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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

- ☒ Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended **March 31, 2015**

or

- ☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
**Commission file number 1-6368**

**Ford Motor Credit Company LLC**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State of organization)  
**One American Road, Dearborn, Michigan**  
(Address of principal executive offices)

**38-1612444**  
(I.R.S. employer identification no.)  
**48126**  
(Zip code)

**(313) 322-3000**  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐      Accelerated filer ☐      Non-accelerated filer ☒      Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
☐ Yes ☒ No

All of the limited liability company interests in the registrant ("Shares") are held by an affiliate of the registrant. None of the Shares are publicly traded.

**REDUCED DISCLOSURE FORMAT**

**The registrant meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this Form with the reduced disclosure format.**

**FORD MOTOR CREDIT COMPANY LLC**  
**QUARTERLY REPORT ON FORM 10-Q**  
**For the Quarter Ended March 31, 2015**

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# PART I. FINANCIAL INFORMATION

## ITEM 1. Financial Statements.

### FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES CONSOLIDATED INCOME STATEMENT For the Periods Ended March 31, 2015 and 2014 (in millions)

	First Quarter	
	2015	2014
	(unaudited)	
<b>Financing revenue</b>		
Operating leases	\$ 1,120	\$ 966
Retail financing	685	696
Dealer financing	374	393
Other	18	21
Total financing revenue	2,197	2,076
Depreciation on vehicles subject to operating leases	(816)	(705)
Interest expense	(638)	(666)
Net financing margin	743	705
<b>Other revenue</b>		
Insurance premiums earned	31	32
Other income, net (Note 11)	54	51
Total financing margin and other revenue	828	788
<b>Expenses</b>		
Operating expenses	272	250
Provision for credit losses (Note 4)	67	31
Insurance expenses	6	8
Total expenses	345	289
<b>Income before income taxes</b>	483	499
Provision for income taxes	177	187
<b>Net income</b>	\$ 306	\$ 312

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Periods Ended March 31, 2015 and 2014 (in millions)

	First Quarter	
	2015	2014
	(unaudited)	
<b>Net income</b>	\$ 306	\$ 312
Other comprehensive income/(loss), net of tax (Note 10)		
Foreign currency translation	(482)	(82)
<b>Total other comprehensive income/(loss), net of tax</b>	(482)	(82)
<b>Comprehensive income/(loss)</b>	(176)	230
Less: Comprehensive income/(loss) attributable to noncontrolling interests	1	—
<b>Comprehensive income/(loss) attributable to Ford Motor Credit Company</b>	\$ (177)	\$ 230

The accompanying notes are part of the financial statements.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
(in millions)

	March 31, 2015	December 31, 2014
	(unaudited)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,294	\$ 6,179
Marketable securities	6,264	3,258
Finance receivables, net (Note 2)	86,498	86,915
Net investment in operating leases (Note 3)	21,984	21,518
Notes and accounts receivable from affiliated companies	707	778
Derivative financial instruments (Note 7)	1,204	859
Other assets (Note 8)	2,424	2,601
<b>Total assets</b>	<b>\$ 126,375</b>	<b>\$ 122,108</b>
<b>LIABILITIES</b>		
Accounts payable		
Customer deposits, dealer reserves, and other	\$ 1,205	\$ 1,148
Affiliated companies	591	330
Total accounts payable	1,796	1,478
Debt (Note 9)	109,076	105,037
Deferred income taxes	2,185	1,849
Derivative financial instruments (Note 7)	297	167
Other liabilities and deferred income (Note 8)	1,858	2,210
<b>Total liabilities</b>	<b>115,212</b>	<b>110,741</b>
<b>SHAREHOLDER'S INTEREST</b>		
Shareholder's interest	5,227	5,227
Accumulated other comprehensive income (Note 10)	(323)	160
Retained earnings	6,258	5,980
Total shareholder's interest attributable to Ford Motor Credit Company	11,162	11,367
Shareholder's interest attributable to noncontrolling interests	1	—
<b>Total shareholder's interest</b>	<b>11,163</b>	<b>11,367</b>
<b>Total liabilities and shareholder's interest</b>	<b>\$ 126,375</b>	<b>\$ 122,108</b>

The following table includes assets to be used to settle the liabilities of the consolidated variable interest entities ("VIEs"). These assets and liabilities are included in the consolidated balance sheet above. See Notes 5 and 6 for additional information on our VIEs.

	March 31, 2015	December 31, 2014
	(unaudited)	
ASSETS		
Cash and cash equivalents	\$ 2,332	\$ 2,094
Finance receivables, net	40,964	39,522
Net investment in operating leases	10,115	9,631
Derivative financial instruments	68	27
LIABILITIES		
Debt	\$ 39,409	\$ 37,156
Derivative financial instruments	38	22

The accompanying notes are part of the financial statements.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF SHAREHOLDER'S INTEREST**  
**For the Periods Ended March 31, 2015 and 2014**  
(in millions, unaudited)

	<u>Shareholder's Interest Attributable to Ford Motor Credit Company</u>				<u>Shareholder's Interest Attributable to Non-Controlling Interests</u>	<u>Total Shareholder's Interest</u>
	<u>Shareholder's Interest</u>	<u>Accumulated Other Comprehensive Income (Note 10)</u>	<u>Retained Earnings</u>	<u>Total</u>		
<b>Balance at December 31, 2014</b>	\$ 5,227	\$ 160	\$ 5,980	\$ 11,367	\$ —	\$ 11,367
Net income	—	—	306	306	—	306
Other comprehensive income/(loss), net of tax	—	(483)	—	(483)	1	(482)
Distributions to parent	—	—	(28)	(28)	—	(28)
<b>Balance at March 31, 2015</b>	<u>\$ 5,227</u>	<u>\$ (323)</u>	<u>\$ 6,258</u>	<u>\$ 11,162</u>	<u>\$ 1</u>	<u>\$ 11,163</u>
<b>Balance at December 31, 2013</b>	\$ 5,217	\$ 717	\$ 4,670	\$ 10,604	\$ —	\$ 10,604
Net income	—	—	312	312	—	312
Other comprehensive income/(loss), net of tax	—	(82)	—	(82)	—	(82)
Distributions to parent	—	—	(28)	(28)	—	(28)
<b>Balance at March 31, 2014</b>	<u>\$ 5,217</u>	<u>\$ 635</u>	<u>\$ 4,954</u>	<u>\$ 10,806</u>	<u>\$ —</u>	<u>\$ 10,806</u>

The accompanying notes are part of the financial statements.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Periods Ended March 31, 2015 and 2014**  
(in millions)

	First Quarter	
	2015	2014
	(unaudited)	
<b>Cash flows from operating activities</b>		
Net income	\$ 306	\$ 312
Adjustments to reconcile net income to net cash provided by operations		
Provision for credit losses	67	31
Depreciation and amortization	1,029	912
Amortization of upfront interest supplements	(258)	(247)
Net change in deferred income taxes	366	149
Net change in other assets	45	190
Net change in other liabilities	67	252
All other operating activities	96	62
Net cash provided by/(used in) operating activities	1,718	1,661
<b>Cash flows from investing activities</b>		
Purchases of finance receivables (excluding wholesale and other)	(8,492)	(7,928)
Collections of finance receivables (excluding wholesale and other)	7,694	7,429
Purchases of operating lease vehicles	(3,109)	(3,074)
Liquidations of operating lease vehicles	1,557	1,551
Net change in wholesale receivables and other	(1,047)	(2,063)
Net change in notes receivable from affiliated companies	—	31
Purchases of marketable securities	(4,550)	(4,322)
Proceeds from sales and maturities of marketable securities	1,542	3,440
Settlements of derivatives	43	(119)
All other investing activities	59	49
Net cash provided by/(used in) investing activities	(6,303)	(5,006)
<b>Cash flows from financing activities</b>		
Proceeds from issuances of long-term debt	13,452	11,698
Principal payments on long-term debt	(7,908)	(8,060)
Change in short-term debt, net	519	(1,179)
Cash distributions to parent	(28)	(28)
All other financing activities	(36)	(35)
Net cash provided by/(used in) financing activities	5,999	2,396
Effect of exchange rate changes on cash and cash equivalents	(299)	(34)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>\$ 1,115</b>	<b>\$ (983)</b>
<b>Cash and cash equivalents at January 1</b>	<b>\$ 6,179</b>	<b>\$ 9,424</b>
Net increase/(decrease) in cash and cash equivalents	1,115	(983)
<b>Cash and cash equivalents at March 31</b>	<b>\$ 7,294</b>	<b>\$ 8,441</b>

The accompanying notes are part of the financial statements.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements have been prepared in conformity with generally accepted accounting principles in the United States of America ("GAAP") for interim financial information, and instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. In the opinion of management, these unaudited financial statements include all adjustments considered necessary for a fair statement of the results of operations and financial condition for interim periods for Ford Motor Credit Company LLC, its consolidated subsidiaries and consolidated VIEs in which Ford Motor Credit Company LLC is the primary beneficiary (collectively referred to herein as "Ford Credit," "we," "our," or "us"). Results for interim periods should not be considered indicative of results for any other interim period or for the full year. Reference should be made to the financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2014 ("2014 Form 10-K Report"). We are an indirect, wholly owned subsidiary of Ford Motor Company ("Ford").

**Provision for Income Taxes**

For interim tax reporting we estimate one single effective tax rate, which is applied to the year-to-date ordinary income/(loss). Tax effects of significant unusual or extraordinary items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

**Adoption of New Accounting Standards**

*Transfers and Servicing - Repurchase-to-Maturity Transactions, Repurchase Financings and Disclosures.* On January 1, 2015, we adopted the new accounting standard that changes the accounting for repurchase-to-maturity transactions and repurchase financing arrangements. The new standard also requires additional disclosures for certain transfers of financial assets with agreements that both entitle and obligate the transferor to repurchase the transferred assets from the transferee. The adoption of this accounting standard did not impact our financial statements or financial statement disclosures.

**Accounting Standards Issued But Not Yet Adopted**

*Internal-Use Software - Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.* In April 2015, the Financial Accounting Standards Board ("FASB") issued a new accounting standard that provides guidance regarding whether a cloud computing arrangement includes a software license, which would impact the accounting for such an arrangement. The new accounting standard is effective as of January 1, 2016 and we are assessing the potential impact to our financial statements and financial statement disclosures.

*Imputation of Interest - Simplifying the Presentation of Debt Issuance Costs.* In April 2015, the FASB issued a new accounting standard that requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts or premiums. The new accounting standard is effective as of January 1, 2016, and early adoption is permitted. We are assessing the potential impact to our financial statements and financial statement disclosures.

*Consolidation - Amendments to the Consolidation Analysis.* In February 2015, the FASB issued a new accounting standard that makes targeted amendments to the present guidance. One of the amendments in the new standard affects the consolidation analysis performed by reporting entities that are involved with VIEs, particularly those that have decision maker or service provider fee arrangements and related party relationships. The new accounting standard is effective as of January 1, 2016 and we are assessing the potential impact to our financial statements and financial statement disclosures.

*Extraordinary and Unusual Items - Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items.* In January 2015, the FASB issued a new accounting standard that eliminates the concept of extraordinary items and their segregation from the results of ordinary operations and expands presentation and disclosure guidance to include items that are both unusual in nature and occur infrequently. The new accounting standard is effective as of January 1, 2016 and we are assessing the potential impact to our financial statements and financial statement disclosures.



**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. ACCOUNTING POLICIES (Continued)**

*Derivatives and Hedging - Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity.* In November 2014, the FASB issued a new accounting standard that requires an entity to determine the nature of the host contract by considering all stated and implied substantive terms and features of the hybrid financial instrument issued in the form of a share, including any embedded derivative features being evaluated for bifurcation. The new accounting standard is effective as of January 1, 2016 and we are assessing the potential impact to our financial statements and financial statement disclosures.

*Going Concern - Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern.* In August 2014, the FASB issued a new accounting standard that requires management to assess if there is substantial doubt about an entity's ability to continue as a going concern for each annual and interim period. If conditions or events give rise to substantial doubt, disclosures are required. The new accounting standard is effective as of December 31, 2016 and we do not expect it to have an impact on our financial statement disclosures.

*Consolidation - Measuring the Financial Assets and the Financial Liabilities of a Consolidated Collateralized Financing Entity.* In August 2014, the FASB issued a new accounting standard that provides an entity the option to elect to measure the financial assets and financial liabilities of a consolidated collateralized financing entity ("CFE") at a value that is reflective of its economic interest in the CFE. The new accounting standard is effective as of January 1, 2016 and we do not expect it to have an impact on our financial statements or financial statement disclosures.

*Stock Compensation - Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period.* In June 2014, the FASB issued a new accounting standard that requires performance targets that could be achieved after the requisite service period be treated as performance conditions that affect the vesting of the award. The new accounting standard is effective as of January 1, 2016 and we do not expect it to have an impact on our financial statements or financial statement disclosures.

*Revenue - Revenue from Contracts with Customers.* In May 2014, the FASB issued a new accounting standard that requires recognition of revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services. The new standard supersedes virtually all present U.S. GAAP guidance on revenue recognition and requires the use of more estimates and judgments than the present standards as well as additional disclosures. The new accounting standard is effective as of January 1, 2017 and we are assessing the potential impact to our financial statements and financial statement disclosures.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. FINANCE RECEIVABLES**

We segment our finance receivables into “consumer” and “non-consumer” receivables. The receivables are generally secured by the vehicles, inventory, or other property being financed.

*Consumer Segment.* Receivables in this portfolio segment include products offered to individuals and businesses that finance the acquisition of Ford and Lincoln vehicles from dealers for personal or commercial use. Retail financing includes retail installment contracts for new and used vehicles and direct financing leases with retail customers, government entities, daily rental companies, and fleet customers.

