

While most young investors today assume “buying value” is for “boomers,” it is worth remembering what Scott McNealy, then CEO of Sun Microsystems, told investors who were paying 10x Price-to-Sales for his company in a 1999 [Bloomberg](#) interview.

*“At 10-times revenues, to give you a 10-year payback, **I have to pay you 100% of revenues for 10-straight years in dividends.** That assumes I can get that by my shareholders. It also assumes I have zero cost of goods sold, which is very hard for a computer company.*

That assumes zero expenses, which is hard with 39,000 employees. That assumes I pay no taxes, which is very hard. And that expects you pay no taxes on your dividends, which is kind of illegal. And that assumes with zero R&D for the next 10-years, I can maintain the current revenue run rate.

Now, having done that, would any of you like to buy my stock at \$64? Do you realize how ridiculous those underlying assumptions are? You don’t need any transparency. You don’t need any footnotes.

What were you thinking?”