1/07)
Class 3	26.75%	N/A	–39.79%
Class 4	26.42%	N/A	–39.60%

Expense Ratios

For the Fiscal Year Ended 12/31/09

	Gross Expense Ratios	Net Expense Ratios
Non-Service Shares	0.96%	0.59%
Service Shares	1.23	0.82
Class 3 Shares	0.99	0.55
Class 4 Shares	1.21	0.82

1. Effective April, 2009.

The performance data quoted represents past performance, which does not guarantee future results. *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance and expense ratios may be lower or higher than the data quoted. For performance data current to the most recent month end, call us at 1.800.981.2871. The Fund's total returns should not be expected to be the same as the returns of other funds, whether or not both funds have the same portfolio managers and/or similar names. The Fund's total returns do not include the charges associated with the separate account products that offer this Fund. Such performance would have been lower if such charges were taken into account. The net expense ratios take into account a voluntary fee waiver or expense reimbursement, without which performance would have been less. This undertaking may be modified or terminated at any time.*

Credit Allocation

AAA	1.5%
A	0.2
BBB	0.9
BB	27.7
B	46.1
CCC	21.9
CC	0.2
D	0.3
Not Rated	1.2

Portfolio holdings and allocations are subject to change. Percentages are as of December 31, 2009, and are based on the total market value of investments. Securities rated by any rating organization are included in the equivalent Standard & Poor's rating category. Average credit quality and allocation include rated securities and those not rated by a national rating organization but which the ratings given above have been assigned by the Manager for internal purposes as being comparable, in the Manager's judgment, to securities rated by a rating agency in the same category.

Corporate Bonds & Notes—Top Ten Industries

Oil, Gas & Consumable Fuels	12.5%
Media	8.1
Hotels, Restaurants & Leisure	6.5
Health Care Providers & Services	5.4
Wireless Telecommunication Services	4.6
Containers & Packaging	4.1
Food Products	3.6
Diversified Telecommunication Services	3.5
Energy Traders	3.4
Chemicals	3.2

Portfolio holdings and allocations are subject to change. Percentages are as of December 31, 2009, and are based on net assets.

Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. The Fund's prospectus contains this and other information about the Fund, and may be obtained by asking your financial advisor or calling us at 1.800.981.2871. Read the prospectus carefully before investing.

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

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

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

Management's Discussion of Fund Performance. For the twelve-month period ended December 31, 2009, Oppenheimer High Income Fund/VA's Non-Service shares returned 25.32%, underperforming the BofA Merrill Lynch High Yield Master Index (the "Index"), which returned 56.28%. The Fund's underperformance versus the Index was most pronounced in the first quarter of 2009, during a period of significant upheaval in the credit markets. Fund performance declined in the first quarter primarily due to the portfolio's exposure to commercial mortgage-backed securities (CMBS), swaps and other derivative instruments, and investment-grade credit comprised mainly of financial names, as these investments underperformed in a difficult market environment. After a portfolio management change in April 2009, the Fund's performance improved and was much more in line with that of the Index.

Economic activity in the U.S. further stabilized as the reporting period progressed, with many important sectors of the economy demonstrating marked improvements over the depressed levels reached earlier in 2009. For the first time since the second quarter of 2008, U.S. Gross Domestic Product ("GDP") growth was once again positive in the third quarter of 2009, increasing at a modest rate. The initial estimates for 2009 fourth quarter GDP signaled a faster rate of growth for the economy heading into 2010. Credit conditions continued to become less oppressive, national home prices posted their first quarterly gains in three years, and consumer spending gained, driven in part by government subsidies in the automobile sector and government programs aimed at supporting the housing market. Talk of a "v-shaped" recovery in the U.S. gained traction later in the reporting period as key national manufacturing and industrial production reports rose to levels consistent with a growth cycle that would outpace the recoveries following the past two recessions.

Despite the welcomed optimism and renewed risk appetite from investors, economic data still remained mixed. The growth of the roughly 30% of the economy that isn't directly consumer-related-including government spending and trade-outstripped the roughly 70% that is. The consumer continued to face headwinds with employment further contracting throughout the period, albeit at a much slower pace at period end. Unemployment figures continued to be troubling and hovered at around 10% in the U.S. and housing market data continued to show fits and starts in moving towards a recovery for the housing sector. Consumer confidence bounced off record lows but remained well below historical averages. Given the perceived fragility of the economic recovery, the Fed consistently maintained its low target for short-term interest rates through the reporting period's end.

After a weak first quarter, the high yield market's performance was particularly strong in the second and third quarters of 2009. The yield spread between high yield corporate bonds and U.S. Treasuries, one measure of the risk premium in the market, fell significantly. An increased appetite for risk was further illustrated within high yield over the second half of the year, as bonds rated CCC outperformed those rated BB by almost threefold in the third quarter. In the fourth quarter, CCC bonds outperformed those rated BB by roughly twofold as the rally in the high yield market continued, albeit at a slower pace.

The bullish sentiment behind this rally was mainly supported by two factors: improving economic data and robust investor demand for the large quantities of new supply being issued by companies. Continued strength in new issuance was evident as approximately $52 billion was brought to market in the third quarter alone, nearly matching the number for all of 2008.

The Fund's improved performance, particularly in the last half of the reporting period, was primarily driven by successful security selection in the chemicals sector as well as overweights to food/beverage/tobacco and broadcasting/cable, which were among the top performing areas for the Index in the latter half of 2009. In terms of the relative underperformance for the year, in addition to the factors described above regarding CMBS, derivative instruments and investment grade credit underperforming in the first quarter, performance lagged due to a significant cash position held in the first half of 2009, as the new portfolio manager repositioned the Fund to once again become fully invested.

At period end, the Fund's largest overweights relative to the Index were in the areas of food/beverage/tobacco, aerospace and broadcasting/cable, based on our belief that these industries continue to offer attractive valuations. The Fund's most significant underweights at period end were in the areas of financials, housing and retail as we suspect they could continue to struggle due to pressures on the constrained consumer.

Despite the high yield rally in 2009, we remain cautious. While economic data continues to improve, high unemployment and eventual lessening of government support programs may hinder growth. As a result, we continue to believe that opportunities in 2010 may be achieved more through specific credit selection. This type of environment should play well to the Fund's fundamental, value-oriented process, which evaluates market opportunities on a security-by-security basis.

As a reminder, as of April 2009, Joseph Welsh was named portfolio manager, and is responsible for the day-to-day management of the Fund. Mr. Welsh also leads the High Yield Corporate Debt team, which was created the same month. The team focuses on a fundamental, security-by-security/value-oriented analysis and has fully repositioned the Fund's holdings to reflect the team's investment philosophy and market views.

Comparing the Fund's Performance to the Market. The graphs that follow show the performance of a hypothetical $10,000 investment in each share class of the Fund held until December 31, 2009. In the case of Non-Service shares, performance is measured over a ten-year period. In the case of Service shares, performance is measured from inception of the Class on September 18, 2001. In the case of Class 3 and Class 4 shares, performance is measured from inception of the Class on May 1, 2007. Performance information does not reflect charges that apply to separate accounts investing in the Fund. If these charges were taken into account, performance would be lower. The graphs assume that all dividends and capital gains distributions were reinvested in additional shares.

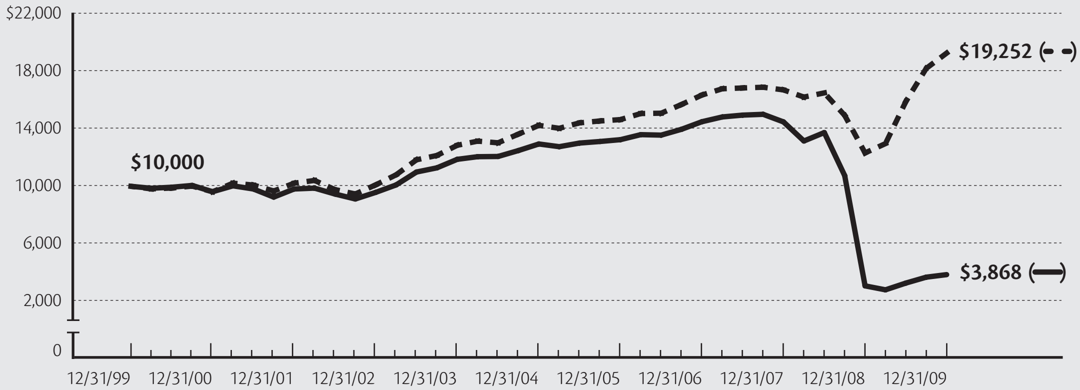
The Fund's performance is compared to the performance of the BofA Merrill Lynch High Yield Master Index, an unmanaged index of U.S. corporate and government bonds that is a measure of the performance of the high-yield corporate bond market. The index performance includes reinvestment of income but does not reflect transaction fees or expenses. The Fund's performance reflects the effects of the Fund's business and operating expenses. While index comparisons may be useful to provide a benchmark for the Fund's performance, it must be noted that the Fund's investments are not limited to the investments in the index.

Non-Service Shares

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

— Oppenheimer High Income Fund/VA (Non-Service)

-- BofA Merrill Lynch High Yield Master Index



Average Annual Total Returns of Non-Service Shares of the Fund at 12/31/09

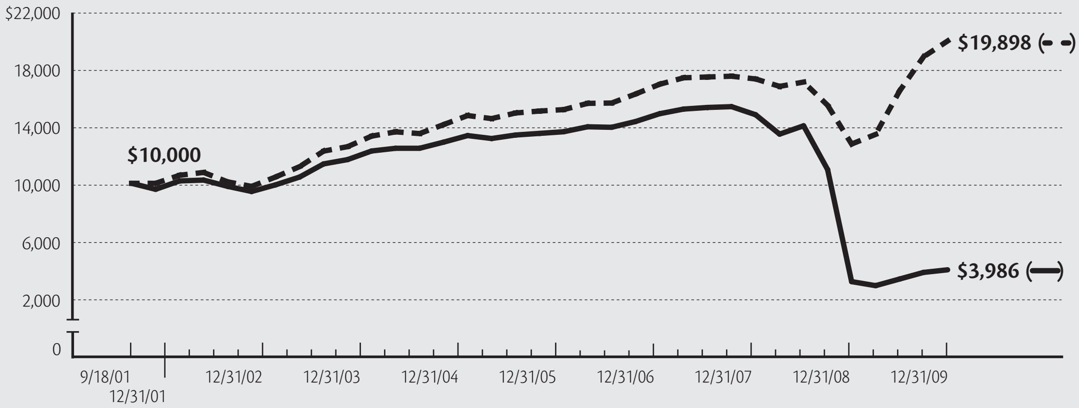
1-Year **25.32%** 5-Year **–21.46%** 10-Year **–9.06%**

Service Shares

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

— Oppenheimer High Income Fund/VA (Service)

-- BofA Merrill Lynch High Yield Master Index



Average Annual Total Returns of Service Shares of the Fund at 12/31/09

1-Year **25.95%** 5-Year **–21.44%** Since Inception (9/18/01) **–10.51%**

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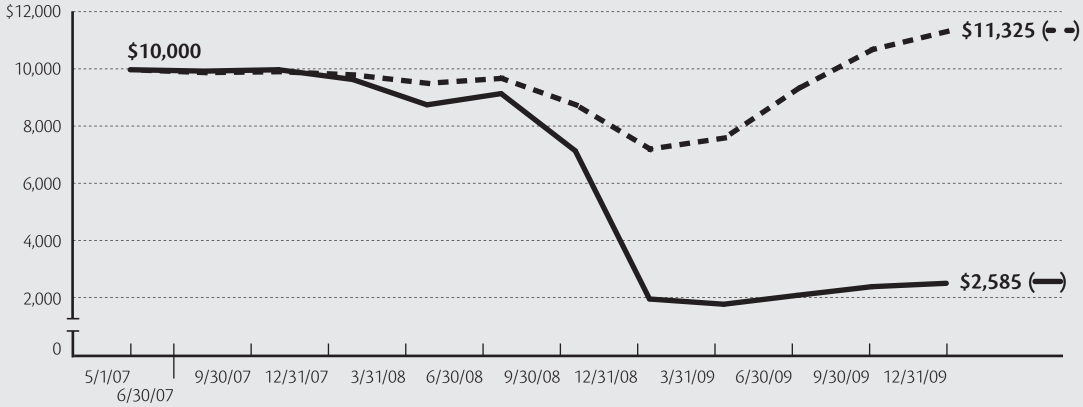
Class 3 Shares

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

— Oppenheimer High Income Fund/VA (Class 3)

-- BofA Merrill Lynch High Yield Master Index



Average Annual Total Returns of Class 3 Shares of the Fund at 12/31/09

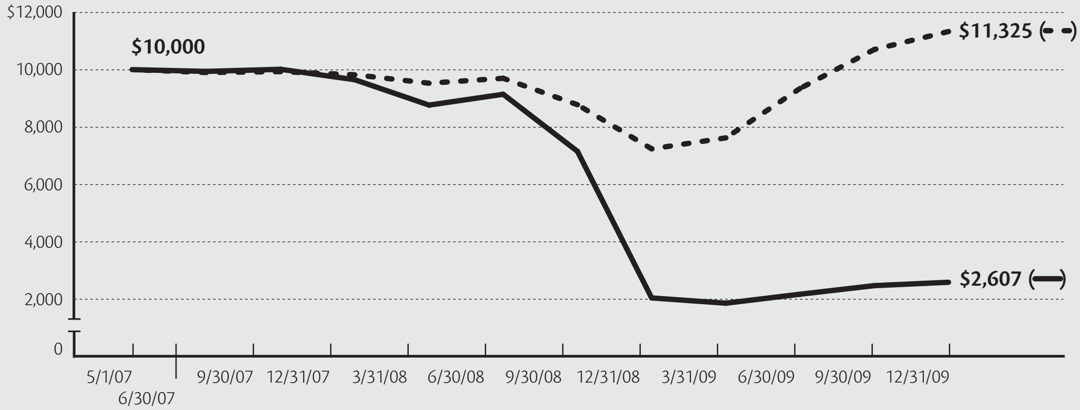
1-Year **26.75%** 5-Year **N/A** Since Inception (5/1/07) **–39.79%**

Class 4 Shares

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

— Oppenheimer High Income Fund/VA (Class 4)

-- BofA Merrill Lynch High Yield Master Index



Average Annual Total Returns of Class 4 Shares of the Fund at 12/31/09

1-Year **26.42%** 5-Year **N/A** Since Inception (5/1/07) **–39.60%**

The performance data quoted represents past performance, which does not guarantee future results. *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, call us at 1.800.981.2871. The Fund's total returns should not be expected to be the same as the returns of other funds, whether or not both funds have the same portfolio managers and/or similar names. The Fund's total returns do not include the charges associated with the separate account products that offer this Fund. Such performance would have been lower if such charges were taken into account.*

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

The examples are based on an investment of $1,000.00 invested at the beginning of the period and held for the entire 6-month period ended December 31, 2009.

