UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended: January 3, 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: 0-15386

CERNER CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**43-1196944**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
2800 Rockcreek Parkway **North Kansas City, MO**	**64117**
(Address of principal executive offices)	(Zip Code)

(816) 201-1024
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value per share	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [X] No [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes [ ] No [X]

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 [X] 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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

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 [X] 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 [X]

As of June 28, 2014, the aggregate market value of the registrant’s common stock held by non-affiliates of the registrant was $15.5 billion based on the closing sale price as reported on the NASDAQ Global Select Market.

Indicate the number of shares outstanding of the issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding at February 6, 2015
Common Stock, $0.01 par value per share	342,588,295 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Parts into Which Incorporated
Proxy Statement for the Annual Shareholders' Meeting to be held May 22, 2015	Part III

CERNER CORPORATION

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PART I.

Item 1. Business

Overview

Cerner Corporation started doing business in 1980, and it was organized as a Delaware corporation in 1986. Unless the context otherwise requires, references in this report to "Cerner," the "Company," "we," "us" or "our" mean Cerner Corporation and its subsidiaries.

Our corporate world headquarters is located in a Company-owned office park in North Kansas City, Missouri, with our principal place of business located at 2800 Rockcreek Parkway, North Kansas City, Missouri 64117. Our telephone number is 816.201.1024. Our Web site, which we use to communicate important business information, can be accessed at: www.cerner.com. We make our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports available free of charge on or through this Web site as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (SEC).

Cerner is a leading supplier of health care information technology (HCIT). Our mission is to contribute to the improvement of health care delivery and the health of communities. We offer a wide range of intelligent solutions and services that support the clinical, financial and operational needs of organizations of all sizes. We have systems in more than 18,000 facilities worldwide, including hospitals, physician practices, laboratories, ambulatory centers, behavioral health centers, cardiac facilities, radiology clinics, surgery centers, extended care facilities, retail pharmacies, and employer sites.

Cerner solutions are offered on the unified Cerner Millennium® architecture and on the *HealtheIntent*™ cloud-based platform. Cerner Millennium is a person-centric computing framework, which includes integrated clinical, financial and management information systems. This architecture allows providers to securely access an individual's electronic health record (EHR) at the point of care, and it organizes and proactively delivers information to meet the specific needs of physicians, nurses, laboratory technicians, pharmacists, front- and back-office professionals and consumers. Our *HealtheIntent* platform is a cloud-based platform that enables a new generation of solutions to leverage the increasing amount of data being captured as the health care industry is digitized. On the *HealtheIntent* platform, we offer EHR-agnostic solutions based on sophisticated, statistical algorithms that are intended to help providers predict and improve outcomes, control costs, improve quality, and manage the health of the populations they serve.

We offer a broad range of services, including implementation and training, remote hosting, operational management services, revenue cycle services, support and maintenance, health care data analysis, clinical process optimization, transaction processing, employer health centers, employee wellness programs and third party administrator (TPA) services for employer-based health plans.

In addition to software and services, we offer a wide range of complementary hardware and devices, both directly from Cerner and as a reseller for third parties.

The following table presents our consolidated revenues by major solutions and services and by segment, as a percentage of total revenues:

	For the Years Ended		
	2014	2013	2012
Revenues by Solutions & Services			
System sales	28%	29%	34%
Support and maintenance	21%	23%	23%
Services	48%	46%	41%
Reimbursed travel	3%	2%	2%
	100%	100%	100%
Revenues by Segment			
Domestic	89%	88%	88%
Global	11%	12%	12%
	100%	100%	100%

Health Care and Health Care IT Industry

There are several trends in health care that we believe create a favorable environment for Cerner. One is the unsustainable rate of growth in health care spending. The Centers for Medicare and Medicaid Services (CMS) estimates United States health care spending in 2014 at $3.1 trillion, or 17.6 percent of Gross Domestic Product (GDP), and projects it to be 19.3 percent of GDP by 2023. We believe health care IT is one of few remaining levers that can change this trajectory. Further, health care providers continue to operate in an environment that includes what we call ‘raining measures and mandates’. Examples of these include:

- Health Information Technology for Economic and Clinical Health (HITECH) provisions within the American Recovery and Reinvestment Act (ARRA) that offer incentives for health care organizations to modernize operations through “Meaningful Use” of HCIT and will begin to penalize for non-compliance in coming years;
- Value-Based Purchasing programs that link reimbursement to quality and outcomes;
- Increasing requirements to report quality metrics; and
- Readmission reduction programs that penalize hospitals for unnecessary readmissions.

Collectively, these measures and mandates are driving providers to focus on delivering higher quality care at a lower cost, and we believe HCIT is a key lever that can help providers accomplish this. We also believe all of these shifts are leading to an environment in which health care providers will become accountable for proactively managing the health of the populations they serve, and this will require ongoing investment in sophisticated information technology solutions that will enable them to predict when intervention is needed so they can improve outcomes and lower the cost of providing care.

As providers position themselves for these shifts, there has been an increase in industry consolidation, with health systems acquiring hospitals, physician practices, and other venues to control more of the care continuum and achieve economies of scale. We believe this is a positive trend for Cerner as we have relationships with the majority of the largest health systems responsible for most of the acquisition activity, creating an opportunity to offer our solutions and services to the acquired facilities.

The increasingly complex and more clinical outcomes-based reimbursement environment is also contributing to a heightened demand for revenue cycle solutions and a desire for these solutions to be closely aligned with clinical solutions. We believe this trend is positive for Cerner because our revenue cycle solutions are integrated with our clinical solutions, creating a clinically driven revenue cycle solution that has had significant adoption in recent years.

We have also seen a shift in the United States marketplace towards a preference for a single platform across inpatient and ambulatory settings. The number of physicians employed by hospitals has increased significantly as hospitals have acquired physician groups in order to ensure a consistent stream of referrals, and health systems are recognizing the benefit of having a single patient record at the hospital and the physician office. We are benefiting from this trend due to our unified *Cerner Millennium* platform that spans multiple venues and due to significant enhancements we have made to our physician solutions in recent years.

Outside the United States, we believe Cerner's growth opportunities are good as most countries are also dealing with health care expenditures growing faster than their economies, which is leading to a focus on controlling costs while also improving quality of care.

Cerner Vision and Growth Strategy

For over three decades, Cerner has been continuously building intelligent solutions for the health care industry. Together with our clients, we are creating a future where the health care system works to improve the well-being of individuals and communities. Our vision has always guided our large investments in research and development (R&D), which have created strong levels of organic growth throughout our history. Our proven ability to innovate has led to what we believe to be industry-leading solution and device architectures and an unmatched breadth and depth of solutions and services. The strength of our solutions and services has led to our ability to gain market share in recent years, which has contributed to our growth. We believe we are positioned to continue gaining share in coming years as regulatory requirements and industry shifts continue to pressure health care providers to improve quality while lowering costs, which will require having more sophisticated information technology than many of our competitors provide.

In addition to growth by gaining market share, we have a significant opportunity to grow revenues by expanding our solution footprint with existing clients. There is opportunity to expand penetration of our core solutions, such as EHRs and computerized physician order entry, and increase penetration of our broad range of complementary solutions that can be offered into our existing client base. Examples include women's health, anesthesiology, imaging, clinical process optimization, critical care, health care devices, device connectivity, emergency department, revenue cycle and surgery.

We also have an opportunity to grow by expanding penetration of services we offer that are targeted at capturing a larger percentage of our clients' existing IT spending. These services leverage our proven operational capabilities and the success of our *CernerWorks*℠ managed services business, where we have demonstrated the ability to improve our clients' service levels at a cost that is at or below amounts they were previously spending. One of these services is *Cerner ITWorks*℠, a suite of solutions and services that improve the ability of hospital IT departments to meet their organization's needs while also creating a closer alignment between Cerner and our clients. A second example is *Cerner RevWorks*℠, which includes solutions and services to help health care organizations improve their revenue cycle functions.

We have made progress over the past several years at reducing the total cost of our solutions, which expands our end market opportunities by allowing us to offer lower-cost, higher-value solutions and services to smaller community hospitals, critical access hospitals and physician practices. For example, our CommunityWorks™ offering leverages a shared instance of the *Cerner Millennium* platform across multiple clients, which decreases the total cost for these clients.