*Non-Consumer Segment.* Receivables in this portfolio segment include products offered to automotive dealers and receivables purchased from Ford and its affiliates. The products include:

- *Dealer financing* – includes wholesale loans to dealers to finance the purchase of vehicle inventory, also known as floorplan financing, as well as loans to dealers to finance working capital and improvements to dealership facilities, finance the purchase of dealership real estate, and finance other dealer programs. Wholesale financing is approximately 95% of our dealer financing.
- *Other financing* – purchased receivables from Ford and its affiliates, primarily related to the sale of parts and accessories to dealers, receivables from Ford related loans, and certain used vehicles from daily rental fleet companies. These receivables are excluded from our credit quality reporting since the performance of this group of receivables is generally guaranteed by Ford.

*Notes and accounts receivable from affiliated companies* are presented separately on the balance sheet. These receivables are based on intercompany relationships and the balances are settled regularly. We do not assess these receivables for potential credit losses, nor are they subjected to aging analysis, credit quality reviews, or other formal assessments. As a result, *Notes and accounts receivable from affiliated companies* are not subject to the following disclosures contained herein.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. FINANCE RECEIVABLES (Continued)****Finance Receivables, Net**

Finance receivables, net were as follows (in millions):

	March 31, 2015	December 31, 2014
<b>Consumer</b>		
Retail financing, gross (a)	\$ 55,227	\$ 55,856
Less: Unearned interest supplements (b)	(1,696)	(1,760)
Consumer finance receivables	53,531	54,096
<b>Non-Consumer</b>		
Dealer financing (a)(c)	32,064	31,875
Other financing	1,217	1,265
Non-Consumer finance receivables	33,281	33,140
<b>Total recorded investment (d)</b>	<b>\$ 86,812</b>	<b>\$ 87,236</b>
<b>Recorded investment in finance receivables (d)</b>	<b>\$ 86,812</b>	<b>\$ 87,236</b>
Less: Allowance for credit losses (e)	(314)	(321)
<b>Finance receivables, net</b>	<b>\$ 86,498</b>	<b>\$ 86,915</b>
<b>Net finance receivables subject to fair value (f)</b>	<b>\$ 84,822</b>	<b>\$ 85,242</b>
<b>Fair Value</b>	<b>86,257</b>	<b>86,715</b>

- (a) At March 31, 2015 and December 31, 2014, includes consumer receivables of \$25.9 billion and \$24.4 billion, respectively, and non-consumer receivables of \$21.3 billion and \$21.8 billion, respectively, that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. The receivables are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay our other obligations or the claims of our other creditors. We hold the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions. See Note 5 for additional information.
- (b) Ford-sponsored special financing programs attributable to retail financing.
- (c) At March 31, 2015 and December 31, 2014, includes \$643 million and \$535 million, respectively, of dealer financing receivables with entities (primarily dealers) that are reported as consolidated subsidiaries of Ford. The associated vehicles that are being financed by us are reported as inventory on Ford's balance sheet.
- (d) At March 31, 2015 and December 31, 2014, excludes \$180 million and \$192 million, respectively, of accrued uncollected interest, which we report in *Other assets* on our balance sheet.
- (e) See Note 4 for additional information related to our allowance for credit losses.
- (f) At March 31, 2015 and December 31, 2014, excludes \$1.7 billion of certain receivables (primarily direct financing leases) that are not subject to fair value disclosure requirements.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. FINANCE RECEIVABLES (Continued)****Aging**

For all finance receivables, we define “past due” as any payment, including principal and interest, that is at least 31 days past the contractual due date. The recorded investment of consumer receivables greater than 90 days past due and still accruing interest was \$11 million and \$17 million at March 31, 2015 and December 31, 2014, respectively. The recorded investment of non-consumer receivables greater than 90 days past due and still accruing interest was de minimis and \$3 million at March 31, 2015 and December 31, 2014, respectively.

The aging analysis of finance receivables balances was as follows (in millions):

	March 31, 2015	December 31, 2014
<b>Consumer</b>		
31-60 days past due	\$ 552	\$ 718
61-90 days past due	64	97
91-120 days past due	21	29
Greater than 120 days past due	49	52
Total past due	686	896
Current	52,845	53,200
Consumer finance receivables	53,531	54,096
<b>Non-Consumer</b>		
Total past due	112	117
Current	33,169	33,023
Non-Consumer finance receivables	33,281	33,140
Total recorded investment	<u>\$ 86,812</u>	<u>\$ 87,236</u>

**Credit Quality**

**Consumer Segment.** When originating all classes of consumer receivables, we use a proprietary scoring system that measures the credit quality of the receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g., FICO score), and contract characteristics. In addition to our proprietary scoring system, we consider other individual consumer factors, such as employment history, financial stability, and capacity to pay.

Subsequent to origination, we review the credit quality of retail financing based on customer payment activity. As each customer develops a payment history, we use an internally developed behavioral scoring model to assist in determining the best collection strategies, which allows us to focus collection activity on higher-risk accounts. These models are used to refine our risk-based staffing model to ensure collection resources are aligned with portfolio risk. Based on data from this scoring model, contracts are categorized by collection risk. Our collection models evaluate several factors, including origination characteristics, updated credit bureau data, and payment patterns.

Credit quality ratings for consumer receivables are based on our aging analysis. Refer to the aging table above. Consumer receivables credit quality ratings are as follows:

- *Pass* – current to 60 days past due
- *Special Mention* – 61 to 120 days past due and in intensified collection status
- *Substandard* – greater than 120 days past due and for which the uncollectible portion of the receivables has already been charged off, as measured using the fair value of collateral

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. FINANCE RECEIVABLES (Continued)**

*Non-Consumer Segment.* We extend credit to dealers primarily in the form of lines of credit to purchase new Ford and Lincoln vehicles as well as used vehicles. Payment is required when the dealer has sold the vehicle. Each non-consumer lending request is evaluated by taking into consideration the borrower's financial condition and the underlying collateral securing the loan. We use a proprietary model to assign each dealer a risk rating. This model uses historical dealer performance data to identify key factors about a dealer that we consider most significant in predicting a dealer's ability to meet its financial obligations. We also consider numerous other financial and qualitative factors of the dealer's operations including capitalization and leverage, liquidity and cash flow, profitability, and credit history with ourselves and other creditors.

Dealers are assigned to one of four groups according to risk ratings as follows:

- *Group I* – strong to superior financial metrics
- *Group II* – fair to favorable financial metrics
- *Group III* – marginal to weak financial metrics
- *Group IV* – poor financial metrics, including dealers classified as uncollectible

We generally suspend credit lines and extend no further funding to dealers classified in Group IV.

We regularly review our model to confirm the continued business significance and statistical predictability of the factors and update the model to incorporate new factors or other information that improves its statistical predictability. In addition, we regularly audit dealer inventory and dealer sales records to verify that the dealer is in possession of the financed vehicles and is promptly paying each receivable following the sale of the financed vehicle. The frequency of on-site vehicle inventory audits depends on factors such as the dealer's risk rating and our security position. Under our policies, on-site vehicle inventory audits of low-risk dealers are conducted only as circumstances warrant. Audits of higher-risk dealers are conducted with increased frequency based on risk ratings and our security position. We perform a credit review of each dealer at least annually and adjust the dealer's risk rating, if necessary.

The credit quality of dealer financing receivables is evaluated based on our internal dealer risk rating analysis. A dealer has the same risk rating for its entire dealer financing regardless of the type of financing.

The credit quality analysis of our dealer financing receivables was as follows (in millions):

	March 31, 2015	December 31, 2014
<b>Dealer financing</b>		
Group I	\$ 24,533	\$ 23,641
Group II	6,075	6,360
Group III	1,355	1,787
Group IV	101	87
Total recorded investment	<u>\$ 32,064</u>	<u>\$ 31,875</u>

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 2. FINANCE RECEIVABLES (Continued)****Impaired Receivables**

Impaired consumer receivables include accounts that have been rewritten or modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code that are considered to be Troubled Debt Restructurings ("TDRs"), as well as all accounts greater than 120 days past due. Impaired non-consumer receivables represent accounts with dealers that have weak or poor financial metrics or dealer financing that has been modified in TDRs. The recorded investment of consumer receivables that were impaired at March 31, 2015 and December 31, 2014 was \$396 million, or 0.7% of consumer receivables, and \$415 million, or 0.8% of consumer receivables, respectively. The recorded investment of non-consumer receivables that were impaired at March 31, 2015 and December 31, 2014 was \$128 million, or 0.4% of non-consumer receivables, and \$110 million, or 0.3% of non-consumer receivables, respectively. Impaired finance receivables are evaluated both collectively and specifically. See Note 4 for additional information related to the development of our allowance for credit losses.

The accrual of revenue is discontinued at the time a receivable is determined to be uncollectible. Accounts may be restored to accrual status only when a customer settles all past-due deficiency balances and future payments are reasonably assured. For receivables in non-accrual status, subsequent financing revenue is recognized only to the extent a payment is received. Payments are generally applied first to outstanding interest and then to the unpaid principal balance.

A restructuring of debt constitutes a TDR if we grant a concession to a debtor for economic or legal reasons related to the debtor's financial difficulties that we otherwise would not consider. Consumer and non-consumer receivables that have a modified interest rate below market rate or that were modified in reorganization proceedings pursuant to the U.S. Bankruptcy Code, except non-consumer receivables that are current with minimal risk of loss, are considered to be TDRs. We do not grant concessions on the principal balance of our receivables. If a receivable is modified in a reorganization proceeding, all payment requirements of the reorganization plan need to be met before remaining balances are forgiven. Finance receivables involved in TDRs are specifically assessed for impairment.

**NOTE 3. NET INVESTMENT IN OPERATING LEASES**

*Net investment in operating leases* consist primarily of lease contracts for vehicles with retail customers, daily rental companies, government entities, and fleet customers with terms of 60 months or less.

Net investment in operating leases were as follows (in millions):

	March 31, 2015	December 31, 2014
Vehicles, at cost, including acquisition costs	\$ 25,687	\$ 24,952
Less: Accumulated depreciation	(3,662)	(3,396)
Net investment in operating leases before allowance for credit losses (a)	22,025	21,556
Less: Allowance for credit losses	(41)	(38)
Net investment in operating leases	<u>\$ 21,984</u>	<u>\$ 21,518</u>

(a) At March 31, 2015 and December 31, 2014, includes net investment in operating leases of \$10.1 billion and \$9.6 billion, respectively, that have been included in securitization transactions but continue to be reported in our consolidated financial statements. These net investment in operating leases are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay our other obligations or the claims of our other creditors. We hold the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions. See Note 5 for additional information.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 4. ALLOWANCE FOR CREDIT LOSSES**

An analysis of the allowance for credit losses related to finance receivables and net investment in operating leases for the periods ended March 31 (in millions) was as follows:

	First Quarter 2015				
	Finance Receivables			Net Investment in Operating Leases	Total Allowance
	Consumer	Non-Consumer	Total		
Allowance for credit losses					
Beginning balance	\$ 305	\$ 16	\$ 321	\$ 38	\$ 359
Charge-offs	(80)	1	(79)	(30)	(109)
Recoveries	30	2	32	15	47
Provision for credit losses	53	(4)	49	18	67
Other (a)	(7)	(2)	(9)	—	(9)
Ending balance	<u>\$ 301</u>	<u>\$ 13</u>	<u>\$ 314</u>	<u>\$ 41</u>	<u>\$ 355</u>
Analysis of ending balance of allowance for credit losses					
Collective impairment allowance	\$ 280	\$ 12	\$ 292	\$ 41	\$ 333
Specific impairment allowance	21	1	22	—	22
Ending balance	<u>301</u>	<u>13</u>	<u>314</u>	<u>41</u>	<u>\$ 355</u>
Analysis of ending balance of finance receivables and net investment in operating leases					
Collectively evaluated for impairment	53,135	33,153	86,288	22,025	
Specifically evaluated for impairment	396	128	524	—	
Recorded investment	<u>53,531</u>	<u>33,281</u>	<u>86,812</u>	<u>22,025</u>	
Ending balance, net of allowance for credit losses	\$ 53,230	\$ 33,268	\$ 86,498	\$ 21,984	

(a) Primarily represents amounts related to translation adjustments.

	First Quarter 2014				
	Finance Receivables			Net Investment in Operating Leases	Total Allowance
	Consumer	Non-Consumer	Total		
Allowance for credit losses					
Beginning balance	\$ 327	\$ 30	\$ 357	\$ 23	\$ 380
Charge-offs	(75)	(2)	(77)	(28)	(105)
Recoveries	34	5	39	14	53
Provision for credit losses	23	(7)	16	15	31
Other (a)	(2)	1	(1)	—	(1)
Ending balance	<u>\$ 307</u>	<u>\$ 27</u>	<u>\$ 334</u>	<u>\$ 24</u>	<u>\$ 358</u>
Analysis of ending balance of allowance for credit losses					
Collective impairment allowance	\$ 284	\$ 24	\$ 308	\$ 24	\$ 332
Specific impairment allowance	23	3	26	—	26
Ending balance	<u>307</u>	<u>27</u>	<u>334</u>	<u>24</u>	<u>\$ 358</u>
Analysis of ending balance of finance receivables and net investment in operating leases					
Collectively evaluated for impairment	50,115	33,749	83,864	18,856	
Specifically evaluated for impairment	424	92	516	—	
Recorded investment	<u>50,539</u>	<u>33,841</u>	<u>84,380</u>	<u>18,856</u>	
Ending balance, net of allowance for credit losses	\$ 50,232	\$ 33,814	\$ 84,046	\$ 18,832	

(a) Primarily represents amounts related to translation adjustments.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5. TRANSFERS OF RECEIVABLES**

We securitize finance receivables and net investment in operating leases through a variety of programs using amortizing, variable funding, and revolving structures. We also sell finance receivables in structured financing transactions. Due to the similarities between securitization and structured financing, we refer to structured financings as securitization transactions. Our securitization programs are targeted to institutional investors in both public and private transactions in capital markets including the United States, Canada, several European countries, Mexico, and China.