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

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

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

Actual	**Beginning Account Value July 1, 2009**	**Ending Account Value December 31, 2009**	**Expenses Paid During 6 Months Ended December 31, 2009**
Non-Service shares	$1,000.00	$1,178.60	$2.69
Service shares	1,000.00	1,191.60	4.09
Class 3	1,000.00	1,191.60	2.71
Class 4	1,000.00	1,189.40	4.20
Hypothetical (5% return before expenses)			
Non-Service shares	1,000.00	1,022.74	2.50
Service shares	1,000.00	1,021.48	3.78
Class 3	1,000.00	1,022.74	2.50
Class 4	1,000.00	1,021.37	3.88

Expenses are equal to the Fund's annualized expense ratio for that class, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period). Those annualized expense ratios, excluding indirect expenses from affiliated fund, based on the 6-month period ended December 31, 2009 are as follows:

Class	**Expense Ratios**
Non-Service shares	0.49%
Service shares	0.74
Class 3	0.49
Class 4	0.76

The expense ratios reflect reduction to custodian expenses and voluntary waivers or reimbursements of expenses by the Fund's Manager that can be terminated at any time, without advance notice. The "Financial Highlights" tables in the Fund's financial statements, included in this report, also show the gross expense ratios, without such waivers or reimbursements and reduction to custodian expenses, if applicable.

	Principal Amount	Value
Corporate Bonds and Notes—94.2%		
Consumer Discretionary—23.5%		
Auto Components—1.4%		
Allison Transmission, Inc., 11% Sr. Nts., 11/1/15[1]	$1,045,000	$ 1,102,475
American Axle & Manufacturing Holdings, Inc., 9.25% Sr. Sec. Nts., 1/15/17[1]	690,000	703,800
Goodyear Tire & Rubber Co. (The), 9% Sr. Unsec. Nts., 7/1/15	255,000	266,475
		2,072,750
Automobiles—2.0%		
Case New Holland, Inc., 7.125% Sr. Unsec. Nts., 3/1/14	815,000	831,300
Ford Motor Co., 7.45% Bonds, 7/16/31	1,130,000	1,004,288
Ford Motor Credit Co. LLC:		
7.50% Sr. Unsec. Unsub. Nts., 8/1/12	580,000	585,243
8.125% Sr. Unsec. Nts., 1/15/20	485,000	477,412
		2,898,243
Diversified Consumer Services—0.7%		
Service Corp. International:		
6.75% Sr. Unsec. Nts., 4/1/15	285,000	280,725
7% Sr. Unsec. Unsub. Nts., 6/15/17	340,000	331,500
StoneMor Operating LLC/ Cornerstone Family Service of West Virginia, Inc./Osiris Holdings of Maryland Subsidiary, Inc., 10.25% Sr. Nts., 12/1/17[1]	340,000	347,650
		959,875
Hotels, Restaurants & Leisure—6.5%		
CCM Merger, Inc., 8% Unsec. Nts., 8/1/13[1]	410,000	334,663
Greektown Holdings, Inc., 10.75% Sr. Nts., 12/1/13[1,2]	1,155,000	180,469
Harrah's Operating Co., Inc., 10% Sr. Sec. Nts., 12/15/18[1]	1,393,000	1,124,848
Harrah's Operating Escrow LLC/ Harrah's Escrow Group, 11.25% Sr. Sec. Nts., 6/1/17[1]	380,000	399,475
Isle of Capri Casinos, Inc., 7% Sr. Unsec. Sub. Nts., 3/1/14	685,000	613,075
Landry's Restaurant, Inc., 11.625% Sr. Sec. Nts., 12/1/15[1]	455,000	484,575
Las Vegas Sands Corp., 6.375% Sr. Unsec. Nts., 2/15/15	415,000	369,350
Mashantucket Pequot Tribe, 8.50% Bonds, Series A, 11/15/15[1,2]	1,655,000	413,750

	Principal Amount	Value
Hotels, Restaurants & Leisure Continued		
MGM Mirage, Inc.:		
6.75% Sr. Unsec. Nts., 4/1/13	$ 375,000	$ 325,313
8.50% Sr. Unsec. Nts., 9/15/10	200,000	200,000
Mohegan Tribal Gaming Authority:		
6.125% Sr. Unsec. Sub. Nts., 2/15/13	390,000	314,438
11.50% Sr. Sec. Nts., 11/1/17[1]	125,000	128,125
Park Place Entertainment Corp., 7.875% Sr. Sub. Nts., 3/15/10	685,000	685,000
Peninsula Gaming LLC:		
8.375% Sr. Sec. Nts., 8/15/15[1]	110,000	110,275
10.75% Sr. Unsec. Nts., 8/15/17[1]	280,000	282,800
Pinnacle Entertainment, Inc.:		
8.25% Sr. Unsec. Sub. Nts., 3/15/12	391,000	392,955
8.625% Sr. Nts., 8/1/17[1]	110,000	112,750
Pokagon Gaming Authority, 10.375% Sr. Nts., 6/15/14[1]	425,000	444,125
Station Casinos, Inc., 6.50% Sr. Unsec. Sub. Nts., 2/1/14[2]	2,595,000	25,950
Travelport LLC, 11.875% Sr. Unsec. Sub. Nts., 9/1/16	750,000	798,750
Wendy's/Arby's Restaurants LLC, 10% Sr. Unsec. Unsub. Nts., 7/15/16[1]	750,000	821,250
Wynn Las Vegas LLC/ Wynn Las Vegas Capital Corp., 6.625% Nts., 12/1/14	805,000	781,856
		9,343,792
Household Durables—1.6%		
Beazer Homes USA, Inc.:		
8.375% Sr. Nts., 4/15/12	125,000	118,125
8.625% Sr. Unsec. Nts., 5/15/11	260,000	254,800
Jarden Corp., 7.50% Sr. Unsec. Sub. Nts., 5/1/17	805,000	807,013
K. Hovnanian Enterprises, Inc.:		
7.75% Sr. Unsec. Sub. Nts., 5/15/13	285,000	218,025
8.875% Sr. Sub. Nts., 4/1/12	705,000	595,725
Lennar Corp., 12.25% Sr. Unsec. Unsub. Nts., 6/1/17[3]	210,000	254,100
		2,247,788
Internet & Catalog Retail—0.1%		
NetFlix, Inc., 8.50% Sr. Unsec. Nts., 11/15/17[1]	180,000	187,650
Leisure Equipment & Products—0.4%		
Colt Defense LLC, 8.75% Sr. Unsec. Nts., 11/15/17[1]	500,000	518,750
Easton-Bell Sports, Inc., 9.75% Sr. Sec. Nts., 12/1/16[1]	90,000	93,713
		612,463

	Principal Amount	Value
Media—8.1%		
Allbritton Communications Co., 7.75% Sr. Unsec. Sub. Nts., 12/15/12	$ 780,000	$ 771,225
AMC Entertainment, Inc., 8% Sr. Unsec. Sub. Nts., 3/1/14	678,000	650,880
American Media Operations, Inc.:		
9% Sr. Unsec. Nts., 5/1/13[1,4]	1,853	1,195
12.02% Sr. Sub. Nts., 11/1/13[1,4]	1,739,262	1,121,824
Belo Corp., 7.75% Sr. Unsec. Unsub. Debs., 6/1/27	550,000	442,750
Cequel Communications Holdings I LLC, 8.625% Sr. Unsec. Nts., 11/15/17[1]	455,000	461,825
Charter Communications, Inc., 13.50% Sr. Nts., 11/30/16	443,694	524,668
Clear Channel Worldwide Holdings, Inc.:		
9.25% Sr. Nts., 12/15/17[1]	155,000	160,425
9.25% Sr. Unsec. Nts., 12/15/17[1]	40,000	41,000
Lin Television Corp., 6.50% Sr. Sub. Nts., 5/15/13	1,540,000	1,493,800
Marquee Holdings, Inc., 9.505% Sr. Nts., 8/15/14[5]	310,000	259,238
Mediacom LLC/Mediacom Capital Corp., 9.125% Sr. Nts., 8/15/19[1]	650,000	666,250
MediaNews Group, Inc.:		
6.375% Sr. Sub. Nts., 4/1/14[2,3]	1,460,000	3,796
6.875% Sr. Unsec. Sub. Nts., 10/1/13[2,3]	2,510,000	6,526
NTL Cable plc, 9.125% Sr. Nts., 8/15/16	395,000	418,206
Radio One, Inc., 6.375% Sr. Unsec. Sub. Nts., 2/15/13	140,000	103,425
Reynolds Group, 7.75% Sr. Sec. Nts., 10/15/16[1]	585,000	601,088
Salem Communications Corp., 9.625% Sr. Sec. Nts., 12/15/16[1]	185,000	194,713
Sinclair Broadcast Group, Inc., 8% Sr. Unsec. Sub. Nts., 3/15/12	1,240,000	1,215,200
Sinclair Television Group, Inc., 9.25% Sr. Sec. Nts., 11/1/17[1]	125,000	130,625
TL Acquisitions, Inc., 10.50% Sr. Nts., 1/15/15[1]	695,000	668,069
Valassis Communications, Inc., 8.25% Sr. Unsec. Unsub. Nts., 3/1/15	840,000	842,100
Virgin Media Finance plc, 8.75% Sr. Unsec. Nts., 4/15/14	45,000	46,688
Warner Music Group Corp., 7.375% Sr. Sub. Bonds, 4/15/14	845,000	820,706
		11,646,222
Multiline Retail—0.5%		
Bon-Ton Stores, Inc. (The), 10.25% Sr. Unsec. Unsub. Nts., 3/15/14	710,000	658,525
Specialty Retail—1.7%		
Burlington Coat Factory Warehouse Corp., 11.125% Sr. Unsec. Nts., 4/15/14	$ 640,000	$ 664,000
Leslie's Poolmart, Inc., 7.75% Sr. Unsec. Nts., 2/1/13	515,000	520,150
Michaels Stores, Inc., 10% Sr. Unsec. Unsub. Nts., 11/1/14	1,000,000	1,040,000
Sally Holdings LLC, 10.50% Sr. Unsec. Sub. Nts., 11/15/16	230,000	248,400
		2,472,550
Textiles, Apparel & Luxury Goods—0.5%		
Levi Strauss & Co., 9.75% Sr. Unsec. Unsub. Nts., 1/15/15	685,000	722,675
Consumer Staples—6.4%		
Beverages—0.4%		
Cott Beverages, Inc., 8.375% Sr. Nts., 11/15/17[1]	525,000	543,375
Food & Staples Retailing—1.9%		
Albertson's, Inc., 8% Sr. Unsec. Debs., 5/1/31	1,160,000	1,058,500
Real Time Data Co., 11% Nts., 5/31/09[2,3,4,6]	476,601	—
Rite Aid Corp.:		
7.50% Sr. Sec. Nts., 3/1/17	1,120,000	1,058,400
9.50% Sr. Unsec. Unsub. Nts., 6/15/17	405,000	354,375
Pantry, Inc. (The), 7.75% Sr. Unsec. Sub. Nts., 2/15/14	355,000	342,575
		2,813,850
Food Products—3.6%		
ASG Consolidated LLC/Finance, Inc., 11.50% Sr. Unsec. Nts., 11/1/11	1,025,000	1,032,688
Bumble Bee Foods LLC, 7.75% Sr. Sec. Nts., 12/15/15[1]	240,000	241,200
Chiquita Brands International, Inc.:		
7.50% Sr. Unsec. Nts., 11/1/14	265,000	263,675
8.875% Sr. Unsec. Unsub. Nts., 12/1/15	560,000	574,000
Dean Foods Co., 7% Sr. Unsec. Unsub. Nts., 6/1/16	565,000	556,525
JBS USA LLC/JBS USA Finance, Inc., 11.625% Sr. Nts., 5/1/14[3]	590,000	671,125
Pinnacle Foods Finance LLC, 9.25% Sr. Unsec. Nts., 4/1/15[1]	195,000	198,900
Pinnacle Foods Finance LLC/ Pinnacle Foods Finance Corp., 10.625% Sr. Sub. Nts., 4/1/17	1,210,000	1,264,450
Smithfield Foods, Inc., 7% Sr. Nts., 8/1/11	360,000	360,900
		5,163,463