We also expect to drive growth over the course of the next decade through initiatives outside the core HCIT market. For example, we offer clinic, pharmacy, wellness and third-party administrator services directly to employers. These offerings have been shaped by what we have learned from changes we have implemented at Cerner. We have removed our third-party administrator and become self-administered, launched an on-site clinic and pharmacy, incorporated biometric measurements for our population, realigned the economic incentives for associates in our health plan, and implemented a data-driven wellness management program. These changes have had a positive impact on the health of our associates while also reducing our health care costs.

As discussed below, another opportunity for future growth, and a significant area of investment for Cerner, is leveraging the vast amounts of data being created as the health care industry is digitized and using this data to help providers manage the health of populations.

Population Health

We believe Population Health Management is more than an industry buzzword or the next big fad. It is the shift from solely automating health systems to managing a person's health. Getting there requires complete, accurate patient data and meaningfully using that data to engage individuals, exchange information between providers and ultimately drive better outcomes. This shift will shape the future of health care and enable a system driven by accountability, transparency and value.

Cerner's approach to population health is to enable organizations to:

- KNOW what is happening and predict what will happen within their population through solutions for data exchange, longitudinal record, enterprise data warehouse, analytics and quality and regulatory reporting;
- ENGAGE providers and patients in health and care delivery through personal health portals and solutions for care management, home care, long-term care, and retail pharmacy; and
- MANAGE health and improve care with capacity and workforce management, clinical research, predictive modeling, health registries, and contract and network management.

These solutions are enabled by Cerner's *HealtheIntent* platform, which is a multi-purpose, programmable platform designed to scale at a population level while facilitating health and care at a person and provider level. This cloud-based platform enables organizations to aggregate, transform and reconcile data across the continuum of care, and helps improve outcomes and lower costs.

HealtheIntent is scalable, secure and can be accessed anywhere, anytime. It is able to receive data from any EHR, existing HCIT system and other data sources, such as pharmacy benefits managers or insurance claims. *HealtheIntent* collects data from multiple, disparate sources in near real-time, providing clarity to millions of data points in an actionable and programmable workflow. It enables organizations to identify, score and predict the risks of individual patients, allowing them to match the right care programs to the right individuals. The EHR-agnostic nature of our *HealtheIntent* platform allows us to offer our solutions to the entire marketplace, not just existing Cerner clients.

We are investing heavily in expanding the *HealtheIntent* platform and our overall capabilities to support population health. One of the ways we are expanding our capabilities is working closely with clients that are early movers at taking accountability for keeping the populations they serve healthy. A key partner with whom we are working is Advocate Health Care ("Advocate"). One of the first outcomes of this collaboration was the joint development in 2012 of a predictive agent for readmissions that has demonstrated significant improvement in predictive power as compared to the majority of existing models. Our relationship expanded in early 2013 to further advance clinical integration and population health management capabilities across the continuum of care for the more than 500,000 lives for which they have gone at risk.

In September 2013, we released *HealtheRegistries™*, which provides the ability to stratify patient populations based on risk, conditions, and attributed physicians. Advocate went live with *HealtheRegistries* in January 2014 and we have since sold the solution to multiple clients. In 2014, we continued to advance our population health capabilities through our work with Advocate, including development of care management solutions that we expect to release in 2015 and a transition of care model that suggests 30 percent of the population could be sent to a more optimal venue and achieve better outcomes at a lower cost.

In summary, we believe our comprehensive architectural approach to population health is differentiated in the marketplace. We expect population health to be a large contributor to our long-term growth as health care continues to evolve towards a model that incents keeping people healthy.

Siemens Health Services Acquisition

On February 2, 2015, we acquired substantially all of the assets, and assumed certain liabilities of Siemens AG's health information technology business unit, Siemens Health Services. We believe our acquisition of Siemens Health Services enhances our organic growth opportunities discussed above. The acquisition provides a larger base into which we can sell our broad range of solutions and services, with opportunities ranging from selling Cerner's EHR into the Siemens Health Services client base, to selling EHR-agnostic solutions such as population health, to selling services such as *RevWorks* and *ITWorks*. The acquisition also augments our non-U.S. growth opportunities, increases our ability to continue investing in R&D, and adds thousands of highly-skilled associates that will enhance Cerner's capabilities.

Software Development

We commit significant resources to developing new health information system solutions and services. As of the end of 2014, approximately 4,300 associates were engaged in research and development activities. Total expenditures for the development and enhancement of our software solutions were approximately $467.2 million, $418.7 million and $319.8 million during the 2014, 2013 and 2012 fiscal years, respectively. These figures include both capitalized and non-capitalized portions and exclude amounts amortized for financial reporting purposes.

As discussed above, continued investment in R&D remains a core element of our strategy. This will include ongoing enhancement of our core solutions and development of new solutions and services.

Sales and Marketing
The markets for Cerner HCIT solutions, health care devices and services include integrated delivery networks, physician groups and networks, managed care organizations, hospitals, medical centers, free-standing reference laboratories, home health agencies, blood banks, imaging centers, pharmacies, pharmaceutical manufacturers, employers, governments and public health organizations. The majority of our sales are sales of clinical and revenue cycle solutions and services to hospitals and health systems, but our solutions and services are highly scalable and sold to organizations ranging from physician practices, to community hospitals, to complex integrated delivery networks, to local, regional and national government agencies.

Sales to large health systems typically take approximately nine to 18 months, while the sales cycle is often shorter when selling to smaller hospitals and physician practices. In some instances, the HITECH provisions of ARRA have shortened the sales process due to the timeline required for hospitals to qualify for stimulus incentives.

Our executive marketing management is located at our Innovation Campus in Kansas City, Missouri, while our client representatives are deployed across the United States and globally. In addition to the United States, through our subsidiaries, we have sales associates and/or offices giving us a presence in more than 25 countries.

We support our sales force with technical personnel who perform demonstrations of Cerner solutions and services and assist clients in determining the proper hardware and software configurations. Our primary direct marketing strategy is to generate sales contacts from our existing client base and through presentations at industry seminars and tradeshows. We market the PowerWorks® solutions, offered on a subscription basis, directly to the physician practice market using lead generation activities and through existing acute care clients that are looking to extend Cerner solutions to affiliated physicians. We attend a number of major tradeshows each year and sponsor executive user conferences, which feature industry experts who address the HCIT needs of large health care organizations.

Client Services
Substantially all of Cerner's clients that buy software solutions also enter into software support agreements with us for maintenance and support of their Cerner systems. In addition to immediate software support in the event of problems, these agreements allow clients to access new releases of the Cerner solutions covered by support agreements. Each client has 24-hour access to the client support team located at our world headquarters in North Kansas City, Missouri, our Continuous Campus in Kansas City, Kansas and our global support organizations in England and Ireland.

Most clients who buy hardware through Cerner also enter into hardware maintenance agreements with us. These arrangements normally provide for a fixed monthly fee for specified services. In the majority of cases, we utilize subcontractors to meet our hardware maintenance obligations. We also offer a set of managed services that include remote hosting, operational management services and disaster recovery.

Backlog
At the end of 2014, we had a revenue backlog of $10.6 billion, which compares to $8.9 billion at the end of 2013. Such backlog represents contracted revenue that has not yet been recognized. We estimate that approximately 27 percent of the backlog at the end of 2014 will be recognized as revenue during 2015.

Competition
The market for HCIT solutions, devices and services is intensely competitive, rapidly evolving and subject to rapid technological change. Our principal competitors in the health care solutions and services market include, but are not limited to: Allscripts Healthcare Solutions, Inc., Computer Programs and Systems, Inc. (CPSI), Epic Systems Corporation, GE Healthcare Technologies, Healthland, Inc., McKesson Corporation, MEDHOST, Inc. and Medical Information Technology, Inc., each of which offers a suite of software solutions that compete with many of our software solutions and services.

Other competitors focus on only a portion of the market that we address. For example, such competitors include, without limitation, Clinovations, Inc., Dell, Inc. (Dell), Deloitte Consulting LLP (Deloitte), Encore Health Resources, LLC, IBM Corporation (IBM), Impact Advisors, LLC and Xerox Corporation Ltd., which offer HCIT services that compete directly with some of our service offerings. AmazingCharts.com, Inc., Athenahealth, Inc., eClinicalWorks LLC, e-MDs, Inc., Netsmart Technologies, Practice Fusion, Inc., Quality Systems, Inc., SRSsoft and Vitera Healthcare Solutions offer solutions to the physician practice market or niche market, but do not currently have a significant presence in the broader health systems and independent hospital market.