We engage in securitization transactions to fund operations and to maintain liquidity. Our securitization transactions are recorded as asset-backed debt and the associated assets are not derecognized and continue to be included in our financial statements.

The finance receivables sold for legal purposes and net investment in operating leases included in securitization transactions are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions. They are not available to pay our other obligations or the claims of our other creditors. We hold the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions. The debt is the obligation of our consolidated securitization entities and not the obligation of Ford Credit or our other subsidiaries.

Most of these securitization transactions utilize VIEs. See Note 6 for more information concerning VIEs. The following tables show the assets and debt related to our securitization transactions that were included in our financial statements (in billions):

	March 31, 2015				
	Finance Receivables and Net Investment in Operating Leases (a)				Related Debt
	Cash and Cash Equivalents	Before Allowance for Credit Losses	Allowance for Credit Losses	After Allowance for Credit Losses	
<b>VIE (b)</b>					
Retail financing	\$ 1.5	\$ 20.7	\$ 0.1	\$ 20.6	\$ 19.2
Wholesale financing	0.2	20.4	—	20.4	13.4
Finance receivables	1.7	41.1	0.1	41.0	32.6
Net investment in operating leases	0.6	10.1	—	10.1	6.8
Total VIE	\$ 2.3	\$ 51.2	\$ 0.1	\$ 51.1	\$ 39.4
<b>Non-VIE</b>					
Retail financing	\$ 0.3	\$ 5.2	\$ —	\$ 5.2	\$ 4.8
Wholesale financing	—	0.9	—	0.9	0.9
Finance receivables	0.3	6.1	—	6.1	5.7
Net investment in operating leases	—	—	—	—	—
Total Non-VIE	\$ 0.3	\$ 6.1	\$ —	\$ 6.1	\$ 5.7
<b>Total securitization transactions</b>					
Retail financing	\$ 1.8	\$ 25.9	\$ 0.1	\$ 25.8	\$ 24.0
Wholesale financing	0.2	21.3	—	21.3	14.3
Finance receivables	2.0	47.2	0.1	47.1	38.3
Net investment in operating leases	0.6	10.1	—	10.1	6.8
Total securitization transactions	\$ 2.6	\$ 57.3	\$ 0.1	\$ 57.2	\$ 45.1

(a) Unearned interest supplements and residual support are excluded from securitization transactions.

(b) Includes assets to be used to settle the liabilities of the consolidated VIEs.



**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5. TRANSFERS OF RECEIVABLES (Continued)**

	December 31, 2014				
	Finance Receivables and Net Investment in Operating Leases (a)				Related Debt
	Cash and Cash Equivalents	Before Allowance for Credit Losses	Allowance for Credit Losses	After Allowance for Credit Losses	
<b>VIE (b)</b>					
Retail financing	\$ 1.4	\$ 18.8	\$ 0.1	\$ 18.7	\$ 17.3
Wholesale financing	0.3	20.8	—	20.8	13.3
Finance receivables	1.7	39.6	0.1	39.5	30.6
Net investment in operating leases	0.4	9.6	—	9.6	6.6
Total VIE	\$ 2.1	\$ 49.2	\$ 0.1	\$ 49.1	\$ 37.2
<b>Non-VIE</b>					
Retail financing	\$ 0.3	\$ 5.6	\$ —	\$ 5.6	\$ 5.2
Wholesale financing	—	1.0	—	1.0	0.9
Finance receivables	0.3	6.6	—	6.6	6.1
Net investment in operating leases	—	—	—	—	—
Total Non-VIE	\$ 0.3	\$ 6.6	\$ —	\$ 6.6	\$ 6.1
<b>Total securitization transactions</b>					
Retail financing	\$ 1.7	\$ 24.4	\$ 0.1	\$ 24.3	\$ 22.5
Wholesale financing	0.3	21.8	—	21.8	14.2
Finance receivables	2.0	46.2	0.1	46.1	36.7
Net investment in operating leases	0.4	9.6	—	9.6	6.6
Total securitization transactions	\$ 2.4	\$ 55.8	\$ 0.1	\$ 55.7	\$ 43.3

(a) Unearned interest supplements and residual support are excluded from securitization transactions.

(b) Includes assets to be used to settle the liabilities of the consolidated VIEs.

Interest expense related to securitization debt for the periods ended March 31 was as follows (in millions):

	First Quarter	
	2015	2014
VIE	\$ 130	\$ 126
Non-VIE	23	21
Total securitization transactions	\$ 153	\$ 147

Certain of our securitization entities enter into derivative transactions to mitigate interest rate exposure, primarily resulting from fixed-rate assets securing floating-rate debt and, in certain instances, currency exposure resulting from assets in one currency and debt in another currency. In many instances, the counterparty enters into offsetting derivative transactions with us to mitigate its interest rate risk resulting from derivatives with our securitization entities. These related derivatives are not the obligations of our securitization entities. See Note 7 for additional information regarding derivatives. Our exposures based on the fair value of derivative instruments with external counterparties related to securitization programs were as follows (in millions):

	March 31, 2015		December 31, 2014	
	Derivative Asset	Derivative Liability	Derivative Asset	Derivative Liability
Derivatives of the VIEs	\$ 68	\$ 38	\$ 27	\$ 22
Derivatives related to the VIEs	30	16	16	7
Other securitization related derivatives	1	5	5	1
Total exposures related to securitization	\$ 99	\$ 59	\$ 48	\$ 30

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 5. TRANSFERS OF RECEIVABLES (Continued)**

Derivative expense/(income) related to our securitization transactions for the periods ended March 31 was as follows (in millions):

	First Quarter	
	2015	2014
Derivatives of the VIEs	\$ (24)	\$ 20
Derivatives related to the VIEs	(5)	(6)
Other securitization related derivatives	13	4
Total derivative expense/(income) related to securitization	\$ (16)	\$ 18

**NOTE 6. VARIABLE INTEREST ENTITIES**

A VIE is an entity that either (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support or (ii) has equity investors who lack the characteristics of a controlling financial interest. A VIE is consolidated by its primary beneficiary. The primary beneficiary has both the power to direct the activities that most significantly impact the entity's economic performance and the obligation to absorb losses or the right to receive benefits from the entity that could potentially be significant to the VIE. Nearly all of our VIEs are special purpose entities used for our securitizations.

We have the power to direct the activities of our special purpose entities when we have the ability to exercise discretion in the servicing of financial assets, issue additional debt, exercise a unilateral call option, add assets to revolving structures, or control investment decisions.

Assets recognized as a result of consolidating these VIEs do not represent additional assets that could be used to satisfy claims against our general assets. Conversely, liabilities recognized as a result of consolidating these VIEs do not represent additional claims on our general assets; rather, they represent claims against the specific assets of the consolidated VIEs.

**VIEs of Which We Are the Primary Beneficiary**

We use special purpose entities to issue asset-backed securities in transactions to public and private investors, bank conduits, and government-sponsored entities or others who obtain funding from government programs. We have deemed most of these special purpose entities to be VIEs. The asset-backed securities are backed by finance receivables and interests in net investments in operating leases. The assets continue to be consolidated by us. We retain interests in our securitization VIEs, including subordinated securities issued by the VIEs, rights to cash held for the benefit of the securitization investors, and rights to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions.

The transactions create and pass along risks to the variable interest holders, depending on the assets securing the debt and the specific terms of the transactions. We aggregate and analyze the asset-backed securitization transactions based on the risk profile of the product and the type of funding structure, including:

- Retail financing – consumer credit risk and pre-payment risk
- Wholesale financing – dealer credit risk and Ford risk, as the receivables owned by the VIEs primarily arise from the financing provided by us to Ford-franchised dealers; therefore, the collections depend upon the sale of Ford vehicles
- Net investment in operating leases – vehicle residual value risk, consumer credit risk, and pre-payment risk

As residual interest holder, we are exposed to the underlying residual and credit risk of the collateral and are exposed to interest rate risk in some transactions. The amount of risk absorbed by our residual interests generally is represented by and limited to the amount of overcollateralization of the assets securing the debt and any cash reserves.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 6. VARIABLE INTEREST ENTITIES (Continued)**

We have no obligation to repurchase or replace any securitized asset that subsequently becomes delinquent in payment or otherwise is in default, except when representations and warranties about the eligibility of the securitized assets are breached, or when certain changes are made to the underlying asset contracts. Securitization investors have no recourse to us or our other assets and have no right to require us to repurchase the investments. We generally have no obligation to provide liquidity or contribute cash or additional assets to the VIEs and do not guarantee any asset-backed securities. We may be required to support the performance of certain securitization transactions, however, by increasing cash reserves.

VIEs that are exposed to interest rate or currency risk may reduce their risks by entering into derivative transactions. In certain instances, we have entered into offsetting derivative transactions with the VIE to protect the VIE from the risks that are not mitigated through the derivative transactions between the VIE and its external counterparty. In other instances, we have entered into derivative transactions with the counterparty to protect the counterparty from risks absorbed through its derivative transactions with the VIEs.

Although not contractually required, we regularly support our wholesale securitization programs by repurchasing receivables of a dealer from a VIE when the dealer's performance is at risk, which transfers the corresponding risk of loss from the VIE to us. We also may contribute additional cash or wholesale receivables to be held by the VIE if the collateral falls below the required levels. The balances of cash held by the VIEs related to these contributions were \$0 at March 31, 2015 and December 31, 2014, and ranged from \$0 to \$70 million during the first quarter of 2015.

See Note 5 for information on the financial position and financial performance of our VIEs and Notes 7 and 12 for additional information regarding derivatives.

**VIEs of Which We Are Not the Primary Beneficiary**

We have an investment in Forso Nordic AB, a joint venture determined to be a VIE of which we are not the primary beneficiary. The joint venture provides retail and dealer financing in its local markets and is financed by external debt and additional subordinated debt provided by the joint venture partner. The operating agreement indicates that the power to direct economically significant activities is shared with the joint venture partner, and the obligation to absorb losses or right to receive benefits resides primarily with the joint venture partner. Our investment in the joint venture is accounted for as an equity method investment and is included in *Other assets*. Our maximum exposure to any potential losses associated with this VIE is limited to our equity investment and amounted to \$60 million and \$66 million at March 31, 2015 and December 31, 2014, respectively.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES**

In the normal course of business, our operations are exposed to global market risks, including the effect of changes in interest rates and foreign currency exchange rates. To manage these risks, we enter into highly effective derivative contracts. We have elected to apply hedge accounting to certain derivatives. Derivatives that are designated in hedging relationships are evaluated for effectiveness using regression analysis at the time they are designated and throughout the hedge period. Some derivatives do not qualify for hedge accounting; for others, we elect not to apply hedge accounting.

**Income Effect of Derivative Financial Instruments**

The gains/(losses), by hedge designation, recorded in income for the periods ended March 31 were as follows (in millions):

	<b>First Quarter</b>	
	<b>2015</b>	<b>2014</b>
<b>Fair value hedges</b>		
Interest rate contracts		
Net interest settlements and accruals excluded from the assessment of hedge effectiveness	\$ 88	\$ 69
Ineffectiveness (a)	6	5
<b>Derivatives not designated as hedging instruments</b>		
Interest rate contracts	(43)	(18)
Foreign currency exchange contracts	65	(5)
Cross-currency interest rate swap contracts	89	(5)
Total	<u>\$ 205</u>	<u>\$ 46</u>

(a) For the first quarter of 2015 and 2014, hedge ineffectiveness reflects the net change in fair value on derivatives of \$221 million gain and \$105 million gain, respectively, and change in value on hedged debt attributable to the change in benchmark interest rates of \$215 million loss and \$100 million loss, respectively.

**Balance Sheet Effect of Derivative Financial Instruments**

Derivative financial instruments are recorded on the balance sheet at fair value, presented on a gross basis, and include an adjustment for non-performance risk. Notional amounts are presented on a gross basis. The notional amounts of the derivative financial instruments do not necessarily represent amounts exchanged by the parties and, therefore, are not a direct measure of our financial risk exposure. We enter into master agreements with counterparties that may allow for netting of exposure in the event of default or termination of the counterparty agreement due to breach of contract.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 7. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)**

The notional amount and estimated fair value of our derivative financial instruments were as follows (in millions):

	March 31, 2015			December 31, 2014		
	Notional	Fair Value of Assets	Fair Value of Liabilities	Notional	Fair Value of Assets	Fair Value of Liabilities
<b>Fair value hedges</b>						
Interest rate contracts	\$ 22,859	\$ 736	\$ 26	\$ 23,203	\$ 602	\$ 38
<b>Derivatives not designated as hedging instruments</b>						
Interest rate contracts	59,942	233	150	56,558	168	89
Foreign currency exchange contracts (a)	1,177	52	1	1,527	18	1
Cross-currency interest rate swap contracts	2,336	183	120	2,425	71	39
Total derivative financial instruments, gross	<u>\$ 86,314</u>	<u>1,204</u>	<u>297</u>	<u>\$ 83,713</u>	<u>859</u>	<u>167</u>
Counterparty netting and collateral (b)		(189)	(189)		(136)	(136)
Total derivative financial instruments, net		<u>\$ 1,015</u>	<u>\$ 108</u>		<u>\$ 723</u>	<u>\$ 31</u>

(a) Includes forward contracts between Ford Credit and an affiliated company.

(b) At March 31, 2015 and December 31, 2014, we did not receive or pledge any cash collateral.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 8. OTHER ASSETS AND OTHER LIABILITIES AND DEFERRED INCOME**

Other assets and other liabilities and deferred income consist of various balance sheet items that are combined for financial statement presentation due to their respective materiality compared with other individual asset and liability items.