	Principal Amount	Value
Personal Products—0.5%		
Elizabeth Arden, Inc., 7.75% Sr. Unsec. Sub. Nts., 1/15/14	$ 545,000	$ 539,550
Revlon Consumer Products Corp., 9.75% Sr. Sec. Nts., 11/15/15[1]	185,000	191,938
		731,488
Energy—13.8%		
Energy Equipment & Services—1.3%		
Helix Energy Solutions Group, Inc., 9.50% Sr. Unsec. Nts., 1/15/16[1]	830,000	854,900
Key Energy Services, Inc., 8.375% Sr. Unsec. Nts., 12/1/14	670,000	675,025
North American Energy Alliance LLC, 10.875% Sr. Sec. Nts., 6/1/16[1]	380,000	405,650
		1,935,575
Oil, Gas & Consumable Fuels—12.5%		
Alon Refining Krotz Springs, Inc., 13.50% Sr. Sec. Nts., 10/15/14[1]	730,000	684,375
Antero Resources Finance Corp., 9.375% Sr. Nts., 12/7/17[1]	390,000	399,750
Arch Coal, Inc., 8.75% Sr. Nts., 8/1/16[1]	960,000	1,020,000
Atlas Energy Resources LLC, 10.75% Sr. Unsec. Nts., 2/1/18	1,120,000	1,243,200
Atlas Pipeline Partners LP, 8.125% Sr. Unsec. Nts., 12/15/15	555,000	493,950
Berry Petroleum Co.:		
8.25% Sr. Sub. Nts., 11/1/16	470,000	465,300
10.25% Sr. Unsec. Nts., 6/1/14	620,000	677,350
Bill Barrett Corp., 9.875% Sr. Nts., 7/15/16	585,000	625,950
Chesapeake Energy Corp., 6.875% Sr. Unsec. Nts., 1/15/16	320,000	321,600
Cimarex Energy Co., 7.125% Sr. Nts., 5/1/17	300,000	304,500
Cloud Peak Energy Resources LLC, 8.25% Sr. Unsec. Nts., 12/15/17[1]	695,000	698,475
Concho Resources, Inc., 8.625% Sr. Unsec. Nts., 10/1/17	480,000	506,400
Continental Resources, Inc., 8.25% Sr. Unsec. Nts., 10/1/19[1]	285,000	300,675
Denbury Resources, Inc., 7.50% Sr. Sub. Nts., 12/15/15	280,000	280,700
Enterprise Products Operating LLP, 8.375% Jr. Sub. Nts., 8/1/66[5]	1,140,000	1,112,876
Forest Oil Corp.:		
7.25% Sr. Unsec. Nts., 6/15/19[1]	440,000	436,700
8.50% Sr. Nts., 2/15/14[1]	955,000	1,002,750
Mariner Energy, Inc., 11.75% Sr. Unsec. Nts., 6/30/16	555,000	621,600

	Principal Amount	Value
Oil, Gas & Consumable Fuels Continued		
Murray Energy Corp., 10.25% Sr. Sec. Nts., 10/15/15[1]	$ 640,000	$ 640,000
OPTI Canada, Inc., 9% Sr. Sec. Nts., 12/15/12[1]	320,000	328,800
Petrohawk Energy Corp., 10.50% Sr. Unsec. Nts., 8/1/14	520,000	570,700
Plains Exploration & Production Co., 10% Sr. Unsec. Nts., 3/1/16	1,005,000	1,105,500
Quicksilver Resources, Inc.:		
8.25% Sr. Unsec. Nts., 8/1/15	735,000	757,050
11.75% Sr. Nts., 1/1/16	615,000	701,100
SandRidge Energy, Inc.:		
8.75% Sr. Nts., 1/15/20[1]	560,000	562,800
9.875% Sr. Unsec. Nts., 5/15/16[1]	795,000	840,713
Southwestern Energy Co., 7.50% Sr. Nts., 2/1/18	485,000	516,525
Western Refining, Inc., 11.25% Sr. Sec. Nts., 6/15/17[1]	740,000	673,400
		17,892,739
Financials—1.8%		
Capital Markets—0.2%		
RailAmerica, Inc., 9.25% Sr. Sec. Nts., 7/1/17	257,000	274,669
Diversified Financial Services—1.1%		
GMAC LLC, 8% Sr. Unsec. Unsub. Nts., 11/1/31[1]	1,590,000	1,446,900
Universal City Development Partners Ltd., 8.875% Sr. Nts., 11/15/15[1]	155,000	152,481
		1,599,381
Insurance—0.3%		
Multiplan, Inc., 10.375% Sr. Sub. Nts., 4/15/16[3]	400,000	392,000
Real Estate Investment Trusts—0.2%		
DuPont Fabros Technology LP, 8.50% Sr. Unsec. Nts., 12/15/17[1]	340,000	347,225
Health Care—7.3%		
Health Care Equipment & Supplies—1.4%		
Biomet, Inc., 10.375% Sr. Unsec. Nts., 10/15/17[4]	1,210,000	1,318,900
Inverness Medical Innovations, Inc., 7.875% Sr. Nts., 2/1/16[1]	385,000	379,225
Universal Hospital Services, Inc., 8.50% Sr. Sec. Nts., 6/1/15[4]	350,000	346,500
		2,044,625
Health Care Providers & Services—5.4%		
Apria Healthcare Group, Inc., 12.375% Sr. Sec. Nts., 11/1/14[1]	335,000	370,175
Catalent Pharma Solutions, Inc., 9.50% Sr. Unsec. Nts., 4/15/15[4]	431,012	391,143

	Principal Amount	Value
Health Care Providers & Services Continued		
Community Health Systems, Inc., 8.875% Sr. Unsec. Nts., 7/15/15	$1,005,000	$ 1,042,688
HCA, Inc., 6.375% Nts., 1/15/15	925,000	877,594
HEALTHSOUTH Corp., 10.75% Sr. Unsec. Nts., 6/15/16	565,000	617,263
Rural/Metro Corp., 0%/12.75% Sr. Unsec. Nts., 3/15/16[3,7]	680,000	690,200
Select Medical Corp., 7.625% Sr. Unsec. Sub. Nts., 2/1/15	1,520,000	1,482,000
Tenet Healthcare Corp., 7.375% Nts., 2/1/13	365,000	367,738
US Oncology Holdings, Inc., 6.428% Sr. Unsec. Nts., 3/15/12[4,5]	601,000	564,940
US Oncology, Inc., 9.125% Sr. Sec. Nts., 8/15/17	320,000	337,600
Vanguard Health Holding Co. I LLC, 0%/11.25% Sr. Nts., 10/1/15[7]	895,000	946,463
		7,687,804
Pharmaceuticals—0.5%		
DJO Finance LLC/DJO Finance Corp., 10.875% Sr. Unsec. Nts., 11/15/14	715,000	757,900
Industrials—11.6%		
Aerospace & Defense—1.9%		
BE Aerospace, Inc., 8.50% Sr. Unsec. Nts., 7/1/18	1,095,000	1,163,438
Hawker Beechcraft Acquisition Co. LLC, 8.50% Sr. Unsec. Nts., 4/1/15	150,000	106,500
TransDigm, Inc., 7.75% Nts., 7/15/14[1]	625,000	637,500
Vought Aircraft Industries, Inc., 8% Sr. Nts., 7/15/11	910,000	902,038
		2,809,476
Airlines—2.5%		
American Airlines Pass Through Trust 2001-2, 7.858% Pass-Through Certificates, Series 2001-2, Cl. A-2, 10/1/11[3]	255,000	255,000
American Airlines Pass Through Trust 2009-1A, 10.375% Pass-Through Certificates, Series 2009-1A, 7/2/19	225,000	248,625
American Airlines, Inc., 10.50% Sr. Sec. Nts., 10/15/12[1]	840,000	882,000
Delta Air Lines, Inc.:		
9.50% Sr. Sec. Nts., 9/15/14[1]	185,000	193,094
12.25% Sr. Sec. Nts., 3/15/15[1]	1,205,000	1,211,025
United Air Lines, Inc., 10.40% Sr. Sec. Nts., 11/1/16[3]	730,000	769,238
		3,558,982
Building Products—0.7%		
AMH Holdings, Inc., 11.25% Sr. Unsec. Nts., 3/1/14	$ 200,000	$ 194,000
Goodman Global Group, Inc., 11.841% Sr. Nts., 12/15/14[1,8]	820,000	469,450
USG Corp., 9.75% Sr. Unsec. Nts., 8/1/14[1]	335,000	359,288
		1,022,738
Commercial Services & Supplies—2.2%		
Acco Brands Corp., 10.625% Sr. Sec. Nts., 3/15/15[1]	270,000	298,350
American Pad & Paper Co., 13% Sr. Sub. Nts., Series B, 11/15/05[2,3,6]	200,000	—
Aramark Services, Inc., 8.50% Sr. Unsec. Nts., 2/1/15	470,000	486,450
Corrections Corp. of America, 7.75% Sr. Nts., 6/1/17	535,000	553,725
Iron Mountain, Inc., 7.75% Sr. Sub. Nts., 1/15/15	405,000	409,050
West Corp., 9.50% Sr. Unsec. Nts., 10/15/14	1,360,000	1,387,200
		3,134,775
Machinery—1.2%		
Manitowoc Co., Inc. (The), 7.125% Sr. Nts., 11/1/13	870,000	822,150
Terex Corp., 8% Sr. Unsec. Sub. Nts., 11/15/17	940,000	909,450
		1,731,600
Marine—0.2%		
Navios Maritime Holdings, Inc., 8.875% Nts., 11/1/17[1]	225,000	234,844
Professional Services—0.5%		
Altegrity, Inc., 10.50% Sr. Unsec. Sub. Nts., 11/1/15[1]	755,000	677,613
Road & Rail—1.5%		
Avis Budget Car Rental LLC, 7.625% Sr. Unsec. Unsub. Nts., 5/15/14	1,285,000	1,227,175
Hertz Corp., 10.50% Sr. Unsec. Sub. Nts., 1/1/16	910,000	975,975
		2,203,150
Trading Companies & Distributors—0.9%		
Ashtead Capital, Inc., 9% Nts., 8/15/16[1]	120,000	120,750
Ashtead Holdings plc, 8.625% Sr. Sec. Nts., 8/1/15[1]	170,000	171,700
RSC Equipment Rental, Inc., 10% Sr. Sec. Nts., 7/15/17[1]	185,000	202,113
United Rentals North America, Inc., 9.25% Sr. Unsec. Unsub. Nts., 12/15/19	275,000	285,313

	Principal Amount	Value
Trading Companies & Distributors Continued		
United Rentals, Inc., 7% Sr. Sub. Nts., 2/15/14	$ 495,000	$ 450,450
		1,230,326
Information Technology—5.7%		
Computers & Peripherals—0.2%		
Seagate Technology International, 10% Sr. Sec. Nts., 5/1/14[1]	225,000	249,750
Electronic Equipment & Instruments—1.8%		
NXP BV/NXP Funding LLC, 7.87% Sr. Sec. Nts., 10/18/14	385,000	351,313
RBS Global, Inc., /Rexnord Corp., 11.75% Sr. Unsec. Sub. Nts., 8/1/16	975,000	970,125
Sanmina-SCI Corp., 8.125% Sr. Sub. Nts., 3/1/16	1,345,000	1,348,363
		2,669,801
IT Services—2.3%		
First Data Corp., 9.875% Sr. Unsec. Nts., 9/24/15	1,360,000	1,275,000
SunGard Data Systems, Inc.:		
9.125% Sr. Unsec. Nts., 8/15/13	1,260,000	1,297,800
10.25% Sr. Unsec. Sub. Nts., 8/15/15	632,000	676,240
		3,249,040
Semiconductors & Semiconductor Equipment—1.4%		
Amkor Technology, Inc.:		
7.75% Sr. Nts., 5/15/13	275,000	280,500
9.25% Sr. Unsec. Nts., 6/1/16	625,000	667,188
Freescale Semiconductor, Inc.:		
8.875% Sr. Unsec. Nts., 12/15/14	735,000	678,038
10.125% Sr. Unsec. Sub. Nts., 12/15/16[1]	435,000	352,350
		1,978,076
Materials—11.2%		
Chemicals—3.2%		
Hexion US Finance Corp./ Hexion Nova Scota Finance ULC, 9.75% Sr. Sec. Nts., 11/15/14	445,000	438,325
Huntsman International LLC, 7.375% Sr. Unsub. Nts., 1/1/15	1,405,000	1,355,825
Momentive Performance Materials, Inc., 11.50% Sr. Unsec. Sub. Nts., 12/1/16	2,390,000	2,127,100
Nalco Co., 8.875% Unsec. Sub. Nts., 11/15/13	375,000	388,125
PolyOne Corp., 8.875% Sr. Unsec. Nts., 5/1/12	295,000	305,325
		4,614,700