Cerner partners with third parties as a reseller of devices and markets its own competing proprietary health care devices. We view our principal competitors in the health care device market to include, without limitation: Aesynt Inc., CapsuleTech, Inc., CareFusion Corporation, Connexall Company, Ltd., Nanthealth, LLC, Omnicell, Inc., PerfectServe, Inc., Siemens AG and Vocera Communication, Inc. We view our principal competitors in the health care revenue cycle market to include, without limitation: Accretive Health, Inc., Conifer Health Solutions, Dell, Deloitte, Emdeon Corporation, MedAssets, Inc., Optum, Inc. (Optum), Quadramed Corporation, SSI Group, Inc. and 3M Company. We view our competitors in the population health market to range from small niche competitors, to large health insurance companies including, without limitation: Aetna Inc., Evolent Health, LLC, Explorys, Inc., IBM, MedeAnalytics, Inc., NetOrange, Inc., Optum, Phytel, Inc., The Advisory Board Company, and WellCentive, Inc. Some of these competitors are larger or have more experience in their respective markets.

In addition, we expect that major software information systems companies, large information technology consulting service providers and system integrators, start-up companies, managed care companies, healthcare insurance companies, accountable care organizations and others specializing in the health care industry may offer competitive software solutions, devices or services. The pace of change in the HCIT market is rapid and there are frequent new software solutions, devices or services introductions, enhancements and evolving industry standards and requirements. We believe that the principal competitive factors in this market include the breadth and quality of solution and service offerings, the stability of the solution provider, the features and capabilities of the information systems and devices, the ongoing support for the systems and devices and the potential for enhancements and future compatible software solutions and devices.

Number of Employees (Associates)
At the end of 2014, we employed approximately 15,800 associates worldwide.

Operating Segments
Information about our operating segments, which are geographically based, may be found in Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” below and in Note (19) to the consolidated financial statements.

Executive Officers of the Registrant
The following table sets forth the names, ages, positions and certain other information regarding the Company’s executive officers as of February 6, 2015. Officers are elected annually and serve at the discretion of the Board of Directors.

Name	Age	Positions
Neal L. Patterson	65	Chairman of the Board of Directors and Chief Executive Officer
Clifford W. Illig	64	Vice Chairman of the Board of Directors
Zane M. Burke	49	President
Marc G. Naughton	59	Executive Vice President and Chief Financial Officer
Michael R. Nill	50	Executive Vice President and Chief Operating Officer
Randy D. Sims	54	Senior Vice President, Chief Legal Officer and Secretary
Jeffrey A. Townsend	51	Executive Vice President and Chief of Staff
Julia M. Wilson	52	Executive Vice President and Chief People Officer

Neal L. Patterson, co-founder of the Company, has been Chairman of the Board of Directors and Chief Executive Officer of the Company for more than five years. Mr. Patterson served as President of the Company from July 2010 to September 2013, which position he also held from March of 1999 until August of 1999.

Clifford W. Illig, co-founder of the Company, has been a Director of the Company for more than five years. He previously served as Chief Operating Officer of the Company until October 1998 and as President of the Company until March of 1999. Mr. Illig was appointed Vice Chairman of the Board of Directors in March of 1999.

Zane M. Burke joined the Company in September 1996. Since that time, he has held a variety of client-facing sales, implementation and support roles, including Corporate Controller and Vice President of Finance. He was promoted to President of the Company’s West region in 2002 and Senior Vice President of National Alignment in 2006. He was further promoted to Executive Vice President - Client Organization in July 2011 and to President of the Company in September 2013.

Marc G. Naughton joined the Company in November 1992 as Manager of Taxes. In November 1995 he was named Chief Financial Officer and in February 1996 he was promoted to Vice President. He was promoted to Senior Vice President in March 2002 and promoted to Executive Vice President in March 2010.

Michael R. Nill joined the Company in November 1996. Since that time he has held several positions in the Technology, Intellectual Property and CernerWorks Client Hosting Organizations. He was promoted to Vice President in January 2000, promoted to Senior Vice President in April 2006 and promoted to Executive Vice President and named Chief Engineering Officer in February 2009. Mr. Nill was appointed Chief Operating Officer in May 2011.

Randy D. Sims joined the Company in March 1997 as Vice President and Chief Legal Officer and was promoted to Senior Vice President in March 2011. Prior to joining the Company, Mr. Sims worked at Farmland Industries, Inc. for three years where he last served as Associate General Counsel. Prior to Farmland, Mr. Sims was in-house legal counsel at The Marley Company for seven years, holding the position of Assistant General Counsel when he left to join Farmland.

Jeffrey A. Townsend joined the Company in June 1985. Since that time he has held several positions in the Intellectual Property Organization and was promoted to Vice President in February 1997. He was appointed Chief Engineering Officer in March 1998, promoted to Senior Vice President in March 2001, named Chief of Staff in July 2003 and promoted to Executive Vice President in March 2005.

Julia M. Wilson first joined the Company in July 1990. Since that time, she has held several positions in the Functional Group Organization. She was promoted to Vice President and Chief People Officer in August 2003, to Senior Vice President in March 2007 and to Executive Vice President in March 2013.

Item 1A. Risk Factors

Risks Related to our Business

We may incur substantial costs related to product-related liabilities. Many of our software solutions, health care devices or services (including life sciences/research services) are intended for use in collecting, storing and displaying clinical and health care-related information used in the diagnosis and treatment of patients and in related health care settings such as admissions, billing, etc. We attempt to limit by contract our liability; however, the limitations of liability set forth in the contracts may not be enforceable or may not otherwise protect us from liability for damages. We may also be subject to claims that are not covered by contract. Although we maintain liability insurance coverage, there can be no assurance that such coverage will cover any particular claim that has been brought or that may be brought in the future, that such coverage will prove to be adequate or that such coverage will continue to remain available on acceptable terms, if at all. A successful material claim or series of claims brought against us, if uninsured or under-insured, could materially harm our business, results of operations and financial condition. Product-related claims, even if not successful, could damage our reputation, cause us to lose existing clients, limit our ability to obtain new clients, divert management's attention from operations, result in significant revenue loss, create potential liabilities for our clients and us and increase insurance and other operational costs.

We may be subject to claims for system errors and warranties. Our software solutions and health care devices are very complex and may contain design, coding or other errors, especially when first introduced. It is not uncommon for HCIT providers to discover errors in software solutions and/or health care devices after their introduction to the market. Similarly, the installation of our software solutions and health care devices is very complex and errors in the implementation and configuration of our systems can occur. Our software solutions and health care devices are intended for use in collecting, storing, and displaying clinical and health care-related information used in the diagnosis and treatment of patients and in related health care settings such as admissions, billing, etc. Therefore, users of our software solutions and health care devices have a greater sensitivity to errors than the market for software products and devices generally. Our client agreements typically provide warranties concerning material errors and other matters. Should a client's Cerner software solution or health care device fail to meet these warranties or lead to faulty clinical decisions or injury to patients, it could 1) constitute a material breach under the client agreement, allowing the client to terminate the agreement and possibly obtain a refund or damages or both, or require us to incur additional expense in order to make the software solution or health care device meet these criteria or 2) subject us to claims or litigation by our clients or clinicians or directly by the patient. Additionally, such failures could damage our reputation and could negatively affect future sales. Our client agreements generally limit our liability arising from such claims but such limits may not be enforceable in certain jurisdictions or circumstances. Although we maintain liability insurance coverage, there can be no assurance that such coverage will cover any particular claim that has been brought or that may be brought in the future, that such coverage will prove to be adequate or that such coverage will continue to remain available on acceptable terms, if at all. A successful material claim or series of claims brought against us, if uninsured or under-insured, could materially harm our business, results of operations and financial condition.