Other assets were as follows (in millions):

	March 31, 2015	December 31, 2014
Accrued interest and other non-finance receivables	\$ 849	\$ 921
Collateral held for resale, at net realizable value	352	382
Restricted cash (a)	59	130
Deferred charges	272	268
Deferred charges – income taxes	170	185
Prepaid reinsurance premiums and other reinsurance receivables	415	401
Investment in non-consolidated affiliates	138	141
Property and equipment, net of accumulated depreciation (b)	119	120
Other	50	53
Total other assets	<u>\$ 2,424</u>	<u>\$ 2,601</u>

- (a) Restricted cash primarily includes cash held to meet certain local governmental and regulatory reserve requirements and cash held under the terms of certain contractual agreements. Restricted cash does not include required minimum balances or cash securing debt issued through securitization transactions.
- (b) Accumulated depreciation was \$325 million and \$326 million at March 31, 2015 and December 31, 2014, respectively.

Other liabilities and deferred income were as follows (in millions):

	March 31, 2015	December 31, 2014
Interest payable	\$ 557	\$ 587
Tax related payables to Ford and affiliated companies	330	625
Unrecognized tax benefits	90	91
Unearned insurance premiums	425	410
Other	456	497
Total other liabilities and deferred income	<u>\$ 1,858</u>	<u>\$ 2,210</u>

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9. DEBT**

We have a commercial paper program with qualified institutional investors. We also obtain other short-term funding from the issuance of demand notes to retail investors through our floating rate demand notes program. We have certain securitization programs that issue short-term asset-backed debt securities that are sold to institutional investors. Bank borrowings by several of our international affiliates in the ordinary course of business are an additional source of short-term funding. We obtain long-term debt funding through the issuance of a variety of unsecured and asset-backed debt securities in the U.S. and international capital markets.

Asset-backed debt issued in securitizations is the obligation of the consolidated securitization entity that issued the debt and is payable only out of collections on the underlying securitized assets and related enhancements. This asset-backed debt is not the obligation of Ford Credit or our other subsidiaries.

Debt is recorded on our balance sheet at par value adjusted for unamortized discount or premium (with the exception of fair value adjustments related to debt in designated hedge relationships). Debt due within one year at issuance is classified as short-term. Debt due after one year at issuance is classified as long-term. Discounts, premiums, and costs directly related to the issuance of debt generally are capitalized and amortized over the life of the debt or put date and recorded in *Interest expense* using the effective interest method. Gains and losses on the extinguishment of debt are recorded in *Other income, net*.

Interest rates and debt outstanding were as follows (in millions):

	Interest Rates				Debt	
	Average Contractual		Average Effective		March 31, 2015	December 31, 2014
	2015	2014	2015	2014		
<b>Short-term debt</b>						
Unsecured debt						
Floating rate demand notes					\$ 5,731	\$ 5,559
Commercial paper					1,986	1,651
Other short-term debt					2,340	2,564
Asset-backed debt					1,541	1,377
Total short-term debt	1.8%	1.9%	1.8%	1.9%	11,598	11,151
<b>Long-term debt</b>						
Unsecured debt						
Notes payable within one year					7,845	9,102
Notes payable after one year					45,493	42,488
Asset-backed debt						
Notes payable within one year					17,567	16,722
Notes payable after one year					25,999	25,197
Unamortized discount					(45)	(51)
Fair value adjustments					619	428
Total long-term debt	2.6%	2.7%	2.7%	2.8%	97,478	93,886
Total debt	2.5%	2.6%	2.6%	2.7%	\$ 109,076	\$ 105,037
Fair value of debt					\$ 111,268	\$ 107,190
<b>Interest rate characteristics of debt payable after one year</b>						
Fixed interest rate					51,962	49,148
Variable interest rate (generally based on LIBOR or other short-term rates)					19,530	18,537
Total payable after one year					\$ 71,492	\$ 67,685

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 9. DEBT (Continued)**

With the exception of commercial paper, which is issued at a discount, the average contractual rates reflect the stated contractual interest rate. Average effective rates reflect the average contractual interest rate plus amortization of discounts, premiums, and issuance fees. Fair value adjustments relate to designated fair value hedges of unsecured debt.

The fair value of debt reflects interest accrued but not yet paid of \$553 million and \$586 million at March 31, 2015 and December 31, 2014, respectively. Interest accrued is reported in *Other liabilities and deferred income* for outside debt and *Accounts payable - affiliated companies* for debt with affiliated companies. The fair value of debt also includes \$10.1 billion and \$9.8 billion of short-term debt at March 31, 2015 and December 31, 2014, respectively, carried at cost which approximates fair value. See Note 12 for additional information.

Debt with affiliated companies included in the above table was as follows (in millions):

	March 31, 2015	December 31, 2014
Other short-term debt	\$ 92	\$ 13
Notes payable within one year	202	307
Notes payable after one year	4	5
Total debt with affiliated companies	<u>\$ 298</u>	<u>\$ 325</u>

**Debt Maturities.** Short-term and long-term debt matures at various dates through 2048. At March 31, 2015, maturities were as follows (in millions):

	2015 (a)	2016 (b)	2017	2018	2019	Thereafter (c)	Total
Unsecured debt	\$ 16,036	\$ 10,628	\$ 12,044	\$ 7,968	\$ 5,418	\$ 11,301	\$ 63,395
Asset-backed debt	14,204	14,632	8,477	2,265	2,906	2,623	45,107
Total	<u>30,240</u>	<u>25,260</u>	<u>20,521</u>	<u>10,233</u>	<u>8,324</u>	<u>13,924</u>	<u>108,502</u>
Unamortized discount							(45)
Fair value adjustments							619
Total debt							<u>\$ 109,076</u>

(a) Includes \$10,914 million for short-term and \$19,326 million for long-term debt.

(b) Includes \$684 million for short-term and \$24,576 million for long-term debt.

(c) Includes \$11,284 million of unsecured debt maturing between 2020 and 2025 with the remaining balance maturing after 2032.



**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 10. ACCUMULATED OTHER COMPREHENSIVE INCOME**

The changes in the balance of Accumulated Other Comprehensive Income ("AOCI") attributable to Ford Credit for the periods ended March 31 were as follows (in millions):

	First Quarter	
	2015	2014
<b>Foreign currency translation</b>		
Beginning balance	\$ 160	\$ 717
Net gain/(loss) on foreign currency translation	(483)	(82)
Other comprehensive income/(loss), net of tax	(483)	(82)
Ending balance	<u>\$ (323)</u>	<u>\$ 635</u>
Total AOCI ending balance at March 31	\$ (323)	\$ 635

**NOTE 11. OTHER INCOME**

Other income consists of various line items that are combined on the income statement due to their respective materiality compared with other individual income and expense items.

The amounts included in *Other income, net* were as follows for the periods ended March 31 (in millions):

	First Quarter	
	2015	2014
Gains/(Losses) on derivatives (a)	\$ 115	\$ (23)
Currency revaluation gains/(losses) (a)	(151)	7
Interest and investment income	25	14
Insurance fee income	16	26
Other	49	27
Total other income, net	<u>\$ 54</u>	<u>\$ 51</u>

(a) Currency revaluation gains/(losses) primarily related to foreign denominated debt were mostly offset by gains/(losses) on derivatives. See Note 7 for additional information regarding derivatives.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 12. FAIR VALUE MEASUREMENTS**

Cash equivalents, marketable securities, and derivative financial instruments are remeasured and presented in our financial statements on a recurring basis at fair value, while other assets and liabilities are measured at fair value on a nonrecurring basis, such as when we have an asset impairment. We did not have any material nonrecurring fair value items. There have been no changes to the types of inputs used or valuation techniques since year end.

**Input Hierarchy of Items Measured at Fair Value on a Recurring Basis**

The following table categorizes the fair values of items measured at fair value on a recurring basis on our balance sheet, none of which are Level 3 (in millions):

	March 31, 2015			December 31, 2014		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<b>Assets</b>						
Cash equivalents-financial instruments						
Non-U.S. government and agencies	\$ —	\$ 320	\$ 320	\$ —	\$ 341	\$ 341
Corporate debt	—	80	80	—	10	10
Total cash equivalents-financial instruments (a)	—	400	400	—	351	351
Marketable securities						
U.S. government and agencies	1,151	2,855	4,006	17	1,251	1,268
Non-U.S. government and agencies	—	521	521	—	405	405
Corporate debt	—	1,706	1,706	—	1,555	1,555
Other marketable securities	—	31	31	—	30	30
Total marketable securities	1,151	5,113	6,264	17	3,241	3,258
Derivative financial instruments						
Derivative financial instruments (b)	—	1,204	1,204	—	859	859
Total assets at fair value	<u>\$ 1,151</u>	<u>\$ 6,717</u>	<u>\$ 7,868</u>	<u>\$ 17</u>	<u>\$ 4,451</u>	<u>\$ 4,468</u>
<b>Liabilities</b>						
Derivative financial instruments (b)	\$ —	\$ 297	\$ 297	\$ —	\$ 167	\$ 167
Total liabilities at fair value	<u>\$ —</u>	<u>\$ 297</u>	<u>\$ 297</u>	<u>\$ —</u>	<u>\$ 167</u>	<u>\$ 167</u>

(a) Excludes time deposits, certificates of deposit, and money market accounts reported at par value on our balance sheet totaling \$5.1 billion and \$3.8 billion at March 31, 2015 and December 31, 2014, respectively. In addition to these cash equivalents, we also had cash on hand totaling \$1.8 billion and \$2.0 billion at March 31, 2015 and December 31, 2014, respectively.

(b) See Note 7 for additional information regarding derivatives.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 13. SEGMENT INFORMATION**

We conduct our financing operations directly and indirectly through our subsidiaries and affiliates. We offer substantially similar products and services throughout many different regions, subject to local legal restrictions and market conditions. We divide our business segments based on geographic regions: North America ("North America Segment") and International ("International Segment"). The North America Segment includes our operations in the United States and Canada. The International Segment includes our operations in all other countries in which we do business directly and indirectly.

We review our business performance on a managed basis. Receivables for the North America and International Segments are presented on a managed basis, as it closely approximates the customer's outstanding balance on the receivables, which is the basis for earning revenue. Our managed receivables include net finance receivables and net investment in operating leases excluding unearned interest supplements and residual support, allowance for credit losses, and other (primarily accumulated supplemental depreciation).

We measure the performance of our North America and International Segments primarily on an income before income taxes basis, after excluding the impact to earnings from gains and losses related to market valuation adjustments to derivatives primarily related to movements in interest rates. These adjustments are included in unallocated risk management and are excluded in assessing our North America and International Segment performance, because they are carried out on a centralized basis at the corporate level, with only certain elements allocated to these segments. We also adjust segment performance to re-allocate interest expense between the North America and International Segments reflecting debt and equity levels proportionate to their product risk.

Key operating data for our business segments for the periods ended or at March 31 were as follows (in millions):

	Unallocated/Eliminations					
	North America Segment	International Segment	Unallocated Risk Management	Adjustment to Receivables (a)	Total Unallocated/Eliminations	Total
<b>First Quarter 2015</b>						
Total revenue (b)	\$ 1,897	\$ 410	\$ (25)	\$ —	\$ (25)	\$ 2,282
Income before income taxes	379	129	(25)	—	(25)	483
Other disclosures						
Depreciation on vehicles subject to operating leases	811	5	—	—	—	816
Interest expense	482	156	—	—	—	638
Provision for credit losses	55	12	—	—	—	67
Net finance receivables and net investment in operating leases	91,203	21,658	—	(4,379)	(4,379)	108,482
Total assets	100,692	25,683	—	—	—	126,375
<b>First Quarter 2014</b>						
Total revenue (b)	\$ 1,769	\$ 401	\$ (11)	\$ —	\$ (11)	\$ 2,159
Income before income taxes	378	132	(11)	—	(11)	499
Other disclosures						
Depreciation on vehicles subject to operating leases	695	10	—	—	—	705
Interest expense	512	154	—	—	—	666
Provision for credit losses	29	2	—	—	—	31
Net finance receivables and net investment in operating leases	85,130	21,335	—	(3,587)	(3,587)	102,878
Total assets	92,566	25,798	—	—	—	118,364

(a) Includes unearned interest supplements and residual support, allowances for credit losses, and other (primarily accumulated supplemental depreciation).

(b) Represents *Total financing revenue*, *Insurance premiums earned*, and *Other income, net*.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14. COMMITMENTS AND CONTINGENCIES**

Commitments and contingencies consist primarily of lease commitments, guarantees and indemnifications, and litigation and claims.

**Guarantees and Indemnifications**

Guarantees and indemnifications are recorded at fair value at their inception. We regularly review our performance risk under these arrangements, and in the event it becomes probable we will be required to perform under a guarantee or indemnity, the amount of probable payment is recorded.

In some cases, we have guaranteed debt and other financial obligations of outside third parties and unconsolidated affiliates, including Ford. Expiration dates vary, and guarantees will terminate on payment and/or cancellation of the underlying obligation. A payment by us would be triggered by failure of the guaranteed party to fulfill its obligation covered by the guarantee. In some circumstances, we are entitled to recover from Ford, an affiliate of Ford, or a third party amounts paid by us under the guarantee. However, our ability to enforce these rights is sometimes stayed until the guaranteed party is paid in full, and may be limited in the event of insolvency of the third party or other circumstances.

In the ordinary course of business, we execute contracts involving indemnifications standard in the industry and indemnifications specific to a transaction. These indemnifications might include and are not limited to claims relating to any of the following: environmental, tax, and shareholder matters; intellectual property rights; governmental regulations and employment-related matters; dealer and other commercial contractual relationships; and financial matters, such as securitizations. Performance under these indemnities generally would be triggered by a breach of terms of the contract or by a third-party claim. While some of these indemnifications are limited in nature, many of them do not limit potential payment. Therefore, we are unable to estimate a maximum amount of future payments that could result from claims made under these unlimited indemnities.

The maximum potential payments under these guarantees and limited indemnities totaled \$82 million and \$107 million at March 31, 2015 and December 31, 2014, respectively. Of these values, \$76 million and \$101 million at March 31, 2015 and December 31, 2014, respectively, were counter-guaranteed by Ford to us. There were no recorded liabilities related to guarantees and limited indemnities at March 31, 2015 and December 31, 2014, respectively.