	Principal Amount	Value
Containers & Packaging—4.1%		
Berry Plastics Holding Corp., 8.875% Sr. Sec. Nts., 9/15/14	$1,400,000	$ 1,368,500
Cascades, Inc.:		
7.75% Sr. Nts., 12/15/17[1]	230,000	233,450
7.875% Sr. Nts., 1/15/20[1]	485,000	494,700
Crown Americas, Inc., 7.75% Sr. Nts., 11/15/15	740,000	769,600
Graham Packaging Co. LP:		
8.25% Sr. Nts., 1/1/17[1]	410,000	406,925
9.875% Sr. Unsec. Sub. Nts., 10/15/14	980,000	1,004,500
Graphic Packing International, Inc., 9.50% Sr. Unsec. Unsub. Nts., 6/15/17	1,290,000	1,373,850
Viskase Companies, Inc., 9.875% Sr. Sec. Nts., 1/15/18[1]	290,000	293,625
		5,945,150
Metals & Mining—2.3%		
Edgen Murray Corp., 12.25% Sr. Sec. Nts., 1/15/15[1]	485,000	478,938
Freeport-McMoRan Copper & Gold, Inc., 8.375% Sr. Nts., 4/1/17	265,000	290,573
Novelis, Inc., 7.25% Sr. Unsec. Nts., 2/15/15[5]	1,205,000	1,153,788
Teck Resources Ltd., 10.25% Sr. Sec. Nts., 5/15/16	800,000	936,000
United Maritime LLC, 11.75% Sr. Sec. Nts., 6/15/15[1]	485,000	488,638
		3,347,937
Paper & Forest Products—1.6%		
Georgia-Pacific LLC:		
7.70% Debs., 6/15/15	315,000	332,325
8.25% Sr. Unsec. Nts., 5/1/16[1]	855,000	910,575
PE Paper Escrow GmbH, 12% Sr. Sec. Nts., 8/1/14[1]	325,000	359,762
Verso Paper Holdings LLC, 9.125% Sr. Sec. Nts., 8/1/14	665,000	638,400
		2,241,062
Telecommunication Services—8.1%		
Diversified Telecommunication Services—3.5%		
Cincinnati Bell, Inc., 8.25% Sr. Nts., 10/15/17	610,000	622,200
Citizens Communications Co., 6.25% Sr. Nts., 1/15/13	360,000	362,700
Global Crossing Ltd., 12% Sr. Sec. Nts., 9/15/15[1]	315,000	347,288
Intelsat Subsidiary Holding Co. Ltd., 8.50% Sr. Unsec. Nts., 1/15/13[1]	605,000	620,125
Level 3 Financing, Inc., 9.25% Sr. Unsec. Unsub. Nts., 11/1/14	370,000	351,500

	Principal Amount	Value
Diversified Telecommunication Services Continued		
PAETEC Holding Corp., 9.50% Sr. Unsec. Unsub. Nts., 7/15/15	$1,410,000	$ 1,364,175
Windstream Corp.:		
7.875% Sr. Nts., 11/1/17[1]	340,000	337,450
8.625% Sr. Unsec. Unsub. Nts., 8/1/16	1,030,000	1,053,175
Winstar Communications, Inc., 12.75% Sr. Nts., 4/15/10[2,3,6]	1,000,000	10
		5,058,623
Wireless Telecommunication Services—4.6%		
Cricket Communications, Inc.:		
7.75% Sr. Sec. Unsub. Nts., 5/15/16	640,000	641,600
9.375% Sr. Unsec. Nts., 11/1/14	655,000	661,550
MetroPCS Wireless, Inc., 9.25% Sr. Unsec. Nts., 11/1/14	1,375,000	1,399,063
Nextel Communications, Inc., 7.375% Sr. Nts., Series D, 8/1/15	1,320,000	1,290,300
SBA Telecommunications, Inc.:		
8% Sr. Nts., 8/15/16[1]	445,000	467,250
8.25% Sr. Nts., 8/15/19[1]	810,000	862,650
Sprint Capital Corp., 8.75% Nts., 3/15/32	1,270,000	1,203,325
Teligent, Inc., 11.50% Sr. Nts., 12/1/08[2,3,6]	400,000	—
		6,525,738
Utilities—4.8%		
Electric Utilities—1.4%		
Edison Mission Energy, 7% Sr. Unsec. Nts., 5/15/17	1,415,000	1,124,925
Energy Future Holdings Corp., 10.875% Sr. Unsec. Nts., 11/1/17	615,000	505,838
Texas Competitive Electric Holdings Co. LLC, 10.25% Sr. Unsec. Nts., Series A, 11/1/15	510,000	415,650
		2,046,413
Energy Traders—3.4%		
AES Corp. (The), 8% Sr. Unsec. Unsub. Nts., 10/15/17	270,000	278,438
Dynegy Holdings, Inc., 8.375% Sr. Unsec. Nts., 5/1/16	1,375,000	1,313,125
Mirant North America LLC, 7.375% Sr. Unsec. Nts., 12/31/13	590,000	586,313
NRG Energy, Inc.:		
7.375% Sr. Nts., 1/15/17	1,015,000	1,020,075
7.375% Sr. Nts., 2/1/16	695,000	697,606
Reliant Energy, Inc., 7.625% Sr. Unsec. Unsub. Nts., 6/15/14	925,000	920,375
		4,815,932
Total Corporate Bonds and Notes (Cost $133,636,425)		135,352,353

	Shares	Value
Preferred Stocks—0.0%		
AmeriKing, Inc., 13% Cum. Sr. Exchangeable, Non-Vtg.[3,4,6]	13,764	$ —
Eagle-Picher Holdings, Inc., 11.75% Cum. Exchangeable, Series B, Non-Vtg.[3,6]	8,000	—
ICG Holdings, Inc., 14.25% Exchangeable, Non-Vtg.[3,4,6]	342	—
Total Preferred Stocks (Cost $1,097,476)		—
Common Stocks—1.0%		
American Media, Inc.[3,6]	9,424	94
Charter Communications, Inc., Cl. A[6]	40,830	1,449,447
Global Aero Logistics, Inc.[3,6]	4,647	4,647
Orbcomm, Inc.[6]	1,127	3,043
Total Common Stocks (Cost $1,138,376)		1,457,231
	Units	
Rights, Warrants and Certificates—0.0%		
Global Aero Logistics, Inc. Wts., Strike Price $10, Exp. 2/28/11[3,6] (Cost $4,339)	570	6
	Principal Amount	
Loan Participations—2.1%		
CIT Group, Inc., Sr. Sec. Credit Facilities Term Loan, 7.50%, 1/18/12[5,9]	$ 1,255,000	1,289,513
Nuveen Investments, Inc., Sr. Sec. Credit Facilities 2nd Lien Term Loan, 12.50%, 7/20/15[3,5]	1,625,000	1,700,156
Total Loan Participations (Cost $2,756,194)		2,989,669
	Shares	
Investment Companies—1.5%		
JPMorgan U.S. Treasury Plus Money Market Fund, Agency Shares, 0.00%[10,11]	61,877	61,877
Oppenheimer Institutional Money Market Fund, Cl. E, 0.21%[10,12]	2,092,310	2,092,310
Total Investment Companies (Cost $2,154,187)		2,154,187
Total Investments, at Value (Cost $140,786,997)	98.8%	141,953,446
Other Assets Net of Liabilities	1.2	1,662,468
Net Assets	**100.0%**	**$143,615,914**

Footnotes to Statement of Investments

1. Represents securities sold under Rule 144A, which are exempt from registration under the Securities Act of 1933, as amended. These securities have been determined to be liquid under guidelines established by the Board of Trustees. These securities amount to $36,919,767 or 25.71% of the Fund's net assets as of December 31, 2009.
2. Issue is in default. See Note 1 of accompanying Notes.
3. Illiquid security. The aggregate value of illiquid securities as of December 31, 2009 was $4,746,898, which represents 3.31%. See Note 6 of accompanying Notes.
4. Interest or dividend is paid-in-kind, when applicable.
5. Represents the current interest rate for a variable or increasing rate security.
6. Non-income producing security.
7. Denotes a step bond: a zero coupon bond that converts to a fixed or variable interest rate at a designated future date.
8. Zero coupon bond reflects effective yield on the date of purchase.
9. When-issued security or delayed delivery to be delivered and settled after December 31, 2009. See Note 1 of accompanying Notes.
10. Rate shown is the 7-day yield as of December 31, 2009.
11. Interest rate is less than 0.0005%.
12. Is or was an affiliate, as defined in the Investment Company Act of 1940, at or during the period ended December 31, 2009, by virtue of the Fund owning at least 5% of the voting securities of the issuer or as a result of the Fund and the issuer having the same investment adviser. Transactions during the period in which the issuer was an affiliate are as follows:

	Shares December 31, 2008	Gross Additions	Gross Reductions	Shares December 31, 2009
Oppenheimer Institutional Money Market Fund, Cl. E	76,839,590	156,127,613	230,874,893	2,092,310

	Value	Income
Oppenheimer Institutional Money Market Fund, Cl. E	$2,092,310	$240,830

Valuation Inputs

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

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

The table below categorizes amounts that are included in the Fund's Statement of Assets and Liabilities as of December 31, 2009 based on valuation input level:

	Level 1—Unadjusted Quoted Prices	Level 2—Other Significant Observable Inputs	Level 3—Significant Unobservable Inputs	Value
Assets Table				
Investments, at Value:				
Corporate Bonds and Notes	$ —	$ 135,352,353	$ —	$ 135,352,353
Preferred Stocks	—	—	—	—
Common Stocks	1,452,490	94	4,647	1,457,231
Rights, Warrants and Certificates	—	—	6	6
Loan Participations	—	2,989,669	—	2,989,669
Investment Companies	2,154,187	—	—	2,154,187
Total Assets	**$3,606,677**	**$138,342,116**	**$4,653**	**$141,953,446**
Liabilities Table				
Other Financial Instruments:				
Depreciated swaps, at value	$ —	$ (26,579)	$ —	$ (26,579)
Total Liabilities	**$ —**	**$ (26,579)**	**$ —**	**$ (26,579)**

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

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

Footnotes to Statement of Investments Continued

Credit Default Swap Contracts as of December 31, 2009 are as follows:

Reference Entity/ Swap Counterparty	Buy/Sell Credit Protection	Notional Amount (000's)	Pay/ Receive Fixed Rate	Termination Date	Upfront Payment Received/ (Paid)	Value	Unrealized Depreciation
CDX North America High Yield Index, Series 12:							
Credit Suisse International	Buy	$2,820	5.00%	6/20/14	$ (337,225)	$ (11,391)	$ 348,616
JPMorgan Chase Bank NA, NY Branch	Buy	1,880	5.00	6/20/14	(225,731)	(7,594)	233,325
Morgan Stanley & Co. International Ltd.	Buy	1,880	5.00	6/20/14	(227,167)	(7,594)	234,761
	Total	6,580			(790,123)	(26,579)	816,702
				Grand Total Buys	(790,123)	(26,579)	816,702
				Grand Total Sells	—	—	—
				Total Credit Default Swaps	**$(790,123)**	**$(26,579)**	**$816,702**

The following table aggregates, as of period end, the amount receivable from/(payable to) each counterparty with whom the Fund has entered into a swap agreement. Swaps are individually disclosed in the preceding tables.

Swap Summary as of December 31, 2009 is as follows:

Swap Counterparty	Swap Type from Fund Perspective	Notional Amount (000's)	Value
Credit Suisse International	Credit Default Buy Protection	$2,820	$ (11,391)
JPMorgan Chase Bank NA, NY Branch	Credit Default Buy Protection	1,880	(7,594)
Morgan Stanley & Co. International Ltd.	Credit Default Buy Protection	1,880	(7,594)
		Total Swaps	**$(26,579)**

See accompanying Notes to Financial Statements.

Assets	
Investments, at value—see accompanying statement of investments:	
Unaffiliated companies (cost $138,694,687)	$ 139,861,136
Affiliated companies (cost $2,092,310)	2,092,310
	141,953,446
Receivables and other assets:	
Interest, dividends and principal paydowns	2,990,649
Investments sold	496,903
Shares of beneficial interest sold	44,340
Other	12,964
Total assets	145,498,302
Liabilities	
Depreciated swaps, at value (upfront payments paid $790,123)	26,579
Payables and other liabilities:	
Investments purchased (including $1,287,000 purchased on a when-issued or delayed delivery basis)	1,644,262
Shares of beneficial interest redeemed	67,503
Distribution and service plan fees	43,824
Shareholder communications	43,062
Transfer and shareholder servicing agent fees	12,135
Trustees' compensation	9,709
Other	35,314
Total liabilities	1,882,388
Net Assets	**$143,615,914**
Composition of Net Assets	
Par value of shares of beneficial interest	$ 72,278
Additional paid-in capital	422,445,355
Accumulated net investment income	10,001,371
Accumulated net realized loss on investments and foreign currency transactions	(289,252,837)
Net unrealized appreciation on investments and translation of assets and liabilities denominated in foreign currencies	349,747
Net Assets	**$143,615,914**
Net Asset Value Per Share	
Non-Service Shares: Net asset value, redemption price per share and offering price per share (based on net assets of $67,385,008 and 34,007,196 shares of beneficial interest outstanding)	$1.98
Service Shares: Net asset value, redemption price per share and offering price per share (based on net assets of $64,439,840 and 32,387,936 shares of beneficial interest outstanding)	$1.99
Class 3 Shares: Net asset value, redemption price per share and offering price per share (based on net assets of $4,683,987 and 2,349,189 shares of beneficial interest outstanding)	$1.99
Class 4 Shares: Net asset value, redemption price per share and offering price per share (based on net assets of $7,107,079 and 3,533,235 shares of beneficial interest outstanding)	$2.01

See accompanying Notes to Financial Statements.