We may experience interruptions at our data centers or client support facilities. Our business relies on the secure electronic transmission, data center storage and hosting of sensitive information, including protected health information, financial information and other sensitive information relating to our clients, company and workforce. We perform data center and/or hosting services for certain clients, including the storage of critical patient and administrative data and support services through various client support facilities. If any of these systems are interrupted, damaged or breached by an unforeseen event or actions of a Cerner associate or contractor or a third party, including a cyber-attack, or fail for any extended period of time, it could have a material adverse impact on our results of operations. Complete failure of all local public power and backup generators, impairment of all telecommunications lines, a concerted denial of service cyber-attack, a significant data breach, damage, injury or impairment (environmental, accidental, intentional or pandemic) to the buildings, the equipment inside the buildings housing our data centers, the personnel operating such facilities or the client data contained therein, or errors by the personnel trained to operate such facilities could cause a disruption in operations and negatively impact clients who depend on us for data center and system support services. We offer our clients disaster recovery services for additional fees to protect clients from isolated data center failures, leveraging our multiple data center facilities, however only a small percentage of our hosted clients choose to contract for these services. Additionally, Cerner's core systems are disaster tolerant as we have implemented redundancy across physically diverse data centers. Any interruption in operations at our data centers and/or client support facilities could damage our reputation, cause us to lose existing clients, hurt our ability to obtain new clients, result in significant revenue loss, create potential liabilities for our clients and us and increase insurance and other operating costs.

Our proprietary technology may be subject to claims for infringement or misappropriation of intellectual property rights of others, or may be infringed or misappropriated by others. We rely upon a combination of license agreements, confidentiality policies and procedures, confidentiality provisions in employment agreements, confidentiality agreements with third parties and technical security measures to maintain the confidentiality, exclusivity and trade secrecy of our proprietary information. We also rely on trademark and copyright laws to protect our intellectual property rights in the United States and abroad. We continue to develop our patent portfolio of United States and global patents, but these patents do not provide comprehensive protection for the wide range of solutions, devices and services we offer. Despite our protective measures and intellectual property rights, we may not be able to adequately protect against theft, copying, reverse-engineering, misappropriation, infringement or unauthorized use or disclosure of our intellectual property, which could have an adverse effect on our competitive position.

In addition, we are routinely involved in intellectual property infringement or misappropriation claims and we expect this activity to continue or even increase as the number of competitors, patents and patent enforcement organizations in the HCIT market increases, the functionality of our software solutions and services expands, the use of open-source software increases and we enter new geographies and new markets such as health care device innovation, health care transactions, revenue cycle, population health management and life sciences. These claims, even if not meritorious, are expensive to defend and are often incapable of prompt resolution. If we become liable to third parties for infringing or misappropriating their intellectual property rights, we could be required to pay a substantial damage award, develop alternative technology, obtain a license or cease using, selling, offering for sale, licensing, importing, implementing or supporting the solutions, devices and services that violate the intellectual property rights.

We may become subject to legal proceedings that could have a material adverse impact on our financial position and results of operations. From time to time and in the ordinary course of our business, we and certain of our subsidiaries may become involved in various legal proceedings. All such legal proceedings are inherently unpredictable and, regardless of the merits of the claims, litigation may be expensive, time-consuming and disruptive to our operations and distracting to management. If resolved against us, such legal proceedings could result in excessive verdicts, injunctive relief or other equitable relief that may affect how we operate our business. Similarly, if we settle such legal proceedings, it may affect how we operate our business. Future court decisions, alternative dispute resolution awards, business expansion or legislative activity may increase our exposure to litigation and regulatory investigations. In some cases, substantial non-economic remedies or punitive damages may be sought. Although we maintain liability insurance coverage, there can be no assurance that such coverage will cover any particular verdict, judgment or settlement that may be entered against us, that such coverage will prove to be adequate or that such coverage will continue to remain available on acceptable terms, if at all. If we incur liability that exceeds our insurance coverage or that is not within the scope of the coverage in legal proceedings brought against us, it could have an adverse effect on our business, financial condition and results of operations.

We are subject to risks associated with our non-U.S. operations. We market, sell and service our solutions, devices and services globally. We have established offices around the world, including in the Americas, Europe, the Middle East and the Asia Pacific region. We plan to continue to expand our non-U.S. operations and enter new global markets. This expansion will require significant management attention and financial resources to develop successful direct and indirect non-U.S. sales and support channels. Our business is generally transacted in the local functional currency. In some countries, our success will depend in part on our ability to form relationships with local partners. There is a risk that we may sometimes choose the wrong partner. For these and other reasons, we may not be able to maintain or increase non-U.S. market demand for our solutions, devices and services.

Non-U.S. operations are subject to inherent risks, and our future results could be adversely affected by a variety of uncontrollable and changing factors. These include, but are not limited to:

- Greater difficulty in collecting accounts receivable and longer collection periods
- Difficulties and costs of staffing and managing non-U.S. operations
- The impact of global economic conditions
- Effects of sovereign debt conditions, including budgetary constraints
- Unfavorable or volatile foreign currency exchange rates
- Legal compliance costs or business risks associated with our global operations where: i) local laws and customs differ from those in the United States, or ii) risk is heightened with respect to laws prohibiting improper payments and bribery, including without limitation the U.S. Foreign Corrupt Practices Act, the U.K. Anti-Bribery Act and similar laws and regulations in foreign jurisdictions
- Certification, licensing or regulatory requirements
- Unexpected changes in regulatory requirements

- Changes to or reduced protection of intellectual property rights in some countries
- Potentially adverse tax consequences and difficulties associated with repatriating cash generated or held abroad in a tax-efficient manner
- Different or additional functionality requirements or preferences
- Trade protection measures
- Export control regulations
- Health service provider or government spending patterns
- Natural disasters, war or terrorist acts
- Labor disruptions that may occur in a country
- Poor selection of a partner in a country
- Political conditions which may impact sales or threaten the safety of associates or our continued presence in these countries

Our failure to effectively hedge exposure to fluctuations in foreign currency exchange rates could unfavorably affect our performance. We currently utilize a non-derivative instrument to hedge our exposure to fluctuations in certain foreign currency exchange rates. This instrument may involve elements of market risk in excess of the amounts recognized in the Consolidated Financial Statements. For additional information about market risk on financial instruments, see Item 7A "Quantitative and Qualitative Disclosures about Market Risk". Further, our financial results from non-U.S. operations may be negatively affected if we fail to execute or if we improperly hedge our exposure to currency fluctuations.

We are subject to tax legislation in numerous countries; tax legislation initiatives or challenges to our tax positions could adversely affect our results of operations and financial condition. We are a global corporation with a presence in more than 25 countries. As such, we are subject to tax laws, regulations and policies of the United States federal, state and local governments and of other country jurisdictions. From time to time, various legislative initiatives may be proposed that could adversely affect our tax positions and/or our tax liabilities. There can be no assurance that our effective tax rate or tax payments will not be adversely affected by these initiatives. In addition, United States federal, state and local, as well as other countries' tax laws and regulations are extremely complex and subject to varying interpretations. There can be no assurance that our tax positions will not be challenged by relevant tax authorities or that we would be successful in any such challenge, which could result in double taxation, penalties and interest payments.

Our success depends upon the recruitment and retention of key personnel. To remain competitive in our industries, we must attract, motivate and retain highly skilled managerial, sales, marketing, consulting and technical personnel, including executives, consultants, programmers and systems architects skilled in the HCIT, health care devices, health care transactions, population health management, revenue cycle and life sciences industries and the technical environments in which our solutions, devices and services are needed. Competition for such personnel in our industries is intense in both the United States and abroad. Our failure to attract additional qualified personnel to meet our needs could have a material adverse effect on our prospects for long-term growth. In addition, we invest significant time and expense in training our associates, which increases their value to clients and competitors who may seek to recruit them and increases the cost of replacing them. Our success is dependent to a significant degree on the continued contributions of key management, sales, marketing, consulting and technical personnel. The unexpected loss of key personnel could have a material adverse impact on our business and results of operations, and could potentially inhibit development and delivery of our solutions, devices and services and market share advances.

We depend on third party suppliers and our revenue and operating earnings could suffer if we fail to manage suppliers properly. We license or purchase intellectual property and technology (such as software, hardware and content) from third parties, including some competitors, and incorporate such third party software, hardware or content into or sell or license it in conjunction with our solutions, devices and services. We depend on some of the third party software, hardware or content in the operation and delivery of our solutions, devices and services. For instance, we currently depend on Microsoft and IBM technologies for portions of the operational capabilities of our *Millennium* solutions. Our remote hosting and cloud services businesses also rely on a limited number of suppliers for certain functions of these businesses, such as Oracle database technologies, CITRIX technologies and Cisco networking technologies. Additionally, we rely on EMC, Hewlett Packard, NetApp and IBM for our hardware technology platforms.

Most of the third party software license contracts we have expire within one to five years, can be renewed only by mutual consent and may be terminated if we breach the terms of the license and fail to cure the breach within a specified period of time. Most of these third party software licenses are non-exclusive; therefore, our competitors may obtain the right to use any of the technology covered by these licenses and use the technology to compete directly with us.