**Litigation and Claims**

Various legal actions, proceedings, and claims (generally, "matters") are pending or may be instituted or asserted against us. These include but are not limited to matters arising out of governmental regulations; tax matters; alleged illegal acts resulting in fines or penalties; financial services; employment-related matters; dealer and other contractual relationships; personal injury matters; investor matters; and financial reporting matters. Certain of the pending legal actions are, or purport to be, class actions. Some of the matters involve or may involve claims for compensatory, punitive, or antitrust or other treble damages in very large amounts, sanctions, assessments, or other relief, which, if granted, would require very large expenditures.

The extent of our financial exposure to these matters is difficult to estimate. Many matters do not specify a dollar amount for damages, and many others specify only a jurisdictional minimum. To the extent an amount is asserted, our historical experience suggests that in most instances the amount asserted is not a reliable indicator of the ultimate outcome.

We accrue for matters when losses are deemed probable and reasonably estimable. In evaluating matters for accrual and disclosure purposes, we take into consideration factors such as our historical experience with matters of a similar nature, the specific facts and circumstances asserted, the likelihood that we will prevail, and the severity of any potential loss. We reevaluate and update our accruals as matters progress over time.

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 14. COMMITMENTS AND CONTINGENCIES (Continued)**

For nearly all of our matters, where our historical experience with similar matters is of limited value (i.e., “non-pattern matters”), we evaluate the matters primarily based on the individual facts and circumstances. For non-pattern matters, we evaluate whether there is a reasonable possibility of a material loss in excess of any accrual that can be estimated. It is reasonably possible that some of the matters for which accruals have not been established could be decided unfavorably to us and could require us to pay damages or make other expenditures. We do not reasonably expect, based on our analysis, that such matters would have a material effect on future financial statements for a particular year, although such an outcome is possible.

As noted, the litigation process is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Our assessments are based on our knowledge and experience, but the ultimate outcome of any matter could require payment substantially in excess of the amount that we have accrued and/or disclosed.

## **Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Shareholder of  
Ford Motor Credit Company LLC:

We have reviewed the accompanying consolidated balance sheet of Ford Motor Credit Company LLC and its subsidiaries (the "Company") as of March 31, 2015, and the related consolidated statements of income and comprehensive income for the three-month periods ended March 31, 2015 and 2014 and the consolidated statements of shareholder's interest and cash flows for the three-month periods ended March 31, 2015 and 2014. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2014, and the related consolidated statements of income, comprehensive income, shareholder's interest, and cash flows for the year then ended (not presented herein), and in our report dated February 13, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2014, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Detroit, Michigan  
April 28, 2015

## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### Results of Operations

#### Overview

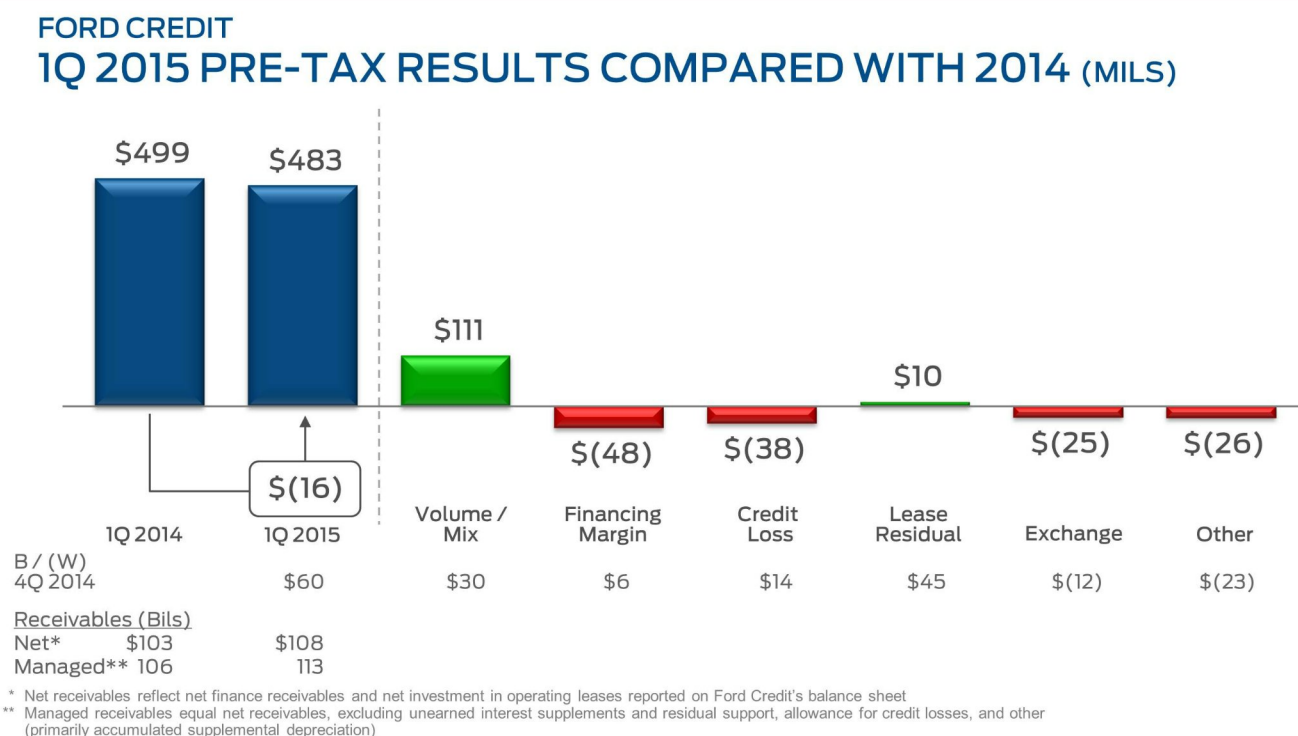
In general, we measure period-to-period changes in pre-tax results using the causal factors listed below:

- *Volume and Mix* – Volume and Mix are primarily reflected within *Net financing margin* on the income statement.
  - Volume primarily measures changes in net financing margin driven by changes in average finance receivables and net investment in operating leases at prior period financing margin yield (defined below in financing margin) at prior period exchange rates. Volume changes are primarily driven by the volume of new and used vehicle sales and leases, the extent to which we purchase retail installment sale and lease contracts, the extent to which we provide wholesale financing, the sales price of the vehicles financed, the level of dealer inventories, Ford-sponsored special financing programs available exclusively through us, and the availability of cost-effective funding for the purchase of retail installment sale and lease contracts and to provide wholesale financing.
  - Mix primarily measures changes in net financing margin driven by period over period changes in the composition of our average managed receivables by product and by country or region.
- *Financing Margin* – Financing margin is reflected within *Net financing margin* on the income statement.
  - Financing margin variance is the period-to-period change in financing margin yield multiplied by the present period average receivables at prior period exchange rates. This calculation is performed at the product and country level and then aggregated. Financing margin yield equals revenue, less interest expense and scheduled depreciation for the period, divided by average receivables for the same period.
  - Financing margin changes are driven by changes in revenue and interest expense. Changes in revenue are primarily driven by the level of market interest rates, cost assumptions in pricing, mix of business, and competitive environment. Changes in interest expense are primarily driven by the level of market interest rates, borrowing spreads, and asset-liability management.
- *Credit Loss* – Credit loss is reflected as the *Provision for credit losses* on the income statement.
  - Credit loss measures changes in the provision for credit losses at prior period exchange rates. For analysis purposes, management splits the provision for credit losses primarily into net charge-offs and the change in the allowance for credit losses.
  - Net charge-off changes are primarily driven by the number of repossessions, severity per repossession, and recoveries. Changes in the allowance for credit losses are primarily driven by changes in historical trends in credit losses and recoveries, changes in the composition and size of our present portfolio, changes in trends in historical used vehicle values, and changes in economic conditions. For additional information on the allowance for credit losses, refer to the “Critical Accounting Estimates – Allowance for Credit Losses” section of Item 7 of Part II of our 2014 Form 10-K Report.
- *Lease Residual* – Lease Residual is reflected within *Depreciation on vehicles subject to operating leases* on the income statement.
  - Lease residual measures changes to residual performance at prior period exchange rates. For analysis purposes, management splits residual performance primarily into residual gains and losses, and the change in accumulated supplemental depreciation.
  - Residual gain and loss changes are primarily driven by the number of vehicles returned to us and sold, and the difference between the auction value and the depreciated value of the vehicles sold. Changes in accumulated supplemental depreciation are primarily driven by changes in our estimate of the number of vehicles that will be returned to us and sold, and changes in our estimate of the expected auction value at the end of the lease term. For additional information on accumulated supplemental depreciation, refer to the “Critical Accounting Estimates – Accumulated Depreciation on Vehicles Subject to Operating Leases” section of Item 7 of Part II of our 2014 Form 10-K Report.
- *Exchange* - Reflects changes in pre-tax results driven by the effects of converting functional currency income to U.S. dollars and is reflected in all lines on the income statement.

- *Other* – Primarily includes *Operating expenses*, *Other revenue*, and *Insurance expenses* on the income statement at prior period exchange rates.
  - Changes in operating expenses are primarily driven by salaried personnel costs, facilities costs, and costs associated with the origination and servicing of customer contracts.
  - In general, other revenue changes are primarily driven by changes in earnings related to market valuation adjustments to derivatives (primarily related to movements in interest rates), which are included in unallocated risk management, and other miscellaneous items.

#### First Quarter 2015 Compared with First Quarter 2014

Our net income was \$306 million in the first quarter of 2015, compared with \$312 million a year ago. On a pre-tax basis, we earned \$483 million in the first quarter of 2015, compared with \$499 million a year ago. The following chart shows the factors that contributed to the largely unchanged pre-tax profit:



In the first quarter, Ford Credit continued to demonstrate solid growth supporting Ford, including the launch of operations in India. Origination practices continue to be consistent, and costs remain well controlled and in line with expectations.

Favorable volume and mix primarily reflects higher consumer finance receivables in all geographic segments and an increase in leasing in North America. Lower portfolio pricing in all geographic segments drove the lower financing margin. The higher credit losses in the first quarter of 2015 primarily reflect the non-repeat of reserve releases in all geographic segments that occurred in the first quarter of 2014.

As shown below the chart, favorable lease residual performance due to higher auction values in North America contributed to the higher pre-tax profit compared with fourth quarter 2014.



Results of operations by business segment and unallocated risk management for the periods ended March 31 are shown below (in millions). For additional information, see Note 13 of our Notes to the Financial Statements.

	First Quarter		
	2015	2014	2015 Over/(Under) 2014
<b>Income before income taxes</b>			
North America Segment	\$ 379	\$ 378	\$ 1
International Segment	129	132	(3)
Unallocated risk management	(25)	(11)	(14)
Income before income taxes	<u>\$ 483</u>	<u>\$ 499</u>	<u>\$ (16)</u>

### *North America Segment*

The North America Segment pre-tax profit is largely unchanged. Higher volume and mix, driven by an increase in leasing and consumer finance receivables, was offset by higher credit losses and lower financing margin. The higher credit losses were primarily driven by the non-repeat of reserve releases in the first quarter of 2014, while the lower financing margin was primarily driven by lower portfolio pricing.

### *International Segment*

The International Segment pre-tax profit is largely unchanged. Higher volume and mix, driven by an increase in all products, was offset by lower financing margin, driven by lower portfolio pricing, and the adverse effects on international operations of the strong U.S. dollar.

### *Unallocated Risk Management*

The change in unallocated risk management reflects net losses related to market valuation adjustments to derivatives. For additional information, see Notes 7 and 12 of our Notes to the Financial Statements.

## Contract Placement Volume and Financing Share

Total worldwide consumer financing contract placement volumes for new and used vehicles for the periods ended March 31 were as follows (in thousands):

	First Quarter	
	2015	2014
<b>North America Segment</b>		
United States	295	284
Canada	28	24
Total North America Segment	323	308
<b>International Segment</b>		
Europe	128	112
Asia Pacific	26	28
Latin America	5	6
Total International Segment	159	146
Total contract placement volume	482	454

Shown below are our financing shares of new Ford- and Lincoln-brand vehicles sold by dealers in the United States and new Ford-brand vehicles sold by dealers in Europe for the periods ended March 31.

Also shown below are our wholesale financing shares of new Ford- and Lincoln-brand vehicles acquired by dealers in the United States, excluding fleet, and of new Ford-brand vehicles acquired by dealers in Europe for the periods ended March 31:

	First Quarter	
	2015	2014
<b>United States</b>		
Financing share		
Retail installment and lease	45%	44%
Wholesale	76	76
<b>Europe</b>		
Financing share		
Retail installment and lease	35%	34%
Wholesale	98	98

### North America Segment

The increase in North America Segment contract placement volume for the first quarter primarily reflects higher industry volume. Retail installment and lease financing share in the United States was up one percentage point.

### International Segment

The increase in International Segment contract placement volume, driven by Europe, reflects higher industry volume, higher Ford share, and an increase in retail installment and lease financing share. Retail installment and lease financing share in Europe was up one percentage point.