Investment Income	
Interest	$ 13,843,257
Dividends:	
Unaffiliated companies	3,439
Affiliated companies	240,830
Fee income	2,922
Total investment income	14,090,448
Expenses	
Management fees	1,019,105
Distribution and service plan fees:	
Service shares	135,505
Class 4 shares	15,712
Transfer and shareholder servicing agent fees:	
Non-Service shares	46,963
Service shares	42,650
Class 3 shares	2,928
Class 4 shares	3,302
Shareholder communications:	
Non-Service shares	46,699
Service shares	35,736
Class 3 shares	2,324
Class 4 shares	4,275
Trustees' compensation	10,634
Custodian fees and expenses	903
Other	70,595
Total expenses	1,437,331
Less reduction to custodian expenses	(241)
Less waivers and reimbursements of expenses	(525,100)
Net expenses	911,990
Net Investment Income	13,178,458
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on:	
Investment from unaffiliated companies	(70,636,631)
Closing and expiration of futures contracts	(46,063)
Foreign currency transactions	332,428
Swap contracts	(50,484,558)
Net realized loss	(120,834,824)
Net change in unrealized appreciation (depreciation) on:	
Investments	97,424,857
Translation of assets and liabilities denominated in foreign currencies	(312,520)
Swap contracts	36,977,935
Net change in unrealized appreciation	134,090,272
Net Increase in Net Assets Resulting from Operations	**$26,433,906**

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

Year Ended December 31,	2009	2008
Operations		
Net investment income	$ 13,178,458	$ 31,706,472
Net realized loss	(120,834,824)	(241,823,086)
Net change in unrealized appreciation (depreciation)	134,090,272	(101,899,131)
Net increase (decrease) in net assets resulting from operations	26,433,906	(312,015,745)
Dividends and/or Distributions to Shareholders		
Dividends from net investment income:		
Non-Service shares	—	(16,471,157)
Service shares	—	(8,570,925)
Class 3 shares	—	(292,606)
Class 4 shares	—	(611,268)
	—	(25,945,956)
Beneficial Interest Transactions		
Net increase (decrease) in net assets resulting from beneficial interest transactions:		
Non-Service shares	(54,571,861)	19,699,234
Service shares	7,675,335	5,209,593
Class 3 shares	2,128,095	1,808,854
Class 4 shares	1,786,116	4,859,490
	(42,982,315)	31,577,171
Net Assets		
Total decrease	(16,548,409)	(306,384,530)
Beginning of period	160,164,323	466,548,853
End of period (including accumulated net investment income of $10,001,371 and $35,234,239, respectively)	**$143,615,914**	**$160,164,323**

See accompanying Notes to Financial Statements.

Non-Service Shares Year Ended December 31,	2009	2008	2007	2006	2005
Per Share Operating Data					
Net asset value, beginning of period	$ 1.58	$ 7.95	$ 8.55	$ 8.44	$ 8.80
Income (loss) from investment operations:					
Net investment income[1]	.17	.54	.57	.58	.57
Net realized and unrealized gain (loss)	.23	(6.44)	(.56)	.17	(.37)
Total from investment operations	.40	(5.90)	.01	.75	.20
Dividends and/or distributions to shareholders:					
Dividends from net investment income	—	(.47)	(.61)	(.64)	(.56)
Net asset value, end of period	**$1.98**	**$1.58**	**$7.95**	**$8.55**	**$8.44**
Total Return, at Net Asset Value[2]	25.32%	(78.67)%	(0.10)%	9.42%	2.31%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	$67,385	$111,040	$294,819	$361,445	$384,726
Average net assets (in thousands)	$71,782	$211,186	$335,702	$365,154	$444,477
Ratios to average net assets:[3]					
Net investment income	9.78%	9.30%	6.96%	7.05%	6.79%
Total expenses	0.94%[4]	0.80%[4]	0.75%[4]	0.74%[4]	0.75%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.57%	0.78%	0.74%	0.74%	0.75%
Portfolio turnover rate	128%	53%[5]	67%[5]	57%	64%

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

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

3. Annualized for periods less than one full year.

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

Year Ended December 31, 2009	0.96%
Year Ended December 31, 2008	0.80%
Year Ended December 31, 2007	0.76%
Year Ended December 31, 2006	0.74%

5. The portfolio turnover rate excludes purchase and sale transactions of To Be Announced (TBA) mortgage-related securities as follows:

	Purchase Transactions	Sale Transactions
Year Ended December 31, 2008	$40,240,084	$ 41,196,921
Year Ended December 31, 2007	$ 30,798,147	$24,096,458

See accompanying Notes to Financial Statements.

Service Shares Year Ended December 31,	2009	2008	2007	2006	2005
Per Share Operating Data					
Net asset value, beginning of period	$ 1.58	$ 7.89	$ 8.50	$ 8.39	$ 8.76
Income (loss) from investment operations:					
Net investment income[1]	.16	.54	.55	.56	.55
Net realized and unrealized gain (loss)	.25	(6.40)	(.57)	.17	(.38)
Total from investment operations	.41	(5.86)	(.02)	.73	.17
Dividends and/or distributions to shareholders:					
Dividends from net investment income	—	(.45)	(.59)	(.62)	(.54)
Net asset value, end of period	**$1.99**	**$1.58**	**$7.89**	**$8.50**	**$8.39**
Total Return, at Net Asset Value[2]	25.95%	(78.57)%	(0.47)%	9.23%	2.01%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	$64,440	$ 43,375	$157,333	$173,299	$155,617
Average net assets (in thousands)	$54,202	$116,236	$169,569	$160,703	$141,287
Ratios to average net assets:[3]					
Net investment income	9.60%	9.13%	6.71%	6.80%	6.54%
Total expenses	1.21%[4]	1.05%[4]	1.01%[4]	1.00%[4]	1.00%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.80%	1.03%	1.00%	1.00%	1.00%
Portfolio turnover rate	128%	53%[5]	67%[5]	57%	64%

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

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

3. Annualized for periods less than one full year.

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

Year Ended December 31, 2009	1.23%
Year Ended December 31, 2008	1.05%
Year Ended December 31, 2007	1.02%
Year Ended December 31, 2006	1.00%

5. The portfolio turnover rate excludes purchase and sale transactions of To Be Announced (TBA) mortgage-related securities as follows:

	Purchase Transactions	Sale Transactions
Year Ended December 31, 2008	$40,240,084	$ 41,196,921
Year Ended December 31, 2007	$ 30,798,147	$24,096,458

See accompanying Notes to Financial Statements.

Class 3 Shares Year Ended December 31,	2009	2008	2007[1]
Per Share Operating Data			
Net asset value, beginning of period	$ 1.57	$ 7.98	$ 8.26
Income (loss) from investment operations:			
Net investment income[2]	.17	.56	.37
Net realized and unrealized gain (loss)	.25	(6.50)	(.65)
Total from investment operations	.42	(5.94)	(.28)
Dividends and/or distributions to shareholders:			
Dividends from net investment income	—	(.47)	—
Net asset value, end of period	**$1.99**	**$ 1.57**	**$7.98**
Total Return, at Net Asset Value[3]	26.75%	(78.89)%	(3.39)%
Ratios/Supplemental Data			
Net assets, end of period (in thousands)	$4,684	$1,582	$4,921
Average net assets (in thousands)	$3,568	$5,292	$3,750
Ratios to average net assets:[4]			
Net investment income	9.86%	9.29%	6.90%
Total expenses[5]	0.97%	0.80%	0.76%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.53%	0.78%	0.75%
Portfolio turnover rate	128%	53%[6]	67%[6]

1. For the period from May 1, 2007 (inception of offering) to December 31, 2007.
2. Per share amounts calculated based on the average shares outstanding during the period.
3. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.
4. Annualized for periods less than one full year.
5. Total expenses including indirect expenses from affiliated fund were as follows:

Year Ended December 31, 2009	0.99%
Year Ended December 31, 2008	0.80%
Period Ended December 31, 2007	0.77%

6. The portfolio turnover rate excludes purchase and sale transactions of To Be Announced (TBA) mortgage-related securities as follows:

	Purchase Transactions	Sale Transactions
Year Ended December 31, 2008	$40,240,084	$ 41,196,921
Period Ended December 31, 2007	$ 30,798,147	$24,096,458

See accompanying Notes to Financial Statements.

Class 4 Shares Year Ended December 31,	2009	2008	2007[1]
Per Share Operating Data			
Net asset value, beginning of period	$1.59	$ 7.97	$ 8.26
Income (loss) from investment operations:			
Net investment income[2]	.16	.54	.36
Net realized and unrealized gain (loss)	.26	(6.46)	(.65)
Total from investment operations	.42	(5.92)	(.29)
Dividends and/or distributions to shareholders:			
Dividends from net investment income	—	(.46)	—
Net asset value, end of period	**$2.01**	**$1.59**	**$7.97**
Total Return, at Net Asset Value[3]	26.42%	(78.63)%	(3.51)%
Ratios/Supplemental Data			
Net assets, end of period (in thousands)	$ 7,107	$ 4,167	$9,476
Average net assets (in thousands)	$ 6,285	$10,658	$7,201
Ratios to average net assets:[4]			
Net investment income	9.62%	9.00%	6.61%
Total expenses[5]	1.19%	1.07%	1.05%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.80%	1.05%	1.04%
Portfolio turnover rate	128%	53%[6]	67%[6]

1. For the period from May 1, 2007 (inception of offering) to December 31, 2007.
2. Per share amounts calculated based on the average shares outstanding during the period.
3. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.
4. Annualized for periods less than one full year.
5. Total expenses including indirect expenses from affiliated fund were as follows:

Year Ended December 31, 2009	1.21%
Year Ended December 31, 2008	1.07%
Period Ended December 31, 2007	1.06%

6. The portfolio turnover rate excludes purchase and sale transactions of To Be Announced (TBA) mortgage-related securities as follows:

	Purchase Transactions	Sale Transactions
Year Ended December 31, 2008	$40,240,084	$ 41,196,921
Period Ended December 31, 2007	$ 30,798,147	$24,096,458

See accompanying Notes to Financial Statements.

1. Significant Accounting Policies

Oppenheimer High Income Fund/VA (the "Fund") is a separate series of Oppenheimer Variable Account Funds, an open-end management investment company registered under the Investment Company Act of 1940, as amended. The Fund's investment objective is to seek a high level of current income by investing mainly in a diversified portfolio of high-yield, lower-grade, fixed-income securities that the Fund's investment manager, OppenheimerFunds, Inc. (the "Manager"), believes does not involve undue risk.

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

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

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

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

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

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

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

Corporate, government and municipal debt instruments having a remaining maturity in excess of sixty days and all mortgage-backed securities, collateralized mortgage obligations and other asset-backed securities are valued at the mean between the "bid" and "asked" prices.

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

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

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

Securities on a When-Issued or Delayed Delivery Basis. The Fund may purchase securities on a "when-issued" basis, and may purchase or sell securities on a "delayed delivery" basis." When-issued" or "delayed delivery" refers to securities whose terms and indenture are available and for which a market exists, but which are not available for immediate delivery. Delivery and payment for securities that have been purchased by the Fund on a when-issued basis normally takes place within six months and possibly as long as two years or more after the trade date. During this period, such securities do not earn interest, are subject to market fluctuation and may increase or decrease in value prior to their delivery. The purchase of securities on a when-issued basis may increase the volatility of the Fund's net asset value to the extent the Fund executes such transactions while remaining substantially fully invested. When the Fund engages in when-issued or delayed delivery transactions, it relies on the buyer or seller, as the case may be, to complete the transaction. Their failure to do so may cause the Fund to lose the opportunity to obtain or dispose of the security at a price and yield it considers advantageous. The Fund maintains internally designated assets with a market value equal to or greater than the amount of its purchase commitments. The Fund may also sell securities that it purchased on a when-issued basis or forward commitment prior to settlement of the original purchase.

As of December 31, 2009, the Fund had purchased securities issued on a when-issued or delayed delivery basis and sold securities issued on a delayed delivery basis as follows:

	When-Issued or Delayed Delivery Basis Transactions
Purchased securities	$1,287,000

The Fund may enter into "forward roll" transactions with respect to mortgage-related securities. In this type of transaction, the Fund sells a mortgage-related security to a buyer and simultaneously agrees to repurchase a similar security (same type, coupon and maturity) at a later date at a set price. During the period between the sale and the repurchase, the Fund will not be entitled to receive interest and principal payments on the securities that have been sold. The Fund records the incremental difference between the forward purchase and sale of each forward roll as realized gain (loss) on investments or as fee income in the case of such transactions that have an associated fee in lieu of a difference in the forward purchase and sale price.

Forward roll transactions may be deemed to entail embedded leverage since the Fund purchases mortgage-related securities with extended settlement dates rather than paying for the securities under a normal settlement cycle. This embedded leverage increases the Fund's market value of investments relative to its net assets which can incrementally increase the volatility of the Fund's performance. Forward roll transactions can be replicated over multiple settlement periods.

Risks of entering into forward roll transactions include the potential inability of the counterparty to meet the terms of the agreement; the potential of the Fund to receive inferior securities at redelivery as compared to the securities sold to the counterparty; and counterparty credit risk. To assure its future payment of the purchase price, the Fund maintains internally designated assets with a market value equal to or greater than the payment obligation under the roll.