If any of the third party suppliers were to change product offerings, cease actively supporting the technologies, fail to update and enhance the technologies to keep pace with changing industry standards, encounter technical difficulties in the continuing development of these technologies, significantly increase prices, terminate our licenses or supply contracts, suffer significant capacity or supply chain constraints or suffer significant disruptions, we would need to seek alternative suppliers and incur additional internal or external development costs to ensure continued performance of our solutions, devices and services. Such alternatives may not be available on attractive terms, or may not be as widely accepted or as effective as the intellectual property or technology provided by our existing suppliers. If the cost of licensing, purchasing or maintaining the third party intellectual property or technology significantly increases, our operating earnings could significantly decrease. In addition, interruption in functionality of our solutions, devices or services as a result of changes in third party suppliers could adversely affect our commitments to clients, future sales of solutions, devices and services, and negatively affect our revenue and operating earnings.

We may be unable to successfully integrate the Siemens Health Services business with our business or to realize the anticipated benefits of the acquisition of Siemens Health Services. On February 2, 2015, we completed the acquisition of the assets of Siemens AG's health information technology business unit, Siemens Health Services. The success of the acquisition of Siemens Health Services will depend, in part, on the ability to realize the anticipated synergies, growth opportunities and cost savings from integrating Siemens Health Services' business with our business. The integration of two independent businesses is a complex, costly and time-consuming process and involves numerous risks, including difficulties in the assimilation of operations, services, solutions and personnel, the diversion of management's attention from other business concerns, the entry into markets in which we have little or no direct prior experience, the potential loss of Siemens Health Services' key personnel, and the potential inability to maintain the goodwill of existing clients. The difficulties of combining the operations of the companies include, among other factors:

- managing a larger company;
- the possibility of faulty assumptions underlying expectations regarding the integration process, including the assumption of known and unknown liabilities;
- integrating two business cultures;
- creating uniform standards, controls, procedures, policies and information systems and minimizing the costs associated with such matters;
- integrating information systems, purchasing, accounting, finance, legal, sales, billing, payroll and regulatory compliance functions;
- preserving client, supplier, research and development, distribution, marketing, promotion and other important relationships;
- commercializing solutions under development and increasing revenues from existing marketed solutions;
- combining the sales force territories and competencies associated with the sale of solutions and services presently sold or provided by us or Siemens Health Services;
- integrating personnel from different businesses while maintaining focus on providing consistent, high-quality solutions and client support and attracting prospective clients;
- integrating complex technologies and solutions from different businesses in a manner that is seamless to clients; and
- performance shortfalls as a result of the diversion of management's attention to the Siemens Health Services acquisition.

If management is unable to successfully integrate the business of Siemens Health Services into our business in a manner that permits us to achieve the cost savings and operating synergies anticipated to result from the Siemens Health Services acquisition, such anticipated benefits of the Siemens Health Services acquisition may not be realized fully or at all or may take longer to realize than expected. Any significant diversion of management's attention away from the ongoing businesses, and any difficulties encountered in the transition and integration process, could adversely affect our financial results. Moreover, the failure to achieve the anticipated benefits of the Siemens Health Services acquisition could result in increased costs or decreases in the amount of expected revenues. Any of the above difficulties could adversely affect our ability to maintain relationships with clients, partners, suppliers and associates or our ability to achieve the anticipated benefits of the Siemens Health Services acquisition, or could reduce our earnings or otherwise adversely affect our business and financial results.

We intend to continue strategic business acquisitions and other combinations, which are subject to inherent risks. In order to expand our solutions, device offerings and services and grow our market and client base, we may continue to seek and complete strategic business acquisitions and other combinations that we believe are complementary to our business. Acquisitions have inherent risks which may have a material adverse effect on our business, financial condition, operating results or prospects, including, but not limited to: 1) failure to successfully integrate the business and financial operations, services, intellectual property, solutions or personnel of an acquired business and to maintain uniform standard controls, policies and procedures; 2) diversion of management's attention from other business concerns; 3) entry into markets in which we have little or no direct prior experience; 4) failure to achieve projected synergies and performance targets; 5) loss of clients or key personnel; 6) incurrence of debt or assumption of known and unknown liabilities; 7) write-off of software development costs, goodwill, client lists and amortization of expenses related to intangible assets; 8) dilutive issuances of equity securities; and, 9) accounting deficiencies that could arise in connection with, or as a result of, the acquisition of an acquired company, including issues related to internal control over financial reporting and the time and cost associated with remedying such deficiencies. If we fail to successfully integrate acquired businesses or fail to implement our business strategies with respect to these acquisitions, we may not be able to achieve projected results or support the amount of consideration paid for such acquired businesses.

We could suffer losses due to asset impairment charges. We assess our goodwill for impairment during the second quarter every year and on an interim date should events or changes in circumstances indicate the carrying value of goodwill may not be recoverable in accordance with provisions of Accounting Standards Codification Topic 350, *Intangibles – Goodwill and Other*. Declines in business performance or other factors could cause the fair value of a reporting unit to be revised downward and could result in a non-cash impairment charge. This could negatively affect our reported net earnings.

Volatility and disruption resulting from global economic conditions could negatively affect our business, results of operations and financial condition. Although certain indices and economic data have shown signs of stabilization in the United States and certain global markets, there can be no assurance that these improvements will be broad-based or sustainable, nor is it clear how, if at all, they will affect the markets relevant to us. As a result, our operating results may be impacted by the health of the global economy. Volatility and disruption in global capital and credit markets may lead to slowdowns or declines in client spending which could adversely affect our business and financial performance. Our business and financial performance, including new business bookings and collection of our accounts receivable, may be adversely affected by current and future economic conditions (including a reduction in the availability of credit, higher energy costs, rising interest rates, financial market volatility and lower than expected economic growth) that cause a slowdown or decline in client spending. Reduced purchases by our clients or changes in payment terms could adversely affect our revenue growth and cause a decrease in our cash flow from operations. Bankruptcies or similar events affecting clients may cause us to incur bad debt expense at levels higher than historically experienced. Further, volatility and disruption in global financial markets may also limit our ability to access the capital markets at a time when we would like, or need, to raise capital, which could have an impact on our ability to react to changing economic and business conditions. Accordingly, if global financial and economic volatility continues or worsens, our business, results of operations and financial condition could be materially and adversely affected.

If we are unable to manage our growth in the new markets in which we offer solutions, health care devices or services, our business and financial results could suffer. Our future financial results will depend in part on our ability to profitably manage our business in the new markets that we enter. Over the past several years, we have engaged in the identification of, and competition for, growth and expansion opportunities in the areas of analytics, revenue cycle and population health. In order to achieve those initiatives, we will need to, among other things, recruit, train, retain and effectively manage associates, manage changing business conditions and implement and improve our technical, administrative, financial control and reporting systems for offerings in those areas. Difficulties in managing future growth in new markets could have a significant negative impact on our business, financial condition and results of operations.

We will incur significant additional expenses in connection with the integration of the Siemens Health Services business into Cerner. As we work to integrate the business, we expect to incur significant additional expenses relating to the integration of personnel, geographically diverse operations, information technology systems, accounting systems, clients, and strategic partners of each business and the implementation of consistent standards, policies, and procedures, and we may be subject to material write downs in assets and charges to earnings, which are expected to include severance pay and other costs. The integration process will be long-term and will continue to create significant expenses.

We have restrictive covenants in our debt agreements, which may restrict our flexibility to operate our business. If we do not comply with these restrictive covenants, our failure could result in material and adverse effects on our operating results and our financial condition. Our debt agreements contain customary restrictive covenants, including limitations on consolidated indebtedness, liens, investments, subsidiary investments, asset dispositions, and restricted payments, and require us to maintain certain leverage and interest coverage ratios. Failure to comply with these covenants could result in an event of default that, if not cured or waived, could result in reduced liquidity for the Company and could have a material adverse effect on our operating results and financial condition.

Risks Related to the Health Care Information Technology, Health Care Device, Health Care Transaction and Population Health Management Industry

The health care industry is subject to changing political, economic and regulatory influences. For example, the Health Insurance Portability and Accountability Act of 1996 (as modified by The Health Information Technology for Economic and Clinical Health Act (HITECH) provisions of the American Recovery and Reinvestment Act of 2009) (collectively, HIPAA) continues to have a direct impact on the health care industry by requiring national provider identifiers and standardized transactions/code sets, operating rules and necessary security and privacy measures in order to ensure the appropriate level of privacy of protected health information. These regulatory factors affect the purchasing practices and operation of health care organizations.