## Financial Condition

### Finance Receivables and Operating Leases

Our receivables, including finance receivables and operating leases, were as follows (in billions):

	March 31, 2015	December 31, 2014
<b>Net Receivables</b>		
Finance receivables - North America Segment		
Consumer retail financing	\$ 43.7	\$ 44.1
Non-consumer: Dealer financing (a)	22.5	22.5
Non-consumer: Other	0.9	1.0
Total finance receivables - North America Segment (b)	\$ 67.1	\$ 67.6
Finance receivables - International Segment		
Consumer retail financing	\$ 11.5	\$ 11.8
Non-consumer: Dealer financing (a)	9.5	9.3
Non-consumer: Other	0.4	0.3
Total finance receivables - International Segment (b)	\$ 21.4	\$ 21.4
Unearned interest supplements	(1.7)	(1.8)
Allowance for credit losses	(0.3)	(0.3)
Finance receivables, net	\$ 86.5	\$ 86.9
Net investment in operating leases (b)	22.0	21.5
Total net receivables	\$ 108.5	\$ 108.4
<b>Managed Receivables</b>		
Total net receivables	\$ 108.5	\$ 108.4
Unearned interest supplements and residual support	3.8	3.9
Allowance for credit losses	0.4	0.4
Other, primarily accumulated supplemental depreciation	0.2	0.1
Total managed receivables	\$ 112.9	\$ 112.8

- (a) Dealer financing primarily includes wholesale loans to dealers to finance the purchase of vehicle inventory. For additional information, see Note 2 of our Notes to the Financial Statements.
- (b) At March 31, 2015 and December 31, 2014, includes consumer receivables before allowance for credit losses of \$25.9 billion and \$24.4 billion, respectively, and non-consumer receivables before allowance for credit losses of \$21.3 billion and \$21.8 billion, respectively, that have been sold for legal purposes in securitization transactions but continue to be reported in our consolidated financial statements. In addition, at March 31, 2015 and December 31, 2014, includes net investment in operating leases before allowance for credit losses of \$10.1 billion and \$9.6 billion, respectively, that have been included in securitization transactions but continue to be reported in our consolidated financial statements. The receivables and net investment in operating leases are available only for payment of the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions; they are not available to pay our other obligations or the claims of our other creditors. We hold the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions. For additional information on our securitization transactions, refer to the "Securitization Transactions" and "On-Balance Sheet Arrangements" sections of Item 7 of Part II of our 2014 10-K Report and Note 5 of our Notes to the Financial Statements for the period ended March 31, 2015.

Managed receivables at March 31, 2015 were unchanged from year-end 2014. We had growth in all products in all geographic segments, which was offset by the exchange rate impact of a strong U.S. dollar.

## **Credit Risk**

Credit risk is the possibility of loss from a customer's or dealer's failure to make payments according to contract terms. Credit risk has a significant impact on our business. We actively manage the credit risk of our consumer (retail financing and operating lease) and non-consumer (dealer financing) receivables to balance our level of risk and return. The allowance for credit losses (also referred to as the credit loss reserve) represents our estimate of the probable credit losses inherent in our finance receivables and operating leases as of the balance sheet date. The allowance for credit losses is estimated using a combination of models and management judgment, and is based on such factors as portfolio quality, historical loss performance, and receivable levels. The adequacy of our allowance for credit losses is assessed quarterly and the assumptions and models used in establishing the allowance are evaluated regularly. A description of our allowance setting process is provided in the "Critical Accounting Estimates - Allowance for Credit Losses" section of Item 7 of Part II of our 2014 Form 10-K Report.

Most of our charge-offs are related to retail finance and operating lease contracts. Charge-offs are affected by the number of vehicle repossessions, the unpaid balance outstanding at the time of repossession, the auction price of repossessed vehicles, and other charge-offs. We also incur credit losses on our dealer financing, but default rates for these receivables historically have been substantially lower than those for retail finance and operating lease contracts. For additional information on severity, refer to the "Critical Accounting Estimates - Allowance for Credit Losses" section of Item 7 of Part II of our 2014 Form 10-K Report.

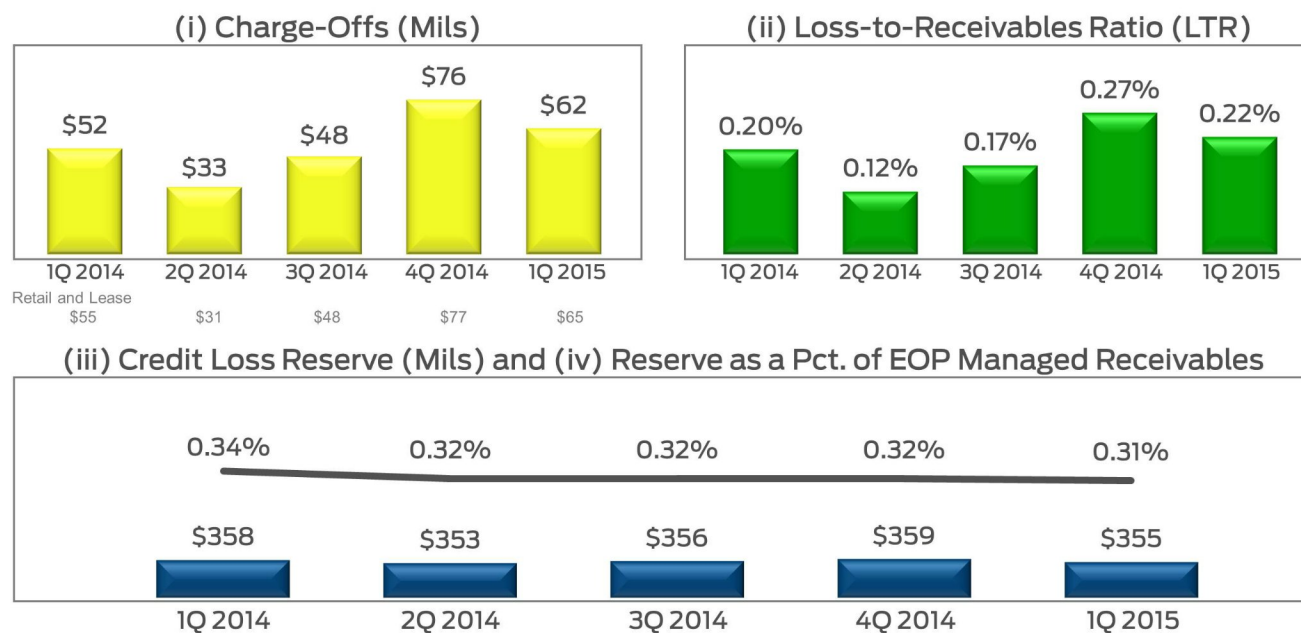
In purchasing retail finance and operating lease contracts, we use a proprietary scoring system that measures the credit quality of the receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g., FICO score), and contract characteristics. In addition to our proprietary scoring system, we consider other factors, such as employment history, financial stability, and capacity to pay. At March 31, 2015 and December 31, 2014, we classified between 5% and 6% of the outstanding U.S. retail finance and operating lease contracts in our portfolio as higher risk at contract inception. For additional information on the quality of our receivables, see Note 2 of our Notes to the Financial Statements.

## Worldwide Metrics

The following charts show (i) quarterly trends of charge-offs (credit losses, net of recoveries), (ii) loss-to-receivables ("LTR") ratios (charge-offs on an annualized basis divided by average end-of-period ("EOP") managed receivables), (iii) credit loss reserve, and (iv) our credit loss reserve as a percentage of EOP managed receivables:

## FORD CREDIT

## WORLDWIDE CREDIT LOSS METRICS



We continue to experience historically low levels of credit losses. The first quarter LTR of 22 basis points is well below the 10-year average of 46 basis points.

Year-over-year charge-offs were up \$10 million and LTR was up two basis points.

Quarter-over-quarter charge-offs and LTR were down, primarily reflecting the non-repeat of an incremental loss recognized on previously impaired receivables in Europe.

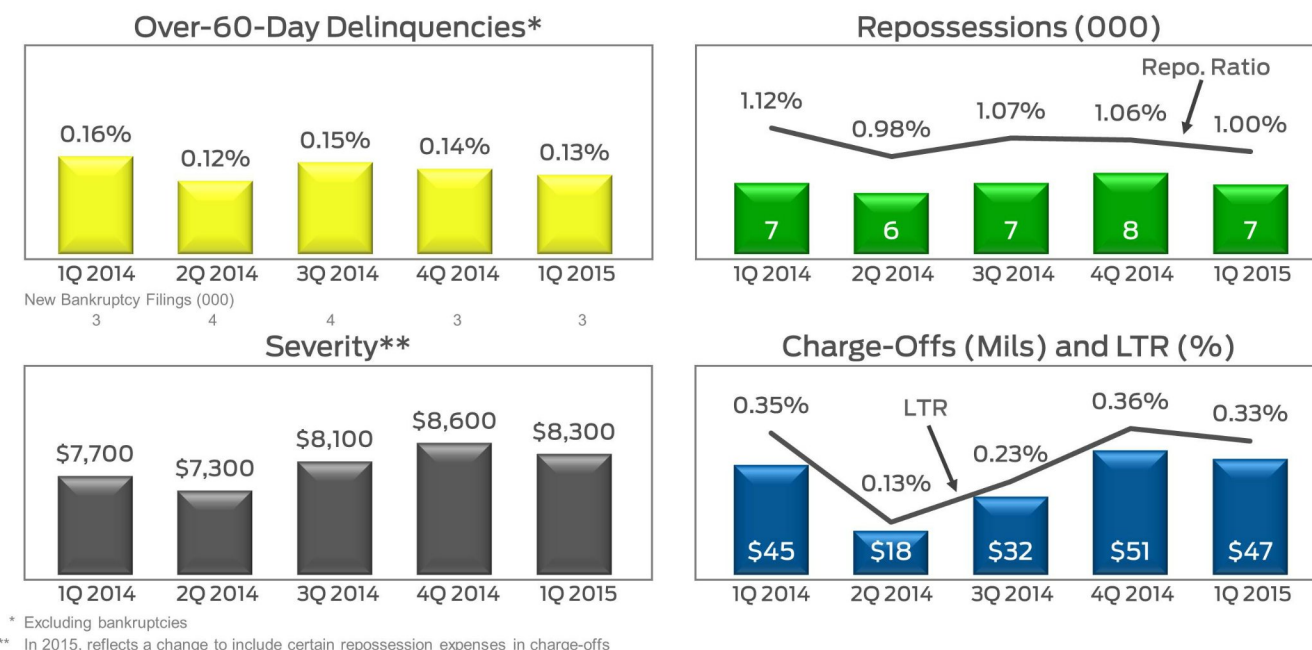
The credit loss reserve at \$355 million is largely unchanged.

U.S. Ford- and Lincoln-Brand Retail Installment and Operating Lease

The following charts show the primary drivers of credit losses in the U.S. retail and lease business, which comprised 74% of our worldwide consumer portfolio at March 31, 2015.

FORD CREDIT

U.S. RETAIL AND LEASE CREDIT LOSS DRIVERS



Over-60-day delinquencies remain consistently low at 0.13%, down three basis points from a year ago and down one basis point from fourth quarter 2014.

Repossessions in the first quarter were 7,000 units, or 1% of average accounts outstanding, down 12 basis points from a year ago and down six basis points from fourth quarter 2014. The repossession ratio of 1% represents our lowest first quarter result on record.

Severity of \$8,300 in the first quarter was \$600 higher than the same period a year ago. Of this increase, \$400 reflects a change to include certain repossession expenses in charge-offs that were previously recorded as operating costs. Excluding this change, severity was \$200 higher than a year ago.

Quarter-over-quarter severity declined \$300. Excluding the repossession expenses noted above, severity declined \$700, primarily reflecting improved auction values.

First quarter charge-offs were up \$2 million and LTR was down two basis points from the prior year. Both charge-offs and LTR were down from the fourth quarter.

## Residual Risk

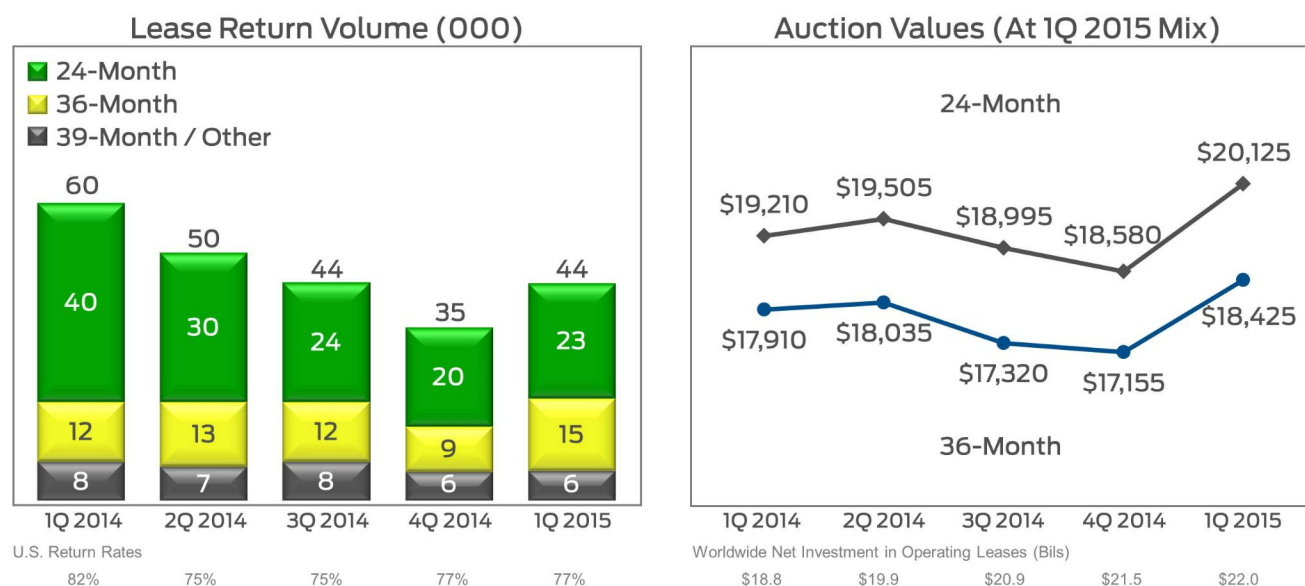
We are exposed to residual risk on operating leases and similar balloon payment products where the customer may return the financed vehicle to us. Residual risk is the possibility that the amount we obtain from returned vehicles will be less than our estimate of the expected residual value for the vehicle. We estimate the expected residual value by evaluating recent auction values, return volumes for our leased vehicles, industrywide used vehicle prices, marketing incentive plans, and vehicle quality data. Changes in expected residual values impact the depreciation expense, which is recognized on a straight-line basis over the life of the lease.