1. Significant Accounting Policies Continued

Credit Risk. The Fund invests in high-yield, non-investment-grade bonds, which may be subject to a greater degree of credit risk. Credit risk relates to the ability of the issuer to meet interest or principal payments or both as they become due. The Fund may acquire securities in default, and is not obligated to dispose of securities whose issuers subsequently default. Information concerning securities in default as of December 31, 2009 is as follows:

Cost	$8,750,458
Market Value	$ 630,501
Market Value as a % of Net Assets	0.44%

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

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

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

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

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

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

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

Undistributed Net Investment Income	Undistributed Long-Term Gain	Accumulated Loss Carryforward[1,2,3,4,5]	Net Unrealized Depreciation Based on Cost of Securities and Other Investments for Federal Income Tax Purposes
$10,367,328	$—	$288,235,313	$712,419

1. As of December 31, 2009, the Fund had $286,774,366 of net capital loss carryforwards available to offset future realized capital gains, if any, and thereby reduce future taxable gain distributions. As of December 31, 2009, details of the capital loss carryforwards were as follows:

Expiring	
2010	$ 56,061,391
2011	8,529,303
2012	128,504
2016	48,495,519
2017	173,559,649
Total	**$286,774,366**

2. As of December 31, 2009, the Fund had $1,460,947 of post-October losses available to offset future realized capital gains, if any. Such losses, if unutilized, will expire in 2018.
3. During the fiscal year ended December 31, 2009, the Fund did not utilize any capital loss carryforward.
4. During the fiscal year ended December 31, 2008, the Fund did not utilize any capital loss carryforward.
5. During the fiscal year ended December 31, 2009, $22,696,701 of unused capital loss carryforward expired.

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

Accordingly, the following amounts have been reclassified for December 31, 2009. Net assets of the Fund were unaffected by the reclassifications.

Reduction to Paid-in Capital	Reduction to Accumulated Net Investment Income	Reduction to Accumulated Net Realized Loss on Investments
$22,697,932	$38,411,326	$61,109,258

The tax character of distributions paid during the years ended December 31, 2009 and December 31, 2008 was as follows:

	Year Ended December 31, 2009	Year Ended December 31, 2008
Distributions paid from:		
Ordinary income	$—	$25,945,956

1. Significant Accounting Policies Continued

The aggregate cost of securities and other investments and the composition of unrealized appreciation and depreciation of securities and other investments for federal income tax purposes as of December 31, 2009 are noted in the following table. The primary difference between book and tax appreciation or depreciation of securities and other investments, if applicable, is attributable to the tax deferral of losses or tax realization of financial statement unrealized gain or loss.

Federal tax cost of securities	$ 141,883,678
Federal tax cost of other investments	755,608
Total federal tax cost	**$142,639,286**
Gross unrealized appreciation	$ 11,521,425
Gross unrealized depreciation	(12,233,844)
Net unrealized depreciation	**$ (712,419)**

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

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

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

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

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

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

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

2. Shares of Beneficial Interest

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

	Year Ended December 31, 2009		Year Ended December 31, 2008	
	Shares	Amount	Shares	Amount
Non-Service Shares				
Sold	20,776,611	$ 33,067,312	46,686,845	$ 99,443,229
Dividends and/or distributions reinvested	—	—	2,553,668	16,471,157
Redeemed	(56,972,656)	(87,639,173)	(16,133,552)	(96,215,152)
Net increase (decrease)	**(36,196,045)**	**$(54,571,861)**	**33,106,961**	**$19,699,234**
Service Shares				
Sold	10,597,049	$ 17,230,535	11,108,688	$ 27,272,759
Dividends and/or distributions reinvested	—	—	1,335,035	8,570,925
Redeemed	(5,702,302)	(9,555,200)	(4,887,160)	(30,634,091)
Net increase	**4,894,747**	**$ 7,675,335**	**7,556,563**	**$ 5,209,593**
Class 3 Shares				
Sold	2,785,296	$ 4,527,494	1,353,807	$ 7,210,645
Dividends and/or distributions reinvested	—	—	45,225	292,606
Redeemed	(1,445,037)	(2,399,399)[1]	(1,006,838)	(5,694,397)[2]
Net increase	**1,340,259**	**$ 2,128,095**	**392,194**	**$ 1,808,854**
Class 4 Shares				
Sold	3,615,090	$ 5,889,866	2,743,234	$ 12,307,065
Dividends and/or distributions reinvested	—	—	94,331	611,268
Redeemed	(2,698,668)	(4,103,750)[1]	(1,409,411)	(8,058,843)[2]
Net increase	**916,422**	**$ 1,786,116**	**1,428,154**	**$ 4,859,490**

1. Net of redemption fees of $3,548 and $4,585 for Class 3 and Class 4 shares, respectively.
2. Net of redemption fees of $3,056 and $11,199 for Class 3 and Class 4 shares, respectively.

3. Purchases and Sales of Securities

The aggregate cost of purchases and proceeds from sales of securities, other than short-term obligations and investments in IMMF, for the year ended December 31, 2009, were as follows:

	Purchases	Sales
Investment securities	$119,213,984	$133,605,164

4. Fees and Other Transactions with Affiliates

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

Fee Schedule	
Up to $200 million	0.75%
Next $200 million	0.72
Next $200 million	0.69
Next $200 million	0.66
Next $200 million	0.60
Over $1 billion	0.50

Transfer Agent Fees. OppenheimerFunds Services ("OFS"), a division of the Manager, acts as the transfer and shareholder servicing agent for the Fund. For the year ended December 31, 2009, the Fund paid $86,434 to OFS for services to the Fund.

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

Waivers and Reimbursements of Expenses. Effective September 1, 2008 through August 31, 2009, the Manager had voluntarily agreed to reduce its advisory fee rate by 0.10% of the Fund's average daily net assets if the Fund's trailing one-year total return performance was in the fifth quintile of the Fund's Lipper peer group. During the year ended December 31, 2009, the Manager waived $89,094 in advisory fees as a result of this voluntary arrangement.

Effective April 1, 2009 through March 31, 2010, the Manager has agreed to voluntarily waive its advisory fee by 0.26% of the Fund's average annual net assets. During the year ended December 31, 2009, the Manager waived $259,162. This voluntary waiver will be applied after all other waivers and/or reimbursements and may be withdrawn at any time.

Effective May 1, 2009, the Manager has voluntarily undertaken to limit the Fund's total annual operating expenses so that those expenses, as percentages of daily net assets will not exceed the annual rate of 0.75% for Non-Service and Class 3 shares and 1.00% for Service and Class 4 shares. During the year ended December 31, 2009, the Manager waived fees and/or reimbursed the Fund $70,878, $69,417, $5,175, and $6,717 for Non-Service, Service, Class 3 and Class 4 shares, respectively. This voluntary undertaking may be amended or withdrawn at any time.

Prior to May 1, 2009, OFS had voluntarily agreed to limit transfer and shareholder servicing agent fees for all classes to 0.35% of average annual net assets per class.

The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investment in IMMF. During the year ended December 31, 2009, the Manager waived $24,657 for IMMF management fees.

Capital Stock Activity. On December 17, 2008, the Manager purchased Non-Service Shares of the Fund for $50,000,000. As of that date, the Manager owned approximately 51% of the Non-Service Shares representing approximately 37% of the Fund's net assets. The Manager redeemed this investment on February 25, 2009. The proceeds of the redemption were $48,344,371.

5. Risk Exposures and the Use of Derivative Instruments

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

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

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

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

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

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

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

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

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

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

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

Additional associated risks from investing in derivatives also exist and potentially could have significant effects on the valuation of the derivative and the Fund. Typically, the associated risks are not the risks that the Fund is attempting to increase or decrease exposure to, per its investment objectives, but are the additional risks from investing in derivatives. Examples of these associated risks are liquidity risk, which is the risk that the Fund will not be able to sell the

5. Risk Exposures and the Use of Derivative Instruments Continued

derivative in the open market in a timely manner, and counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Fund. Associated risks can be different for each type of derivative and are discussed by each derivative type in the notes that follow.

Counterparty Credit Risk. Certain derivative positions are subject to counterparty credit risk, which is the risk that the counterparty will not fulfill its obligation to the Fund. The Fund's derivative counterparties are financial institutions who are subject to market conditions that may weaken their financial position. The Fund intends to enter into financial transactions with counterparties that the Manager believes to be creditworthy at the time of the transaction. To reduce this risk the Fund has entered into master netting arrangements, established within the Fund's International Swap and Derivatives Association, Inc. ("ISDA") master agreements, which allow the Fund to net unrealized appreciation and depreciation for positions in swaps, over-the-counter options, and forward currency exchange contracts for each individual counterparty. In addition, the Fund may require that certain counterparties post cash and/or securities in collateral accounts to cover their net payment obligations for those derivative contracts subject to ISDA master agreements. If the counterparty fails to perform under these contracts and agreements, the cash and/or securities will be made available to the Fund.

As of December 31, 2009 the Fund has not required certain counterparties to post collateral.

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

As of December 31, 2009, the aggregate fair value of derivative instruments with credit related contingent features in a net liability position was $26,579 for which collateral was not posted by the Fund. If a contingent feature would have been triggered as of December 31, 2009, the Fund could have been required to pay this amount in cash to its counterparties. If the Fund fails to perform under these contracts and agreements, the cash and/or securities posted as collateral will be made available to the counterparty. Cash posted as collateral for these contract, if any, is reported on the Statement of Assets and Liabilities; securities posted as collateral, if any, are reported on the Statement of Investments.

Valuations of derivative instruments as of December 31, 2009 are as follows:

	Liability Derivatives	
Derivatives not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Value**
Credit contracts	Depreciated swaps, at value	$26,579

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

	Amount of Realized Gain or Loss Recognized on Derivatives		
Derivatives not Accounted for as Hedging Instruments	**Closing and expiration of futures contracts**	**Swap contracts**	**Total**
Credit contracts	$ —	$ (47,943,630)	$ (47,943,630)
Interest rate contracts	(46,063)	(2,540,928)	(2,586,991)
Total	**$(46,063)**	**$(50,484,558)**	**$(50,530,621)**

Amount of Change in Unrealized Gain or Loss Recognized on Derivatives	
Derivatives not Accounted for as Hedging Instruments	**Swap contracts**
Credit contracts	$ 34,562,372
Interest rate contracts	2,415,563
Total	**$36,977,935**

Futures Contracts

A futures contract is a commitment to buy or sell a specific amount of a financial instrument at a negotiated price on a stipulated future date. The Fund may buy and sell futures contracts and may also buy or write put or call options on these futures contracts.

Futures contracts traded on a commodities or futures exchange will be valued at the final settlement price or official closing price on the principal exchange as reported by such principal exchange at its trading session ending at, or most recently prior to, the time when the Fund's assets are valued.

Upon entering into a futures contract, the Fund is required to deposit either cash or securities (initial margin) in an amount equal to a certain percentage of the contract value. Subsequent payments (variation margin) are made or received by the Fund each day. The variation margin payments are equal to the daily changes in the contract value and are recorded as unrealized gains and losses.

Futures contracts are reported on a schedule following the Statement of Investments. Securities held in collateralized accounts to cover initial margin requirements on open futures contracts are noted in the Statement of Investments. Cash held by the broker to cover initial margin requirements on open futures contracts and the receivable and/or payable for the daily mark to market for the variation margin are noted in the Statement of Assets and Liabilities. The net change in unrealized appreciation and depreciation is reported in the Statement of Operations. Realized gains (losses) are reported in the Statement of Operations at the closing or expiration of futures contracts.

The Fund has purchased futures contracts on various bonds and notes to increase exposure to interest rate risk.

The Fund has sold futures contracts on various bonds and notes to decrease exposure to interest rate risk.

Additional associated risks of entering into futures contracts (and related options) include the possibility that there may be an illiquid market where the Fund is unable to liquidate the contract or enter into an offsetting position and, if used for hedging purposes, the risk that the price of the contract will correlate imperfectly with the prices of the Fund's securities.

As of December 31, 2009, the Fund had no outstanding futures contracts.

Swap Contracts

The Fund may enter into swap contract agreements with a counterparty to exchange a series of cash flows based on either specified reference rates, or the occurrence of a credit event, over a specified period. Such contracts may include interest rate, equity, debt, index, total return, credit and currency swaps.

Swaps are marked to market daily using primarily quotations from pricing services, counterparties and brokers. Swap contracts are reported on a schedule following the Statement of Investments. The values of swap contracts are aggregated by positive and negative values and disclosed separately on the Statement of Assets and Liabilities by contracts in unrealized appreciation and depreciation positions. Upfront payments paid or received, if any, affect the value of the respective swap. Therefore, to determine the unrealized appreciation (depreciation) on swaps, upfront payments paid should be subtracted from, while upfront payments received should be added to, the value of contracts reported as an asset on the Statement of Assets and Liabilities. Conversely, upfront payments paid should be added to, while upfront payments received should be subtracted from the value of contracts reported as a liability. The unrealized appreciation (depreciation) related to the change in the valuation of the notional amount of the swap is combined with the accrued interest due to (owed by) the Fund at termination or settlement. The net change in this amount during the period is included on the Statement of Operations. The Fund also records any periodic payments received from (paid to) the counterparty, including at termination, under such contracts as realized gain (loss) on the Statement of Operations.