Many health care providers are consolidating to create integrated health care delivery systems with greater market power. These providers may try to use their market power to negotiate price reductions for our solutions, health care devices and services. As the health care industry consolidates, our client base could be eroded, competition for clients could become more intense and the importance of landing new client relationships becomes greater.

The Patient Protection and Affordable Care Act, which was amended by the Health Care and Education Reconciliation Act of 2010, became law in 2010. This comprehensive health care reform legislation included provisions to control health care costs, improve health care quality, and expand access to affordable health insurance. Together with ongoing statutory and budgetary policy developments at a federal level, this health care reform legislation could include changes in Medicare and Medicaid payment policies and other health care delivery administrative reforms that could potentially negatively impact our business and the business of our clients. Because not all the administrative rules implementing health care reform under the legislation have been finalized, and because of ongoing federal fiscal budgetary pressures yet to be resolved for federal health programs, the full impact of the health care reform legislation and of further statutory actions to reform healthcare payment on our business is unknown, but there can be no assurances that health care reform legislation will not adversely impact either our operational results or the manner in which we operate our business. Health care industry participants may respond by reducing their investments or postponing investment decisions, including investments in our devices, solutions and services.

The health care industry is highly regulated, and thus, we are subject to a number of laws, regulations and industry initiatives, non-compliance with certain of which could materially adversely affect our operations or otherwise adversely affect our business, financial condition and operating results. As a participant in the health care industry, our operations and relationships, and those of our clients, are regulated by a number of local, state, federal and foreign governmental entities. The impact of these regulations on us is direct, to the extent that we are ourselves subject to these laws and regulations, and is also indirect because, in a number of situations, even though we may not be directly regulated by specific health care laws and regulations, our solutions, devices and services must be capable of being used by our clients in a way that complies with those laws and regulations. There is a significant and wide-ranging number of regulations both within the United States and abroad, such as regulations in the areas of health care fraud, e-prescribing, claims processing and transmission, health care devices, the security and privacy of patient data and interoperability standards, that may be directly or indirectly applicable to our operations and relationships or the business practices of our clients. Specific risks include, but are not limited to, the following:

Health Care Fraud. Federal and state governments continue to enhance regulation of and increase their scrutiny over practices involving health care fraud, waste and abuse affecting health care providers whose services are reimbursed by Medicare, Medicaid and other government health care programs. Our health care provider clients, as well as our provision of products and services to government entities subject our business to laws and regulations on fraud and abuse which, among other things, prohibit the direct or indirect payment or receipt of any remuneration for patient referrals, or arranging for or recommending referrals or other business paid for in whole or in part by these federal or state health care programs. Federal enforcement personnel have substantial funding, powers and remedies to pursue suspected or perceived fraud and abuse. The effect of this government regulation on our clients is difficult to predict. Many of the regulations applicable to our clients and that may be applicable to us, including those relating to marketing incentives offered in connection with health care device sales, are vague or indefinite and have not been interpreted by the courts. They may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could broaden their applicability to us or require our clients to make changes in their operations or the way in which they deal with us. If such laws and regulations are determined to be applicable to us and if we fail to comply with any applicable laws and regulations, we could be subject to civil and criminal penalties, sanctions or other liability, including exclusion from government health programs, which could have a material adverse effect on our business, results of operations and financial condition. Even an unsuccessful challenge by a regulatory or prosecutorial authority of our activities could result in adverse publicity, could require a costly response from us and could adversely affect our business, financial condition and results of operations.

Preparation, Transmission and Submission of Medical Claims for Reimbursement. Our solutions are capable of electronically transmitting claims for services and items rendered by a physician to many patients' payers for approval and reimbursement. We also provide services to our clients that include the coding, preparation and submission of claims for medical service to payers for reimbursement. Such claims are governed by federal and state laws. Federal law provides civil liability to any person that knowingly submits a claim to a payer, including Medicare, Medicaid and private health plans, seeking payment for any services or items that have not been provided to the patient. Federal law may also impose criminal penalties for intentionally submitting such false claims. We have policies and procedures in place that we believe result in the accurate and complete preparation, transmission, submission and collection of claims, provided that the information given to us by our clients is also accurate and complete. The HIPAA security, privacy and transaction standards, as discussed below, also have a potentially significant effect on our claims preparation, transmission and submission services, since those services must be structured and provided in a way that supports our clients' HIPAA compliance obligations. In connection with these laws, we may be subjected to federal or state government investigations and possible penalties may be imposed upon us; false claims actions may have to be defended; private payers may file claims against us; and we may be excluded from Medicare, Medicaid or other government-funded health care programs. Any investigation or proceeding related to these laws, even if unwarranted or without merit, may have a material adverse effect on our business, results of operations and financial condition.

Implementation of ICD-10 Coding for Medical Coding. The Centers for Medicare & Medicaid Services (CMS) has mandated that all providers, payers, clearinghouses and billing services implement the use of new patient codes for medical coding, referred to as ICD-10 codes on or before October 1, 2015. This mandate substantially increases the number of medical billing codes by which providers will seek reimbursement, increasing the complexity of submitting claims for reimbursement. Claims submitted after October 1, 2015 must use ICD-10 codes or they will not be paid. Our efforts to provide services and solutions that enable our clients to comply with the ICD-10 mandate could be time consuming and expensive. In addition, due to the effort and expense of complying with the ICD-10 mandate, our clients may postpone or cancel decisions to purchase our solutions and services. Either of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Regulation of Health Care Devices. The United States Food and Drug Administration (the FDA) has determined that certain of our solutions are health care devices that are actively regulated under the Federal Food, Drug and Cosmetic Act (Act) and amendments to the Act. Other countries have similar regulations in place related to health care devices, that now or may in the future apply to certain of our solutions. If other of our solutions are deemed to be actively regulated health care devices by the FDA or similar regulatory agencies in countries where we do business, we could be subject to extensive requirements governing pre- and post-marketing activities including pre-market notification clearance. Complying with these health care device regulations on a global perspective is time consuming and expensive and could be subject to unanticipated and significant delays. Further, it is possible that these regulatory agencies may become more active in regulating software and health care devices that are used in health care. If we are unable to obtain the required regulatory approvals for any such solutions or health care devices, our short and long term business plans for these solutions or health care devices could be delayed or canceled.

There have been eight FDA inspections at various Cerner sites since 2003. Inspections conducted at our World Headquarters and Innovations Campus in 2010 resulted in the issuance of an FDA Form 483 observation to which we responded promptly. The FDA has taken no further action with respect to the Form 483 observation that was issued in 2010. The remaining FDA inspections, including inspections at our world headquarters in 2006, 2007 and 2014, resulted in no issuance of a Form 483. We remain subject to periodic FDA inspections and we could be required to undertake additional actions to comply with the Act and any other applicable regulatory requirements. Our failure to comply with the Act and any other applicable regulatory requirements could have a material adverse effect on our ability to continue to manufacture, distribute and deliver our solutions, services and devices. The FDA has many enforcement tools including recalls, product corrections, seizures, injunctions, refusal to grant pre-market clearance of products, civil fines and criminal prosecutions. Any of the foregoing could have a material adverse effect on our business, results of operations and financial condition.

Security and Privacy of Patient Information. Federal, state, local and foreign laws regulate the confidentiality of patient records and the circumstances under which those records may be used and released. These regulations govern both the disclosure and use of confidential patient medical record information and require the users of such information to implement specified security and privacy measures. United States regulations currently in place governing electronic health data transmissions continue to evolve and are often unclear and difficult to apply. Laws in non-U.S. jurisdictions may have similar or even stricter requirements related to the treatment of patient information.

In the United States, HIPAA regulations require national standards for some types of electronic health information transactions and the data elements used in those transactions to ensure the integrity, security and confidentiality of health information and standards to protect the privacy of individually identifiable health information. Covered entities under HIPAA, which include health care organizations such as our clients, our employer clinic business model and our claims processing, transmission and submission services, are required to comply with the privacy standards, the transaction regulations and the security regulations. Moreover, the HITECH provisions of ARRA, and associated regulatory requirements, extend many of the HIPAA obligations, formerly imposed only upon covered entities, to business associates as well. As a business associate of our clients who are covered entities, we were in most instances already contractually required to ensure compliance with the HIPAA regulations as they pertain to handling of covered client data. However, the extension of these HIPAA obligations to business associates by law has created additional liability risks related to the privacy and security of individually identifiable health information.