For additional information on our residual risk on operating leases, refer to the "Critical Accounting Estimates - Accumulated Depreciation on Vehicles Subject to Operating Leases" section of Item 7 of Part II of our 2014 Form 10-K Report.

### U.S. Ford- and Lincoln-Brand Operating Lease Experience

The following charts show return volumes and auction values at constant first quarter 2015 vehicle mix for vehicles returned in the respective periods. The U.S. operating lease portfolio accounted for about 88% of our total net investment in operating leases at March 31, 2015.

## FORD CREDIT U.S. LEASE RESIDUAL PERFORMANCE



In the first quarter, lease return volume was lower than the same period a year ago, reflecting fewer 24-month lease placements in 2013 relative to 2012. Return rates have been generally consistent over the period.

In the first quarter, our auction values for 24-month contracts increased by \$915 and 36-month auction values increased by \$515 compared with the same period last year; this trend compares well with the available industry data. Both our 24-month and 36-month auction values increased from the fourth quarter, consistent with normal seasonality.

Our worldwide net investment in operating leases was \$22.0 billion at the end of the first quarter, up \$0.5 billion from year-end 2014.

## Credit Ratings

Our short-term and long-term debt is rated by four credit rating agencies designated as nationally recognized statistical rating organizations ("NRSROs") by the U.S. Securities and Exchange Commission:

- DBRS Limited ("DBRS");
- Fitch, Inc. ("Fitch");
- Moody's Investors Service, Inc. ("Moody's"); and
- Standard & Poor's Ratings Services, a division of McGraw Hill Financial ("S&P").

In several markets, locally recognized rating agencies also rate us. A credit rating reflects an assessment by the rating agency of the credit risk associated with a corporate entity or particular securities issued by that entity. Rating agencies' ratings of us are based on information provided by us and other sources. Credit ratings assigned to us from all of the NRSROs are closely associated with their opinions on Ford. Credit ratings are not recommendations to buy, sell, or hold securities and are subject to revision or withdrawal at any time by the assigning rating agency. Each rating agency may have different criteria for evaluating company risk and, therefore, ratings should be evaluated independently for each rating agency.

There have been no rating actions taken by these NRSROs since the filing of our 2014 Form 10-K Report.

The following chart summarizes certain of the credit ratings and outlook presently assigned by these four NRSROs:

	NRSRO RATINGS			
	Ford Credit			NRSROs
	Long-Term Senior Unsecured	Short -Term Unsecured	Outlook / Trend	Minimum Long-Term Investment Grade Rating
DBRS	BBB (low)	R-3	Stable	BBB (low)
Fitch	BBB-	F3	Positive	BBB-
Moody's	Baa3	P-3	Stable	Baa3
S&P (a)	BBB-	A-3	Stable	BBB-

(a) S&P assigns FCE Bank plc ("FCE") a long-term senior unsecured credit rating of BBB, a one-notch higher rating than Ford Credit, with a stable outlook.



## Funding and Liquidity

Our primary funding and liquidity objective is to maintain a strong investment grade balance sheet with adequate liquidity to support our financing activities and growth under a variety of market conditions, including short-term and long-term market disruptions.

Our funding strategy remains focused on diversification, and we plan to continue accessing a variety of markets, channels, and investors.

Our liquidity profile continues to be diverse, robust, and focused on maintaining liquidity levels that meet our business and funding requirements. We regularly stress test our balance sheet and liquidity to ensure that we continue to meet our financial obligations through economic cycles.

### Public Term Funding Plan

The following table shows our planned issuances for full-year 2015, and our global public term funding issuances through April 27, 2015, and for full-year 2014 and 2013 (in billions), excluding short-term funding programs:

	Public Term Funding Plan			
	2015		2014 Actual	2013 Actual
	Full-Year Forecast	Through April 27		
Unsecured	\$ 12-15	\$ 5	\$ 13	\$ 11
Securitizations (a)	13-16	5	15	14
Total	\$ 25-31	\$ 10	\$ 28	\$ 25

(a) Includes Rule 144A offerings.

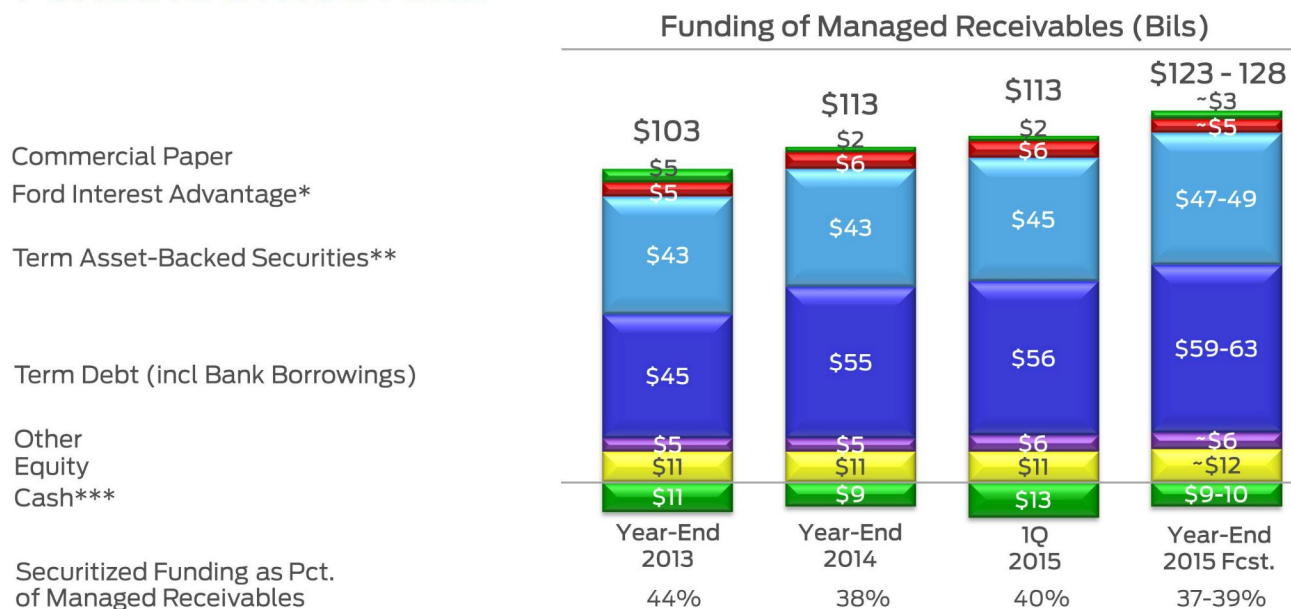
Through April 27, 2015, we completed about \$10 billion of funding in the public term markets, split about equally between unsecured debt and asset-backed security ("ABS") transactions. We completed our second ABS transaction in China of RMB 3 billion. This transaction is a significant step in our continued progress of implementing our funding strategy to be more capital markets focused.

For 2015, the forecasted ranges are unchanged from prior guidance.

## Funding Portfolio

The following chart shows the trends in funding for our managed receivables:

## FORD CREDIT FUNDING STRUCTURE



\* The Ford Interest Advantage program consists of our floating rate demand notes

\*\* Obligations issued in securitization transactions that are payable only out of collections on the underlying securitized assets and related enhancements

\*\*\* Cash, cash equivalents, and marketable securities (excludes marketable securities related to insurance activities)

At the end of the first quarter, managed receivables were \$113 billion, and we ended the quarter with about \$13 billion in cash. Securitized funding was 40% of managed receivables.

We are projecting 2015 year-end managed receivables of \$123 billion to \$128 billion and securitized funding as a percentage of managed receivables in the range of 37% to 39%. We continue to expect this percentage to decline over time.

### Liquidity Sources

We define gross liquidity as cash, cash equivalents, and marketable securities (excluding marketable securities related to insurance activities) and committed capacity (which includes our credit facilities and asset-backed lines), less utilization of liquidity. Utilization of liquidity is the amount funded under our liquidity sources and also includes the cash and cash equivalents required to support securitization transactions. Securitization cash is cash held for the benefit of the securitization investors (for example, a reserve fund). Net liquidity available for use is defined as gross liquidity less certain adjustments for asset-backed capacity in excess of eligible receivables and cash related to FordREV, which can be accessed through future sales of receivables. While not included in available liquidity, these adjustments represent additional funding sources for future originations.

The following table shows our liquidity sources and utilization (in billions):

	March 31, 2015	December 31, 2014
<b>Liquidity Sources</b>		
Cash (a)	\$ 13.0	\$ 8.9
Committed ABS lines (b)	31.9	33.7
FCE/Other unsecured credit facilities	1.6	1.6
Ford revolving credit facility allocation	2.0	2.0
Total liquidity sources	\$ 48.5	\$ 46.2
<b>Utilization of Liquidity</b>		
Securitization cash (c)	\$ (2.6)	\$ (2.4)
Committed ABS lines	(15.8)	(15.3)
FCE/Other unsecured credit facilities	(0.4)	(0.4)
Ford revolving credit facility allocation	—	—
Total utilization of liquidity	\$ (18.8)	\$ (18.1)
Gross liquidity	\$ 29.7	\$ 28.1
Adjustments (d)	(1.8)	(1.6)
Net liquidity available for use	\$ 27.9	\$ 26.5

(a) Cash, cash equivalents, and marketable securities (excludes marketable securities related to insurance activities).

(b) Committed ABS lines are subject to availability of sufficient assets and ability to obtain derivatives to manage interest rate risk.

(c) Used only to support on-balance sheet securitization transactions.

(d) Adjustments include other committed ABS lines in excess of eligible receivables and certain cash within FordREV available through future sales of receivables.

As of March 31, 2015, our liquidity remains strong at \$27.9 billion, an increase of \$1.4 billion from year-end 2014. Our sources of liquidity include cash, committed asset-backed lines, unsecured credit facilities, and the corporate revolver allocation. As of March 31, our liquidity sources including cash totaled \$48.5 billion, up \$2.3 billion from year-end, reflecting higher cash balances to meet our near term debt maturities. We are focused on maintaining a strong liquidity position to meet our business and funding requirements through economic cycles.

**Cash, Cash Equivalents, and Marketable Securities.** At March 31, 2015, our cash, cash equivalents, and marketable securities (excluding marketable securities related to insurance activities) totaled \$13.0 billion, compared with \$8.9 billion at year-end 2014. In the normal course of our funding activities, we may generate more proceeds than are required for our immediate funding needs. These excess amounts held primarily in highly liquid investments, which provide liquidity for our anticipated and unanticipated cash needs and give us flexibility in the use of our other funding programs. Our cash, cash equivalents, and marketable securities (excluding marketable securities related to insurance activities) primarily include U.S. Treasury obligations, federal agency securities, bank time deposits with investment-grade institutions and non-U.S. central banks, corporate investment-grade securities, A-1/P-1 (or higher) rated commercial paper, debt obligations of a select group of non-U.S. governments, non-U.S. government agencies, supranational institutions, and money market funds that carry the highest possible ratings.

The maturity of these investments ranges from about 90 days to up to about one year and is adjusted based on market conditions and liquidity needs. We monitor our cash levels and average maturity on a daily basis. Cash, cash equivalents, and marketable securities include amounts to be used only to support our securitization transactions of \$2.6 billion and \$2.4 billion at March 31, 2015 and December 31, 2014, respectively.

**Committed Capacity.** At March 31, 2015, our committed capacity totaled \$35.5 billion, compared with \$37.3 billion at December 31, 2014. Our committed capacity is primarily comprised of committed ABS lines from bank-sponsored commercial paper conduits and other financial institutions, unsecured credit facilities with financial institutions, and allocated commitments under Ford's revolving credit facility (as defined below).

**Committed ABS Lines.** We and our subsidiaries, including FCE, have entered into agreements with a number of bank-sponsored asset-backed commercial paper conduits and other financial institutions. Such counterparties are contractually committed, at our option, to purchase from us eligible retail or wholesale assets or to purchase or make advances under asset-backed securities backed by retail financing, operating leases, or wholesale financing assets for proceeds of up to \$31.9 billion (\$17.7 billion of retail financing, \$7.4 billion of wholesale financing, and \$6.8 billion of operating lease assets) at March 31, 2015, of which \$4.5 billion are commitments to FCE. These committed liquidity programs have varying maturity dates, with \$13.8 billion (of which \$3.5 billion relates to FCE commitments) having maturities within the next twelve months and the remaining balance having maturities through 2017. We plan capacity renewals to protect our global funding needs, optimize capacity utilization, and maintain sufficient liquidity.

Our ability to obtain funding under these programs is subject to having a sufficient amount of assets eligible for these programs as well as our ability to obtain interest rate hedging arrangements for certain securitization transactions. Our capacity in excess of eligible receivables protects us against the risk of lower than planned renewal rates. At March 31, 2015, \$15.8 billion of these commitments were in use. These programs are free of material adverse change clauses, restrictive financial covenants (for example, debt-to-equity limitations and minimum net worth requirements), and generally, credit rating triggers that could limit our ability to obtain funding. However, the unused portion of these commitments may be terminated if the performance of the underlying assets deteriorates beyond specified levels. Based on our experience and knowledge as servicer of the related assets, we do not expect any of these programs to be terminated due to such events.

**Unsecured Credit Facilities.** At March 31, 2015, we and our majority-owned subsidiaries had \$3.6 billion of contractually committed unsecured credit facilities with financial institutions, including the FCE Credit Agreement (as defined below) and the allocation under Ford's revolving credit facility (as defined below). At March 31, 2015, \$3.2 billion was available for use.

