**Kevan Parekh**

Thanks, Tim, and good afternoon, everyone. Our March quarter revenue of $95.4 billion was up 5% year-over-year despite a headwind of almost 2.5 percentage points from foreign exchange. We also grew in the majority of the markets we track. Products revenue was $68.7 billion, up 3% year-over-year, driven by growth in iPhone, iPad, and Mac. And thanks to our high levels of customer satisfaction and strong loyalty, our installed base of active devices reached an all-time high across all product categories and geographic segments.

Services revenue was $26.6 billion, up 12% year-over-year despite over 2 percentage points of foreign exchange headwinds. And as Tim mentioned, this was an all-time revenue record. We also grew in every geographic segment and saw double-digit growth in both developed and emerging markets. Company gross margin was 47.1%, in the middle of our guidance range and up 20 basis points sequentially primarily driven by favorable mix.

Products gross margin was 35.9%, down 340 basis points sequentially, driven by mix, foreign exchange and a seasonal loss of leverage. Services gross margin was 75.7%, up 70 basis points sequentially, primarily driven by a different mix, partly offset by foreign exchange. Operating expenses landed at $15.3 billion, up 6% year-over-year. Net income was $24.8 billion and diluted earnings per share was $1.65, up 8% year-over-year and a March quarter record. Operating cash flow was also strong at $24 billion.

Now I'm going to provide some more details for each of our revenue categories. iPhone revenue was $46.8 billion, up 2% year- over-year driven by the iPhone 16 family. The iPhone Active installed base grew to an all-time high in total and in every geographic segment, and iPhone upgraders grew double-digits year-over-year. According to a recent survey from Kantar, during the March quarter, iPhone was a top-selling model in the U.S., urban China, the UK, Germany, Australia, and Japan. And we continue to see high levels of customer satisfaction in the U.S. at 97% as measured by 451 Research.

Mac revenue was $7.9 billion, up 7% year-over-year, driven by the latest MacBook Air, MacBook Pro and Mac Mini models. This performance was broad-based with every geographic segment growing year-over-year. Mac installed base reached an all-time high and we saw strong growth for both upgraders and customers new to the Mac. Customer satisfaction was reported at 95% in the U.S.

iPad revenue was $6.4 billion, up 15% year-over-year, driven by the new M3-powered iPad Air. The iPad installed base reached another all-time high, and over half the customers who purchased an iPad during the quarter were new to the product. Based on the latest reports from 451 Research, customer satisfaction was 97% in the U.S.

Wearables, Home and Accessories revenue was $7.5 billion, down 5% year-over-year. Keep in mind, we did face a more difficult compare against the launch of the Apple Vision Pro in the year ago quarter as well as the Watch Ultra 2 launched last year. At the same time, the Apple Watch installed base reached a new all-time high with over half of customers purchasing an Apple Watch during the quarter being new to the product. And customer satisfaction for Watch in the U.S. was recently measured at 95%.

Our Services revenue reached an all-time high of $26.6 billion, up 12% year-over-year. This growth rate was comparable to the December quarter year-over-year growth rate when we removed the negative impact from foreign exchange. We saw strong momentum in the March quarter and the growth of our installed base of active devices gives us great opportunities for the future. Customer engagement across our Services offerings also continue to grow. Both transacting and paid accounts reached new all-time highs, with paid accounts growing double-digits year-over-year.

Paid subscriptions also grew double-digits. We have well over 1 billion paid subscriptions across the services on our platform. We continue to improve the quality and breadth of our service offerings from additional features in News+ to new games available on Arcade. Apple Pay continues to help our customers with an easy, secure and private payment solution, and we were pleased to see that our active users in Apple Pay reached an all-time record, up double-digits year-over-year.

Turning to enterprise. Organizations are investing more on Apple products and services to drive productivity and employee engagement. For example, KPMG recently rolled out iPhone 16 for all U.S. employees, reflecting their confidence in Apple's security and privacy features. We also continue to see strong Mac performance in enterprise. New Bank, the largest digital bank in Latin America has selected MacBook Air as a standard computer for their thousands of employees.

With Vision Pro, companies are continuing to find new and innovative ways to leverage this technology. Dassault Systèmes, a leading provider for engineering and 3D design software has natively integrated Apple Vision Pro into their next-generation platform, bringing a powerful and immersive spatial experience to thousands of enterprise customers.

Now let's turn to our cash position and capital return program. We ended the quarter with $133 billion in cash and marketable securities. We had $3 billion in debt maturities and increased commercial paper by $4 billion, resulting in $98 billion in total debt. Therefore, at the end of the quarter, net cash was $35 billion. During the quarter, we returned $29 billion to shareholders. This included $3.8 billion in dividends and equivalents and $25 billion through open market repurchases of 108 million Apple shares.

Given the continued confidence we have in our business now and into the future, today, our Board authorized an additional $100 billion for share repurchases as we maintain our goal of getting to net cash neutral. We're also raising our dividend by 4% to $0.26 per share of common stock, and we continue to plan for annual increases in the dividend going forward as we have done for the last 13 years. This cash dividend will be payable on May 15, 2025, to shareholders of record as of May 12, 2025.

As we move ahead into the June quarter, I'd like to review our outlook, which includes the types of forward-looking information that Suhasini referred to. Importantly, the color we're providing assumes that global tariff rates, policies and application remain in effect as of this call. And the global macroeconomic outlook doesn't worsen from today for the current quarter. Despite the overall uncertain environment, we will still be providing color at the total company level, subject to these assumptions and the risk factors that we referred to at the beginning of the call.

We expect our June quarter total company revenue to grow low to mid-single digits year-over-year. We expect gross margin to be between 45.5% and 46.5%, which includes the estimated impact of the $900 million of tariff-related costs that Tim referred to earlier. We expect operating expenses to be between $15.3 billion and $15.5 billion. We expect OI&E to be around negative $300 million, excluding any potential impact from the mark-to-market of minority investments and our tax rate to be around 16%.

With that, let's open the call to questions.