Evolving HIPAA and HITECH-related laws or regulations in the U.S. and data privacy and security laws or regulations in non-U.S. jurisdictions could restrict the ability of our clients to obtain, use or disseminate patient information. This could adversely affect demand for our solutions if they are not re-designed in a timely manner in order to meet the requirements of any new interpretations or regulations that seek to protect the privacy and security of patient data or enable our clients to execute new or modified health care transactions. We may need to expend additional capital, software development and other resources to modify our solutions and devices to address these evolving data security and privacy issues. Furthermore, our failure to maintain confidentiality of sensitive personal information in accordance with the applicable regulatory requirements could damage our reputation and expose us to claims, fines and penalties.

In Europe, we are subject to the European Union (“EU”) data protection regulations, including the EU Directive on Data Protection, which requires member states to impose minimum restrictions on the collection and use of personal data that, in some respects, are more stringent, and impose more significant burdens on subject businesses, than current privacy standards in the United States. The EU regulations establish several obligations that organizations must follow with respect to use of personal data, including a prohibition on the transfer of personal information from the EU to other countries whose laws do not protect personal data to an adequate level of privacy or security. In addition to this EU-wide legislation, certain member states have adopted more stringent data protection standards. Cerner has addressed these requirements by certification to the US - EU and US - Switzerland Safe Harbor Frameworks. The costs of compliance with, and other burdens imposed by, such laws, regulations and policies, or modifications thereto, that are applicable to us may limit the use and adoption of our solutions and could have a material adverse impact on our results of operations.

Applicable statutes and regulations have granted broad enforcement powers to regulatory agencies to investigate and enforce our compliance with these privacy and security laws and regulations. Governmental enforcement personnel have substantial funding, powers and remedies to pursue suspected or perceived violations. If we fail to comply with any applicable laws or regulations, we could be subject to civil penalties, sanctions or other liability. Enforcement investigations, even if meritless, could have a negative impact on our reputation, cause us to lose existing clients or limit our ability to attract new clients.

Interoperability Standards. Our clients are concerned with and often require that our software solutions and health care devices be interoperable with other third party HCIT suppliers. Market forces or governmental/regulatory authorities could create software interoperability standards that would apply to our solutions, health care devices or solutions, and if our software solutions, health care devices or services are not consistent with those standards, we could be forced to incur substantial additional development costs to conform. The Office of the National Coordinator for Health Information Technology (ONC) has developed a comprehensive set of criteria for the functionality, interoperability and security of various software modules in the HCIT industry. ONC, however, continues to modify and refine those standards. Achieving certification is becoming a competitive requirement, resulting in increased software development and administrative expense to conform to these requirements.

ARRA Meaningful Use Program. Various federal, state and non-U.S. government agencies are also developing standards that could become mandatory for systems purchased by these agencies. For example, ARRA requires “meaningful use of certified electronic health record technology” by health care providers in order to receive stimulus funds from the U.S. federal government. Regulations have been issued that identify standards and implementation specifications and establish the certification standards for qualifying electronic health record technology. Nevertheless, these standards and specifications are subject to interpretation by the entities designated to certify such technology. While a combination of our solutions have been certified as meeting the initial standards for certified health record technology, the regulatory standards to achieve certification will continue to evolve over time. We may incur increased development costs and delays in delivering solutions if we need to upgrade our software, devices or health care devices to be in compliance with these varying and evolving standards. In addition, delays in interpreting these standards may result in postponement or cancellation of our clients' decisions to purchase our solutions or health care devices. If our software solutions, devices or health care devices are not compliant with these evolving standards, our market position and sales could be impaired and we may have to invest significantly in changes to our software solutions, devices or health care devices.

We operate in intensely competitive and dynamic industries, and our ability to successfully compete and continue to grow our business depends on our ability to respond quickly to market changes and changing technologies and to bring competitive new solutions, devices, features and services to market in a timely fashion. The market for health care information systems, health care solutions and services to the health care industry is intensely competitive, dynamically evolving and subject to rapid technological and innovative changes. Development of new proprietary technology or services is complex, entails significant time and expense and may not be successful. We cannot guarantee that we will be able to introduce new solutions, devices or services on schedule, or at all, nor can we guarantee that such solutions, devices or services will achieve market acceptance. Moreover, we cannot guarantee that errors will not be found in our new solution releases, devices or services before or after commercial release, which could result in solution, device or service delivery redevelopment costs, harm to our reputation, lost sales, license terminations or renegotiations, product liability claims, diversion of resources to remedy errors and loss of, or delay in, market acceptance.

Certain of our competitors have greater financial, technical, product development, marketing or other resources than us and some of our competitors offer software solutions, devices or services that we do not offer. Our principal existing competitors are set forth above under Part I, Item 1 "Competition".

In addition, we expect that major software information systems companies, large information technology consulting service providers and system integrators, start-up companies and others specializing in the health care industry may offer competitive software solutions, devices or services. As we continue to develop new health care devices and services to address areas such as analytics, transaction services, HCIT and device integration, revenue cycle and population health management, we expect to face new competitors, and these competitors may have more experience in these markets and/or more established relationships with prospective clients. We face strong competition and often face downward price pressure, which could adversely affect our results of operations or liquidity. Additionally, the pace of change in the health care information systems market is rapid and there are frequent new software solution introductions, software solution enhancements, device introductions, device enhancements and evolving industry standards and requirements. There are a limited number of hospitals and other health care providers in the United States market and in recent years, the health care industry has been subject to increasing consolidation. If we are unable to recognize the impact of industry consolidation, falling costs and technological advancements in a timely manner, or we are too inflexible to rapidly adjust our business models, our growth ambitions and financial results could be negatively affected materially.

Risks Related to Our Common Stock

Our quarterly operating results may vary, which could adversely affect our stock price. Our quarterly operating results have varied in the past and may continue to vary in future periods, including variations from guidance, expectations or historical results or trends. Quarterly operating results may vary for a number of reasons including demand for our solutions, devices and services, the financial condition of our current and potential clients, our long sales cycle, potentially long installation and implementation cycles for larger, more complex systems, accounting policy changes and other factors described in this section and elsewhere in this report. As a result of health care industry trends and the market for our solutions, a large percentage of our revenues are generated by the sale and installation of larger, more complex and higher-priced systems. The sales process for these systems is lengthy and involves a significant technical evaluation and commitment of capital and other resources by the client. Sales may be subject to delays due to changes in clients' internal budgets, procedures for approving large capital expenditures, competing needs for other capital expenditures, additions or amendments to federal, state or local regulations, availability of personnel resources or by actions taken by competitors. Delays in the expected sale, installation or implementation of these large systems may have a significant negative impact on our anticipated quarterly revenues and consequently our earnings, since a significant percentage of our expenses are relatively fixed.

Revenue recognized in any quarter may depend upon our or our clients' abilities to meet project milestones. Delays in meeting these milestone conditions or modification of the project plan could result in a shift of revenue recognition from one quarter to another and could have a material adverse effect on results of operations for a particular quarter.

Our revenues from system sales historically have been lower in the first quarter of the year and greater in the fourth quarter of the year, primarily as a result of clients' year-end efforts to make final capital expenditures for the then-current year.

Our sales forecasts may vary from actual sales in a particular quarter. We use a "pipeline" system, a common industry practice, to forecast sales and trends in our business. Our sales associates monitor the status of all sales opportunities, such as the date when they estimate that a client will make a purchase decision and the potential dollar amount of the sale. These estimates are aggregated periodically to generate a sales pipeline. We compare this pipeline at various points in time to evaluate trends in our business. This analysis provides guidance in business planning and forecasting, but these pipeline estimates are by their nature speculative. Our pipeline estimates are not necessarily reliable predictors of revenues in a particular quarter or over a longer period of time, partially because of changes in the pipeline and in conversion rates of the pipeline into contracts that can be very difficult to estimate. A negative variation in the expected conversion rate or timing of the pipeline into contracts, or in the pipeline itself, could cause our plan or forecast to be inaccurate and thereby adversely affect business results. For example, a slowdown in information technology spending, adverse economic conditions, new federal, state or local regulations related to our industry or a variety of other factors can cause purchasing decisions to be delayed, reduced in amount or cancelled, which would reduce the overall pipeline conversion rate in a particular period of time. Because a substantial portion of our contracts are completed in the latter part of a quarter, we may not be able to adjust our cost structure quickly enough in response to a revenue shortfall resulting from a decrease in our pipeline conversion rate in any given fiscal quarter.