5. Risk Exposures and the Use of Derivative Instruments Continued

Swap contract agreements are exposed to the market risk factor of the specific underlying reference asset. Swap contracts are typically more attractively priced compared to similar investments in related cash securities because they isolate the risk to one market risk factor and eliminate the other market risk factors. Investments in cash securities (for instance bonds) have exposure to multiple risk factors (credit and interest rate risk). Because swaps require little or no initial cash investment, they can expose the Fund to substantial risk in the isolated market risk factor.

Credit Default Swap Contracts. A credit default swap is a bilateral contract that enables an investor to buy or sell protection on a debt security against a defined-issuer credit event, such as the issuer's failure to make timely payments of interest or principal on the debt security, bankruptcy or restructuring. The Fund may enter into credit default swaps either by buying or selling protection on a single security or a basket of securities (the "reference asset").

The buyer of protection pays a periodic fee to the seller of protection based on the notional amount of debt securities underlying the swap contract. The seller of protection agrees to compensate the buyer of protection for future potential losses as a result of a credit event on the reference asset. The contract effectively transfers the credit event risk of the reference asset from the buyer of protection to the seller of protection.

The ongoing value of the contract will fluctuate throughout the term of the contract based primarily on the credit risk of the reference asset. If the credit quality of the reference asset improves relative to the credit quality at contract initiation, the buyer of protection may have an unrealized loss greater than the anticipated periodic fee owed. This unrealized loss would be the result of current credit protection being cheaper than the cost of credit protection at contract initiation. If the buyer elects to terminate the contract prior to its maturity, and there has been no credit event, this unrealized loss will become realized. If the contract is held to maturity, and there has been no credit event, the realized loss will be equal to the periodic fee paid over the life of the contract.

If there is a credit event, the buyer of protection can exercise its rights under the contract and receive a payment from the seller of protection equal to the notional amount of the reference asset less the market value of the reference asset. Upon exercise of the contract the difference between the value of the underlying reference asset and the notional amount is recorded as realized gain (loss) and is included on the Statement of Operations.

The Fund has sold credit protection through credit default swaps to increase exposure to the credit risk of individual securities and, or, indexes that are either unavailable or considered to be less attractive in the bond market.

The Fund has purchased credit protection through credit default swaps to decrease exposure to the credit risk of individual securities and, or, indexes.

The Fund has also engaged in pairs trades by purchasing protection through a credit default swap referenced to the debt of an issuer, and simultaneously selling protection through a credit default swap referenced to the debt of a different issuer with the intent to realize gains from the pricing differences of the two issuers who are expected to have similar market risks. Pairs trades attempt to gain exposure to credit risk while hedging or offsetting the effects of overall market movements.

The Fund has engaged in spread curve trades by simultaneously purchasing and selling protection through credit default swaps referenced to the same issuer but with different maturities. Spread curve trades attempt to gain exposure to credit risk on a forward basis by realizing gains on the expected differences in spreads.

Interest Rate Swap Contracts. An interest rate swap is an agreement between counterparties to exchange periodic payments based on interest rates. One cash flow stream will typically be a floating rate payment based upon a specified interest rate while the other is typically a fixed interest rate.

The Fund has entered into interest rate swaps in which it pays a floating interest rate and receives a fixed interest rate in order to increase exposure to interest rate risk. Typically, if relative interest rates rise, payments made by the Fund under a swap agreement will be greater than the payments received by the Fund.

The Fund has entered into interest rate swaps in which it pays a fixed interest rate and receives a floating interest rate in order to decrease exposure to interest rate risk. Typically, if relative interest rates rise, payments received by the Fund under the swap agreement will be greater than the payments made by the Fund.

Additional associated risks to the Fund include counterparty credit risk and liquidity risk.

As of December 31, 2009, the Fund had no such interest rate swap agreements outstanding.

Total Return Swap Contracts. A total return swap is an agreement between counterparties to exchange periodic payments based on asset or non-asset references. One cash flow is typically based on a non-asset reference (such as an interest rate or index) and the other on the total return of a reference asset (such as a security or a basket of securities). The total return of the reference asset typically includes appreciation or depreciation on the reference asset, plus any interest or dividend payments.

Total return swap contracts are exposed to the market risk factor of the specific underlying financial instrument or index. Total return swaps are less standard in structure than other types of swaps and can isolate and, or, include multiple types of market risk factors including equity risk, credit risk, and interest rate risk.

The Fund has entered into total return swaps to increase exposure to the credit risk of various indexes or basket of securities. These credit risk related total return swaps require the Fund to pay, or receive payments, to, or from, the counterparty based on the movement of credit spreads of the related indexes.

The Fund has entered into total return swaps to decrease exposure to the credit risk of various indexes or basket of securities. These credit risk related total return swaps require the fund to pay, or receive payments, to, or from, the counterparty based on the movement of credit spreads of the related indexes.

Additional associated risks to the Fund include counterparty credit risk and liquidity risk.

As of December 31, 2009, the Fund had no such total return swap agreements outstanding.

6. Illiquid Securities

As of December 31, 2009, investments in securities included issues that are illiquid. Investments may be illiquid because they do not have an active trading market, making it difficult to value them or dispose of them promptly at an acceptable price. The Fund will not invest more than 15% of its net assets (determined at the time of purchase and reviewed periodically) in illiquid securities. Securities that are illiquid are marked with an applicable footnote on the Statement of Investments.

7. Subsequent Events Evaluation

The Fund has evaluated the need for disclosures and/or adjustments resulting from subsequent events through February 16, 2010, the date the financial statements were issued. This evaluation determined that there are no subsequent events that necessitated disclosures and/or adjustments.

8. Pending Litigation

Since 2009, a number of lawsuits have been filed in federal courts against the Manager, the Distributor, and certain mutual funds (“Defendant Funds”) advised by the Manager and distributed by the Distributor (but not against the Fund). The lawsuits naming the Defendant Funds also name certain officers, trustees and former trustees of the respective Defendant Funds. The plaintiffs seek class action status on behalf of purchasers of shares of the respective Defendant Fund during a particular time period. The lawsuits against the Defendant Funds raise claims under federal securities laws alleging that, among other things, the disclosure documents of the respective Defendant Fund contained misrepresentations and omissions, that such Defendant Fund’s investment policies were not followed, and that such Defendant Fund and the other defendants violated federal securities laws and regulations. The plaintiffs seek unspecified damages, equitable relief and an award of attorneys’ fees and litigation expenses.

In 2009, lawsuits were filed in state court against the Manager and its subsidiary (but not against the Fund), on behalf of the New Mexico Education Plan Trust. These lawsuits allege breach of contract, breach of fiduciary duty, negligence and violation of state securities laws, and seek compensatory damages, equitable relief and an award of attorneys’ fees and litigation expenses.

8. Pending Litigation Continued

Other lawsuits have been filed since 2008 in various state and federal courts, by investors who made investments through an affiliate of the Manager, against the Manager and certain of its affiliates. Those lawsuits relate to the alleged investment fraud perpetrated by Bernard Madoff and his firm ("Madoff") and allege a variety of claims, including breach of fiduciary duty, fraud, negligent misrepresentation, unjust enrichment, and violation of federal and state securities laws and regulations, among others. They seek unspecified damages, equitable relief and an award of attorneys' fees and litigation expenses. None of the suits have named the Distributor, any of the Oppenheimer mutual funds or any of their independent Trustees or Directors. None of the Oppenheimer funds invested in any funds or accounts managed by Madoff.

The Manager believes that the lawsuits described above are without legal merit and intends to defend them vigorously. The Defendant Funds' Boards of Trustees have also engaged counsel to defend the suits vigorously on behalf of those Funds, their boards and the Trustees named in those suits. While it is premature to render any opinion as to the likelihood of an outcome in these lawsuits, or whether any costs that the Defendant Funds may bear in defending the suits might not be reimbursed by insurance, the Manager believes that these suits should not impair the ability of the Manager or the Distributor to perform their respective duties to the Fund, and that the outcome of all of the suits together should not have any material effect on the operations of any of the Oppenheimer Funds.

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

We have audited the accompanying statement of assets and liabilities of Oppenheimer High Income Fund/VA (one of the portfolios constituting the Oppenheimer Variable Account Funds), including the statement of investments, as of December 31, 2009, and the related statements of operations and changes in net assets and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The accompanying financial statements and financial highlights of Oppenheimer High Income Fund/VA for the years ended prior to January 1, 2009 were audited by other auditors whose report dated February 11, 2009 expressed an unqualified opinion on those statements and financial highlights.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2009, by correspondence with the custodian, transfer agent and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Oppenheimer High Income Fund/VA as of December 31, 2009, the results of its operations, the changes in its net assets and the financial highlights for the year then ended, in conformity with U.S. generally accepted accounting principles.

KPMG LLP

Denver, Colorado
February 16, 2010

FEDERAL INCOME TAX INFORMATION Unaudited

In early 2010, if applicable, shareholders of record received information regarding all dividends and distributions paid to them by the Fund during calendar year 2009. Regulations of the U.S. Treasury Department require the Fund to report this information to the Internal Revenue Service.

Dividends, if any, paid by the Fund during the fiscal year ended December 31, 2009 which are not designated as capital gain distributions should be multiplied by the maximum amount allowable but not less than 0.02% to arrive at the amount eligible for the corporate dividend-received deduction.

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

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

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

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

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

The Board also considered the quality of the services provided and the quality of the Manager's resources that are available to the Fund. The Board took account of the fact that the Manager has had over forty years of experience as an investment adviser and that its assets under management rank it among the top mutual fund managers in the United States. The Board evaluated the Manager's advisory, administrative, accounting, legal and compliance services, and information the Board has received regarding the experience and professional qualifications of the Manager's key personnel and the size and functions of its staff. In its evaluation of the quality of the portfolio management services provided, the Board considered the experience of Joesph Welsh, the portfolio manager for the Fund effective April 1, 2009, and the Manager's investment team and analysts. The Board members also considered the totality of their experiences with the Manager as directors or trustees of the Fund and other funds advised by the Manager. The Board considered information regarding the quality of services provided by affiliates of the Manager, which its members have become knowledgeable about in connection with the renewal of the Fund's service agreements. The Board concluded, in light of the Manager's experience, reputation, personnel, operations and resources that the Fund benefits from the services provided under the Agreement.

Investment Performance of the Manager and the Fund. Throughout the year, the Manager provided information on the investment performance of the Fund and the Manager, including comparative performance information. The Board also reviewed information, prepared by the Manager and by the independent consultant, comparing the Fund's historical performance to relevant market indices and to the performance of other high current yield funds underlying variable insurance products. The Board noted that the Fund's one-year, three-year, five-year and ten-year performance was below its peer group median. The Board considered the Manager's assertion that the Fund's underperformance in 2008 was a combination of a severe downturn in the high yield fixed income markets and a greater exposure to commercial and residential mortgages and investment grade financials relative to its peers. The Board also noted the appointment of a new portfolio manager and the newly formed High Yield Corporate Debt team on April 1, 2009 to oversee the Fund's investments, and it considered the Manager's assertion that the Fund has reduced its positions in commercial mortgages.

Costs of Services by the Manager. The Board reviewed the fees paid to the Manager and the other expenses borne by the Fund. The Board also considered the comparability of the fees charged and the services provided to the Fund to the fees and services for other clients or accounts advised by the Manager. The independent consultant provided comparative data in regard to the fees and expenses of the Fund and other high current yield funds underlying variable insurance products. The Board noted that the Fund's total expenses were competitive with its peer group median although its actual management fees were higher than its peer group median. In reviewing the fees and expenses charged to the VA Funds, the Board considered the Manager's assertion that, because of the disparity among VA funds in how insurance companies may be compensated for the services they provide to shareholders, when comparing the expenses of the various VA funds it is most appropriate to focus on the total expenses rather than on the management fees. Accordingly, while the Board reviewed and considered all expenses in its consideration of the Advisory Agreement, it paid particular attention to total expenses. The Board noted that for the period of September 1, 2008 through August 31, 2009, the Manager voluntarily reduced its advisory fee by 0.10% of the Fund's average daily net assets. The Board considered that, effective May 1, 2009, the Manager voluntarily undertook to waive a portion of the management fee so that annual total expenses, as a percentage of net assets, will not exceed the annual rates of 0.75% for Non-Service and Class 3 shares and 1.00% for Service and Class 4 shares. The Board also noted that the Manager has agreed to voluntarily waive 0.26% of its management fee effective April 1, 2009 through March 31, 2010. This voluntary waiver will be applied after all other waivers and/or reimbursements and may be withdrawn at any time after March 31, 2010.

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

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

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

Based on its review of the information it received and its evaluations described above, the Board, including a majority of the independent Trustees, decided to continue the Agreement through August 31, 2010. In arriving at this decision, the Board did not single out any factor or factors as being more important than others, but considered all of the above information, and considered the terms and conditions of the Agreement, including the management fee, in light of all of the surrounding circumstances.