FCE has a £760 million (equivalent to \$1.1 billion at March 31, 2015) syndicated credit facility (the "FCE Credit Agreement") that matures in 2017. At March 31, 2015, \$843 million was available for use. The FCE Credit Agreement contains certain covenants, including an obligation for FCE to maintain its ratio of regulatory capital to risk-weighted assets at no less than the applicable regulatory minimum, and for the support agreement between FCE and Ford Credit to remain in full force and effect (and enforced by FCE to ensure that its net worth is maintained at no less than \$500 million). In addition to customary payment, representation, bankruptcy, and judgment defaults, the FCE Credit Agreement contains cross-payment and cross-acceleration defaults with respect to other debt.

At March 31, 2015, lenders under Ford's Second Amended and Restated Credit Agreement dated as of April 30, 2014 ("Ford's revolving credit facility") had commitments totaling \$12.2 billion, with about \$9 billion maturing on April 30, 2019 and about \$3 billion maturing on April 30, 2017. Ford has allocated \$2 billion of commitments to us under Ford's revolving credit facility to grow our overall liquidity, supporting growth and expanded funding programs. At March 31, 2015, all \$2 billion was available for use.

Although not yet complete, Ford is in the process of amending its revolving credit facility. When complete, Ford would expect the total facility to increase to \$13.4 billion and the respective maturity dates to be extended by one year. The amendment would also provide for two new sub-facilities denominated in Brazilian real and Chinese renminbi, respectively. When completed, Ford intends to allocate the commitments under the renminbi sub-facility (initially the equivalent of \$1 billion) to us, in addition to the \$2 billion of commitments Ford previously allocated to us, on an irrevocable and exclusive basis. The closing will occur during the second quarter of 2015.

## Funding and Liquidity Risks

Refer to the "Funding and Liquidity" section of Item 7 of Part II of our 2014 Form 10-K Report for a list of factors that could affect our liquidity and information on our stress testing.

## Leverage

We use leverage, or the debt-to-equity ratio, to make various business decisions, including evaluating and establishing pricing for finance receivable and operating lease financing, and assessing our capital structure. We refer to our shareholder's interest as equity.

The following table shows the calculation of our financial statement leverage (in billions, except for ratios):

	March 31, 2015	December 31, 2014
Total debt (a)	\$ 109.1	\$ 105.0
Equity	11.2	11.4
Financial statement leverage (to 1)	9.8	9.2

(a) Includes debt issued in securitization transactions and payable only out of collections on the underlying securitized assets and related enhancements. We hold the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions.

The following table shows the calculation of our managed leverage (in billions, except for ratios):

	March 31, 2015	December 31, 2014
Total debt (a)	\$ 109.1	\$ 105.0
Adjustments for cash (b)	(13.0)	(8.9)
Adjustments for derivative accounting (c)	(0.7)	(0.4)
Total adjusted debt	\$ 95.4	\$ 95.7
Equity	\$ 11.2	\$ 11.4
Adjustments for derivative accounting (c)	(0.4)	(0.4)
Total adjusted equity	\$ 10.8	\$ 11.0
Managed leverage (to 1) (d)	8.8	8.7

(a) Includes debt issued in securitization transactions and payable only out of collections on the underlying securitized assets and related enhancements. We hold the right to receive the excess cash flows not needed to pay the debt issued by, and other obligations of, the securitization entities that are parties to those securitization transactions.

(b) Cash, cash equivalents, and marketable securities (excludes marketable securities related to insurance activities).

(c) Primarily related to market valuation adjustments to derivatives due to movements in interest rates. Adjustments to debt are related to designated fair value hedges and adjustments to equity are related to retained earnings.

(d) Equals total adjusted debt over total adjusted equity.

We plan our managed leverage by considering prevailing market conditions and the risk characteristics of our business. At March 31, 2015, our managed leverage was 8.8:1, compared with 8.7:1 at December 31, 2014. For information on our planned distributions, refer to the "Outlook" section below.

## Outlook

For the full year, we continue to expect pre-tax profit to be equal to or higher than 2014, year-end managed receivables of \$123 billion to \$128 billion, and distributions to our parent of about \$250 million.

We now expect managed leverage at the upper end of our range of 8:1 to 9:1 in the near term because of the translation impact of the strong U.S. dollar.

## Risk Factors

Statements included or incorporated by reference herein may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on expectations, forecasts, and assumptions by our management and involve a number of risks, uncertainties, and other factors that could cause actual results to differ materially from those stated, including, without limitation:

- Decline in industry sales volume, particularly in the United States, Europe, or China, due to financial crisis, recession, geopolitical events, or other factors;
- Decline in Ford's market share or failure to achieve growth;
- Lower-than-anticipated market acceptance of Ford's new or existing products;
- Market shift away from sales of larger, more profitable vehicles beyond Ford's current planning assumption, particularly in the United States;
- An increase in or continued volatility of fuel prices, or reduced availability of fuel;
- Continued or increased price competition resulting from industry excess capacity, currency fluctuations, or other factors;
- Fluctuations in foreign currency exchange rates, commodity prices, and interest rates;
- Adverse effects resulting from economic, geopolitical, or other events;
- Economic distress of suppliers that may require Ford to provide substantial financial support or take other measures to ensure supplies of components or materials and could increase costs, affect liquidity, or cause production constraints or disruptions;
- Work stoppages at Ford or supplier facilities or other limitations on production (whether as a result of labor disputes, natural or man-made disasters, tight credit markets or other financial distress, production constraints or difficulties, or other factors);
- Single-source supply of components or materials;
- Labor or other constraints on Ford's ability to maintain competitive cost structure;
- Substantial pension and postretirement health care and life insurance liabilities impairing liquidity or financial condition;
- Worse-than-assumed economic and demographic experience for postretirement benefit plans (e.g., discount rates or investment returns);
- Restriction on use of tax attributes from tax law "ownership change;"
- The discovery of defects in vehicles resulting in delays in new model launches, recall campaigns, or increased warranty costs;
- Increased safety, emissions, fuel economy, or other regulations resulting in higher costs, cash expenditures, and/or sales restrictions;
- Unusual or significant litigation, governmental investigations, or adverse publicity arising out of alleged defects in products, perceived environmental impacts, or otherwise;
- A change in requirements under long-term supply arrangements committing Ford to purchase minimum or fixed quantities of certain parts, or to pay a minimum amount to the seller ("take-or-pay" contracts);
- Adverse effects on results from a decrease in or cessation or clawback of government incentives related to investments;
- Inherent limitations of internal controls impacting financial statements and safeguarding of assets;
- Cybersecurity risks to operational systems, security systems, or infrastructure owned by Ford, Ford Credit, or a third-party vendor or supplier;
- Failure of financial institutions to fulfill commitments under committed credit and liquidity facilities;
- Inability of Ford Credit to access debt, securitization, or derivative markets around the world at competitive rates or in sufficient amounts, due to credit rating downgrades, market volatility, market disruption, regulatory requirements, or other factors;
- Higher-than-expected credit losses, lower-than-anticipated residual values, or higher-than-expected return volumes for leased vehicles;
- Increased competition from banks, financial institutions, or other third parties seeking to increase their share of financing Ford vehicles; and
- New or increased credit, consumer, or data protection or other regulations resulting in higher costs and/or additional financing restrictions.

We cannot be certain that any expectation, forecast, or assumption made in preparing forward-looking statements will prove accurate, or that any projection will be realized. It is to be expected that there may be differences between projected and actual results. Our forward-looking statements speak only as of the date of their initial issuance, and we do not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events, or otherwise. For additional discussion, see "Item 1A. Risk Factors" in our 2014 Form 10-K Report, as updated by our subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K.

## **Accounting Standards Issued But Not Yet Adopted**

For information on accounting standards issued but not yet adopted, see Note 1 of our Notes to the Financial Statements.

## **Other Financial Information**

The interim financial information included in this Quarterly Report on Form 10-Q for the periods ended March 31, 2015 and 2014 has not been audited by PricewaterhouseCoopers LLP ("PwC"). In reviewing such information, PwC has applied limited procedures in accordance with professional standards for reviews of interim financial information. Readers should restrict reliance on PwC's reports on such information accordingly. PwC is not subject to the liability provisions of Section 11 of the Securities Act of 1933 for its reports on interim financial information, because such reports do not constitute "reports" or "parts" of registration statements prepared or certified by PwC within the meaning of Sections 7 and 11 of the Securities Act of 1933.

## **ITEM 3. Quantitative and Qualitative Disclosures about Market Risk.**

In our 2014 Form 10-K Report, we discuss in greater detail our market risk, counterparty risk, credit risk, residual risk, liquidity risk, and operating risk.

To provide a quantitative measure of the sensitivity of our pre-tax cash flow to changes in interest rates, we use interest rate scenarios that assume a hypothetical, instantaneous increase or decrease of one percentage point in all interest rates across all maturities (a "parallel shift"), as well as a base case that assumes that all interest rates remain constant at existing levels. The differences in pre-tax cash flow between these scenarios and the base case over a twelve-month period represent an estimate of the sensitivity of our pre-tax cash flow. Under this model, we estimate that at March 31, 2015, all else constant, such an increase in interest rates would decrease our pre-tax cash flow by \$11 million over the next 12 months, compared with a decrease of \$46 million at December 31, 2014. In reality, interest rate changes are rarely instantaneous or parallel and rates could move more or less than the one percentage point assumed in our analysis. As a result, the actual impact to pre-tax cash flow could be higher or lower than the results detailed above.

## **ITEM 4. Controls and Procedures.**

*Evaluation of Disclosure Controls and Procedures.* Bernard B. Silverstone, our Chairman of the Board and Chief Executive Officer ("CEO"), and Michael L. Seneski, our Chief Financial Officer ("CFO") and Treasurer, have performed an evaluation of the Company's disclosure controls and procedures, as that term is defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of March 31, 2015, and each has concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by SEC rules and forms, and that such information is accumulated and communicated to the CEO and CFO to allow timely decisions regarding required disclosures.

*Changes in Internal Control Over Financial Reporting.* There were no changes in internal control over financial reporting during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 5. Other Information.**

None.

### **ITEM 6. Exhibits.**

Exhibits: please refer to the Exhibit Index on page 47.

Instruments defining the rights of holders of certain issues of long-term debt of Ford Credit have not been filed as exhibits to this Report because the authorized principal amount of any one of such issues does not exceed 10% of the total assets of Ford Credit. Ford Credit will furnish a copy of each such instrument to the SEC upon request.

## **SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, Ford Motor Credit Company LLC has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

FORD MOTOR CREDIT COMPANY LLC

By: /s/ Michael L. Seneski  
Michael L. Seneski  
Chief Financial Officer and Treasurer

Date: April 28, 2015



## EXHIBIT INDEX

Designation	Description	Method of Filing
Exhibit 12	Ford Motor Credit Company LLC and Subsidiaries Calculation of Ratio of Earnings to Fixed Charges.	Filed with this Report.
Exhibit 15	Letter of PricewaterhouseCoopers LLP, dated April 28, 2015, relating to financial information.	Filed with this Report.
Exhibit 31.1	Rule 15d-14(a) Certification of CEO.	Filed with this Report.
Exhibit 31.2	Rule 15d-14(a) Certification of CFO.	Filed with this Report.
Exhibit 32.1	Section 1350 Certification of CEO.	Furnished with this Report.
Exhibit 32.2	Section 1350 Certification of CFO.	Furnished with this Report.
Exhibit 99	Items 2 - 4 of Part I and Item 2 of Part II of Ford Motor Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.	Incorporated herein by reference to Ford Motor Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015. File No. 1-3950.
Exhibit 101.INS	XBRL Instance Document.	*
Exhibit 101.SCH	XBRL Taxonomy Extension Schema Document.	*
Exhibit 101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	*
Exhibit 101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	*
Exhibit 101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	*
Exhibit 101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	*

\* Submitted electronically with this Report in accordance with the provisions of Regulation S-T.

Exhibit 12

**FORD MOTOR CREDIT COMPANY LLC AND SUBSIDIARIES**  
**CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES**  
(in millions)

	<u>First Quarter 2015</u>
<b>Earnings</b>	
Income before income taxes	\$ 483
Add/(Deduct):	
Equity in net income of affiliated companies	(8)
Dividends from affiliated companies	—
Fixed charges excluding capitalized interest	640
Earnings	<u>\$ 1,115</u>
<b>Fixed charges</b>	
Interest expense	\$ 638
Interest portion of rental expense (a)	2
Total fixed charges	<u>\$ 640</u>
<b>Ratios</b>	
Ratio of earnings to fixed charges	1.7

(a) One-third of all rental expense is deemed to be interest.

April 28, 2015

Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549

Re: Ford Motor Credit Company LLC Registration Statement Nos. 333-202789 and 333-194069 on Form S-3

Commissioners:

We are aware that our report dated April 28, 2015 on our review of interim financial information of Ford Motor Credit Company LLC (the "Company") for the three-month periods ended March 31, 2015 and 2014 and included in the Company's quarterly report on Form 10-Q for the quarter ended March 31, 2015 is incorporated by reference in the aforementioned Registration Statements.

Very truly yours,

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP  
Detroit, Michigan

**CERTIFICATION**

I, Bernard B. Silverstone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 of Ford Motor Credit Company LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 28, 2015

/s/ Bernard B. Silverstone

Bernard B. Silverstone

Chairman of the Board and Chief Executive Officer

**CERTIFICATION**

I, Michael L. Seneski, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 of Ford Motor Credit Company LLC;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: April 28, 2015

/s/ Michael L. Seneski

Michael L. Seneski

Chief Financial Officer and Treasurer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Bernard B. Silverstone, Chairman of the Board and Chief Executive Officer of Ford Motor Credit Company LLC (the "Company"), hereby certify pursuant to Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 28, 2015

/s/ Bernard B. Silverstone

Bernard B. Silverstone

Chairman of the Board and Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Michael L. Seneski, Chief Financial Officer and Treasurer of Ford Motor Credit Company LLC (the "Company"), hereby certify pursuant to Rule 15d-14(b) of the Securities Exchange Act of 1934, as amended, and Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 28, 2015

/s/ Michael L. Seneski

Michael L. Seneski

Chief Financial Officer and Treasurer