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

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

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

Name, Position(s) Held with the Funds, Length of Service, Age	Principal Occupation(s) During the Past 5 Years; Other Trusteeships/Directorships Held; Number of Portfolios in the Funds Complex Currently Overseen
INDEPENDENT TRUSTEES	*The address of each Trustee in the chart below is 6803 S. Tucson Way, Centennial, Colorado 80112-3924. Each Trustee serves for an indefinite term, or until his or her resignation, retirement, death or removal.*
William L. Armstrong, Chairman of the Board of Trustees (since 2003), Trustee (since 1999) Age: 72	President, Colorado Christian University (since 2006); Chairman, Cherry Creek Mortgage Company (since 1991), Chairman, Centennial State Mortgage Company (since 1994), Chairman, The El Paso Mortgage Company (since 1993); Chairman, Ambassador Media Corporation (since 1984); Chairman, Broadway Ventures (since 1984); Director of Helmerich & Payne, Inc. (oil and gas drilling/production company) (since 1992), former Director of Campus Crusade for Christ (non-profit) (1991-2008); former Director, The Lynde and Harry Bradley Foundation, Inc. (non-profit organization) (2002-2006); former Chairman of: Transland Financial Services, Inc. (private mortgage banking company) (1997-2003), Great Frontier Insurance (1995-2000), Frontier Real Estate, Inc. (residential real estate brokerage) (1994-2000) and Frontier Title (title insurance agency) (1995-2000); former Director of the following: UNUMProvident (insurance company) (1991-2004), Storage Technology Corporation (computer equipment company) (1991-2003) and International Family Entertainment (television channel) (1992-1997); U.S. Senator (January 1979-January 1991). Oversees 35 portfolios in the OppenheimerFunds complex.
George C. Bowen, Trustee (since 1999) Age: 73	Assistant Secretary and Director of Centennial Asset Management Corporation (December 1991-April 1999); President, Treasurer and Director of Centennial Capital Corporation (June 1989-April 1999); Chief Executive Officer and Director of MultiSource Services, Inc. (March 1996-April 1999); Mr. Bowen held several positions with the Manager and with subsidiary or affiliated companies of the Manager (September 1987-April 1999). Oversees 35 portfolios in the OppenheimerFunds complex.
Edward L. Cameron, Trustee (since 1999) Age: 71	Member of The Life Guard of Mount Vernon (George Washington historical site) (June 2000 – June 2006); Partner of PricewaterhouseCoopers LLP (accounting firm) (July 1974-June 1999); Chairman of Price Waterhouse LLP Global Investment Management Industry Services Group (accounting firm) (July 1994-June 1998). Oversees 35 portfolios in the OppenheimerFunds complex.
Jon S. Fossel, Trustee (since 1990) Age: 67	Chairman of the Board (since 2006) and Director (since June 2002) of UNUMProvident (insurance company); Director of Northwestern Energy Corp. (public utility corporation) (since November 2004); Director of P.R. Pharmaceuticals (October 1999-October 2003); Director of Rocky Mountain Elk Foundation (non-profit organization) (February 1998-February 2003 and February 2005-February 2007); Chairman and Director (until October 1996) and President and Chief Executive Officer (until October 1995) of the Manager; President, Chief Executive Officer and Director of the following: Oppenheimer Acquisition Corp. ("OAC") (parent holding company of the Manager), Shareholders Services, Inc. and Shareholder Financial Services, Inc. (until October 1995). Oversees 35 portfolios in the OppenheimerFunds complex.
Sam Freedman, Trustee (since 1996) Age: 69	Director of Colorado UpLIFT (charitable organization) (since September 1984). Mr. Freedman held several positions with the Manager and with subsidiary or affiliated companies of the Manager (until October 1994). Oversees 35 portfolios in the OppenheimerFunds complex.
Beverly L. Hamilton, Trustee (since 2002) Age: 63	Trustee of Monterey Institute for International Studies (educational organization) (since February 2000); Board Member of Middlebury College (educational organization) (since December 2005); Chairman (since 2010) of American Funds' Emerging Markets Growth Fund, Inc. (mutual fund); Director of The California Endowment (philanthropic organization) (April 2002-April 2008); Director (February 2002-2005) and Chairman of Trustees (2006-2007) of the Community Hospital of Monterey Peninsula; Director (October 1991-2005); Vice Chairman (2006-2009) of American Funds' Emerging Markets Growth Fund, Inc. (mutual fund); President of ARCO Investment Management Company (February 1991-April 2000); Member of the investment committees of The Rockefeller Foundation (2001-2006) and The University of Michigan (since 2000); Advisor at Credit Suisse First Boston's Sprout venture capital unit (venture capital fund) (1994-January 2005); Trustee of MassMutual Institutional Funds (investment company) (1996-June 2004); Trustee of MML Series Investment Fund (investment company) (April 1989-June 2004); Member of the investment committee of Hartford Hospital (2000-2003); and Advisor to Unilever (Holland) pension fund (2000-2003). Oversees 35 portfolios in the OppenheimerFunds complex.

Robert J. Malone,
Trustee (since 2002)
Age: 65

Board of Directors of Opera Colorado Foundation (non-profit organization) (since March 2008); Director of Jones Knowledge, Inc. (since 2006); Director of Jones International University (educational organization) (since August 2005); Chairman, Chief Executive Officer and Director of Steele Street Bank & Trust (commercial banking) (since August 2003); Director of Colorado UpLIFT (charitable organization) (since 1986); Trustee of the Gallagher Family Foundation (non-profit organization) (since 2000); Former Chairman of U.S. Bank-Colorado (subsidiary of U.S. Bancorp and formerly Colorado National Bank) (July 1996-April 1999); Director of Commercial Assets, Inc. (real estate investment trust) (1993-2000); Director of Jones Knowledge, Inc. (2001-July 2004); and Director of U.S. Exploration, Inc. (oil and gas exploration) (1997-February 2004). Oversees 35 portfolios in the OppenheimerFunds complex.

F. William Marshall, Jr.,
Trustee (since 2000)
Age: 67

Trustee Emeritas of Worcester Polytech Institute (WPI) (private university) (since 2009); Trustee of MassMutual Select Funds (formerly MassMutual Institutional Funds) (investment company) (since 1996) and MML Series Investment Fund (investment company) (since 1996); President and Treasurer of the SIS Funds (private charitable fund) (since January 1999); Former Trustee of WPI (1985-2008); Former Chairman of the Board (2004-2006) and Former Chairman of the Investment Committee of WPI (1994-2008); Chairman of SIS & Family Bank, F.S.B. (formerly SIS Bank) (commercial bank) (January 1999-July 1999); Executive Vice President of Peoples Heritage Financial Group, Inc. (commercial bank) (January 1999-July 1999); and Former President and Chief Executive Officer of SIS Bancorp. (1993-1999). Oversees 37 portfolios in the OppenheimerFunds complex.

INTERESTED TRUSTEE AND OFFICER

The address of Mr. Glavin is Two World Financial Center, 225 Liberty Street, 11th Floor, New York, New York 10281-1008. Mr. Glavin serves as a Trustee for an indefinite term, or until his resignation, retirement, death or removal and as an Officer for an indefinite term, or until his resignation, retirement, death or removal. Mr. Glavin is an interested Trustee due to his positions with OppenheimerFunds, Inc. and its affiliates.

William F. Glavin, Jr.,
Trustee, President and Principal Executive Officer (since 2009)
Age: 51

Chief Executive Officer and Director of the Manager (since January 2009); President of the Manager (since May 2009); Director of Oppenheimer Acquisition Corp. ("OAC") (the Manager's parent holding company) (since June 2009); Executive Vice President (March 2006-February 2009) and Chief Operating Officer (July 2007-February 2009) of Massachusetts Mutual Life Insurance Company (OAC's parent company); Director (May 2004-March 2006) and Chief Operating Officer and Chief Compliance Officer (May 2004-January 2005), President (January 2005-March 2006) and Chief Executive Officer (June 2005-March 2006) of Babson Capital Management LLC; Director (March 2005-March 2006), President (May 2003-March 2006) and Chief Compliance Officer (July 2005-March 2006) of Babson Capital Securities, Inc. (a broker-dealer); President (May 2003-March 2006) of Babson Investment Company, Inc.; Director (May 2004-August 2006) of Babson Capital Europe Limited; Director (May 2004-October 2006) of Babson Capital Guernsey Limited; Director (May 2004-March 2006) of Babson Capital Management LLC; Non-Executive Director (March 2005-March 2007) of Baring Asset Management Limited; Director (February 2005-June 2006) Baring Pension Trustees Limited; Director and Treasurer (December 2003-November 2006) of Charter Oak Capital Management, Inc.; Director (May 2006-September 2006) of C.M. Benefit Insurance Company; Director (May 2008-June 2009) and Executive Vice President (June 2007-July 2009) of C.M. Life Insurance Company; President (March 2006-May 2007) of MassMutual Assignment Company; Director (January 2005-December 2006), Deputy Chairman (March 2005-December 2006) and President (February 2005-March 2005) of MassMutual Holdings (Bermuda) Limited; Director (May 2008-June 2009) and Executive Vice President (June 2007-July 2009) of MML Bay State Life Insurance Company; Chief Executive Officer and President (April 2007-January 2009) of MML Distributors, LLC.; and Chairman (March 2006-December 2008) and Chief Executive Officer (May 2007-December 2008) of MML Investors Services, Inc. Oversees 63 portfolios as a Trustee and is an officer of 94 portfolios in the OppenheimerFunds complex.

OTHER OFFICERS OF THE FUND

The addresses of the Officers in the chart below are as follows: for Messrs. Keffer and Zack, Two World Financial Center, 225 Liberty Street, New York, New York 10281-1008, for Messrs. Welsh, Vandehey and Wixted, 6803 S. Tucson Way, Centennial, Colorado 80112-3924. Each Officer serves for an indefinite term or until his or her resignation, retirement, death or removal.

Joseph Welsh,
Vice President and Portfolio Manager (since 2009)
Age: 45

Head of the Manager's High Yield Corporate Debt Team (since April 2009); Senior Vice President of the Manager (since May 2009); Vice President of the Manager (December 2000-April 2009); Assistant Vice President of the Manager (December 1996-November 2000); a high yield bond analyst of the Manager (January 1995-December 1996); a CFA. A portfolio manager and officer of 6 portfolios in the OppenheimerFunds complex.

Thomas W. Keffer, Vice President and Chief Business Officer (since 2009) Age: 54	Director of Investment Brand Management, Senior Vice President of the Manager, and Senior Vice President of OppenheimerFunds Distributor, Inc. (since 1997). An officer of 94 portfolios in the OppenheimerFunds complex.
Mark S. Vandehey, Vice President and Chief Compliance Officer (since 2004) Age: 59	Senior Vice President and Chief Compliance Officer of the Manager (since March 2004); Chief Compliance Officer of OppenheimerFunds Distributor, Inc., Centennial Asset Management and Shareholder Services, Inc. (since March 2004); Vice President of OppenheimerFunds Distributor, Inc., Centennial Asset Management Corporation and Shareholder Services, Inc. (since June 1983); Former Vice President and Director of Internal Audit of the Manager (1997-February 2004). An officer of 94 portfolios in the OppenheimerFunds complex.
Brian W. Wixted, Treasurer and Principal Financial & Accounting Officer (since 1999) Age: 50	Senior Vice President of the Manager (since March 1999); Treasurer of the Manager and the following: HarbourView Asset Management Corporation, Shareholder Financial Services, Inc., Shareholder Services, Inc., Oppenheimer Real Asset Management, Inc. and Oppenheimer Partnership Holdings, Inc. (March 1999-June 2008), OFI Private Investments, Inc. (March 2000-June 2008), OppenheimerFunds International Ltd. and OppenheimerFunds plc (since May 2000), OFI Institutional Asset Management, Inc. (since November 2000), and OppenheimerFunds Legacy Program (charitable trust program established by the Manager) (since June 2003); Treasurer and Chief Financial Officer of OFI Trust Company (trust company subsidiary of the Manager) (since May 2000); Assistant Treasurer of the following: OAC (March 1999-June 2008), Centennial Asset Management Corporation (March 1999-October 2003) and OppenheimerFunds Legacy Program (April 2000-June 2003). An officer of 94 portfolios in the OppenheimerFunds complex.
Robert G. Zack, Vice President and Secretary (since 2001) Age: 61	Executive Vice President (since January 2004) and General Counsel (since March 2002) of the Manager; General Counsel and Director of the Distributor (since December 2001); General Counsel of Centennial Asset Management Corporation (since December 2001); Senior Vice President and General Counsel of HarbourView Asset Management Corporation (since December 2001); Secretary and General Counsel of OAC (since November 2001); Assistant Secretary (since September 1997) and Director (since November 2001) of OppenheimerFunds International Ltd. and OppenheimerFunds plc; Vice President and Director of Oppenheimer Partnership Holdings, Inc. (since December 2002); Director of Oppenheimer Real Asset Management, Inc. (since November 2001); Senior Vice President, General Counsel and Director of Shareholder Financial Services, Inc. and Shareholder Services, Inc. (since December 2001); Senior Vice President, General Counsel and Director of OFI Private Investments, Inc. and OFI Trust Company (since November 2001); Vice President of OppenheimerFunds Legacy Program (since June 2003); Senior Vice President and General Counsel of OFI Institutional Asset Management, Inc. (since November 2001); Director of OppenheimerFunds International Distributor Limited (since December 2003); Senior Vice President (May 1985-December 2003). An officer of 94 portfolios in the OppenheimerFunds complex.

The Fund's Statement of Additional Information contains additional information about the Fund's Trustees and Officers and is available without charge, upon request, by calling 1.800.981.2871.

OPPENHEIMER HIGH INCOME FUND/VA

A Series of Oppenheimer Variable Account Funds

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

Before investing, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses contain this and other information about the funds, and may be obtained by asking your financial advisor, or calling us at 1.800.981.2871. Read prospectuses carefully before investing.

OppenheimerFunds®
Distributor, Inc.