The trading price of our common stock may be volatile. The market for our common stock may experience significant price and volume fluctuations in response to a number of factors including actual or anticipated variations in operating results, articles or rumors about our performance or solutions, devices or services, announcements of technological innovations or new services or products by our competitors or us, changes in expectations of future financial performance or estimates of securities analysts, governmental regulatory action, health care reform measures, client relationship developments, economic conditions and changes occurring in the securities markets in general and other factors, many of which are beyond our control. For instance, our quarterly operating results have varied in the past and may continue to vary in future periods, due to a number of reasons including, but not limited to, demand for our solutions, devices and services, the financial condition of our current and potential clients, our long sales cycle, potentially long installation and implementation cycles for larger, more complex and higher-priced systems, accounting policy changes and other factors described herein. As a matter of policy, we do not generally comment on our stock price or rumors.

Furthermore, the stock market in general, and the markets for software, health care devices, other health care solutions and services and information technology companies in particular, have experienced extreme volatility that often has been unrelated to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the trading price of our common stock, regardless of actual operating performance.

Our Directors have authority to issue preferred stock and our corporate governance documents contain anti-takeover provisions. Our Board of Directors has the authority to issue up to 1,000,000 shares of preferred stock and to determine the preferences, rights and privileges of those shares without any further vote or action by the shareholders. The rights of the holders of common stock may be harmed by rights granted to the holders of any preferred stock that may be issued in the future.

In addition, some provisions of our Certificate of Incorporation and Bylaws could make it more difficult for a potential acquirer to acquire a majority of our outstanding voting stock. These include provisions that provide for a classified board of directors, prohibit shareholders from taking action by written consent and restrict the ability of shareholders to call special meetings. We are also subject to provisions of Delaware law that prohibit us from engaging in any business combination with any interested shareholder for a period of three years from the date the person became an interested shareholder, unless certain conditions are met, which could have the effect of delaying or preventing a change of control.

Factors that May Affect Future Results of Operations, Financial Condition or Business

Statements made in this report, the Annual Report to Shareholders of which this report is made a part, other reports and proxy statements filed with the Securities and Exchange Commission (SEC), communications to shareholders, press releases and oral statements made by representatives of the Company that are not historical in nature, or that state the Company's or management's intentions, hopes, beliefs, expectations, plans, goals or predictions of future events or performance, may constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). Forward-looking statements can often be identified by the use of forward-looking terminology, such as "could," "should," "will," "intended," "continue," "believe," "may," "expect," "hope," "anticipate," "goal," "forecast," "plan," "guidance" or "estimate" or the negative of these words, variations thereof or similar expressions. Forward-looking statements are not guarantees of future performance or results. They involve risks, uncertainties and assumptions. It is important to note that any such performance and actual results, financial condition or business, could differ materially from those expressed in such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in this Item 1A. Risk Factors and elsewhere herein or in other reports filed with the SEC. Other unforeseen factors not identified herein could also have such an effect. We undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial condition or business over time.

Item 1B. Unresolved Staff Comments

None

Item 2. Properties

Our properties consist mainly of owned and leased office and data center facilities.

Our United States corporate world headquarters is located in a Company-owned office park (the Headquarters Campus) in North Kansas City, Missouri. The Headquarters Campus and three other nearby locations, collectively contain approximately 2.22 million gross square feet of useable space situated on 278 acres of land. The Headquarters Campus and the nearby properties primarily house office space, but also include space for other business needs, such as our Healthe Clinic and our Headquarters Campus data centers.

Company-owned office space, known as the Innovation Campus, houses associates from our intellectual property organization and consists of 790,000 gross square feet of useable space located in Kansas City, Missouri.

Owned office space known as the Continuous Campus, houses associates who manage and support our clients' IT systems and consists of 611,000 gross square feet of useable space located in Kansas City, Kansas. Construction of the Continuous Campus was completed in February 2014.

Our Cerner-operated data center facilities, which are used to provide remote hosting, disaster recovery and other services to our clients, are located at the Headquarters Campus and a leased facility in Lee's Summit, Missouri.

We have purchased approximately 260 acres of land located in Kansas City, Missouri. This property, known as the Trails Campus, was acquired as a site for future office space development to further accommodate our anticipated growth. Construction on the Trails Campus began in November 2014.

As of the end of 2014, we leased additional office space in Tempe, Arizona; Carlsbad, Culver City and Garden Grove, California; Denver, Colorado; Lenexa, Kansas; Waltham, Massachusetts; Minneapolis and Rochester, Minnesota; Columbia, Nevada, Lee's Summit and Kansas City, Missouri; Durham, North Carolina; New Concord, Ohio; Franklin, Tennessee; Salt Lake City, Utah; Burlington, Vermont; and Vienna, Virginia. Globally, we also leased office space in: Brisbane, Sydney and Melbourne, Australia; Sao Paulo, Brazil; Peterborough and Toronto, Ontario, Canada; Cairo, Egypt; London, England; Paris, France; Idstein, Germany; Bangalore, India; Dublin, Ireland; Kuala Lumpur, Malaysia; Riyadh, Saudi Arabia; Singapore; Madrid, Spain; Doha, Qatar; and Abu Dhabi and Dubai, United Arab Emirates.

In connection with our acquisition of Siemens Health Services on February 2, 2015, we acquired approximately 110 acres of property in Malvern, Pennsylvania. This property includes approximately 675,000 square feet of office space, and a 102,000 square foot data center. We also now lease additional office space in various locations, globally.

Item 3. Legal Proceedings

We are not a party to and none of our property is subject to any material pending legal proceedings, other than ordinary routine litigation incidental to our business.

Item 4. Mine Safety Disclosures

Not applicable

Part II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock trades on *The NASDAQ Global Select Market*SM under the symbol CERN. The following table sets forth the high, low and last sales prices for the fiscal quarters of 2014 and 2013 as reported by The Nasdaq Stock Market®.

	2014			2013(a)		
	High	Low	Last	High	Low	Last
First Quarter	$ 63.07	$ 51.65	$ 56.15	$ 47.37	$ 38.76	$ 47.37
Second Quarter	56.94	48.39	51.27	49.68	45.60	48.05
Third Quarter	60.07	50.30	58.66	52.61	46.06	52.61
Fourth Quarter	66.45	55.75	65.03	58.24	52.55	55.58

(a) Sales prices have been retroactively adjusted to give effect to the 2-for-1 stock split effective June 28, 2013.

At February 6, 2015, there were approximately 940 owners of record. To date, we have paid no cash dividends and we do not intend to pay cash dividends in the foreseeable future. We believe it is in the shareholders' best interest for us to reinvest funds in the operation of the business.

The following table provides information with respect to Common Stock purchases by the Company during the fourth fiscal quarter of 2014:

(In millions, except share data)

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (b)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (b)
September 28, 2014 - October 25, 2014	—	—	—	$ 100.0
October 26, 2014 - November 22, 2014	658	$ 63.34	—	100.0
November 23, 2014 - January 3, 2015	—	—	—	100.0
Total	658	$ 63.34	—	

(a) All of the shares of common stock, par value $0.01 per share, presented on the table above were originally granted to employees as restricted stock pursuant to our 2011 Omnibus Equity Incentive Plan (the Omnibus Plan). The Omnibus Plan allows for the withholding of shares to satisfy minimum tax obligations due upon the vesting of restricted stock. Pursuant to the Omnibus Plan, the shares reflected above were relinquished by employees in exchange for our agreement to pay federal and state withholding obligations resulting from the vesting of the Company's restricted stock.

(b) In May 2014, our Board of Directors approved an amendment to the stock repurchase program that was authorized in December 2013. Under the amendment, the Company may repurchase shares of our common stock up to an aggregate of $317.0 million, excluding transaction costs. During 2014, the Company repurchased 4.1 million shares for consideration of $217.0 million, excluding transaction costs, pursuant to a Rule 10b5-1 plan. As of January 3, 2015, $100.0 million remains available under the authorized program.

See Part III, Item 12 for information relating to securities authorized for issuance under our equity compensation plans.

Item 6. Selected Financial Data

(In thousands, except per share data)	2014 (1)(2)	2013 (1)(3)	2012 (1)	2011 (1)	2010 (1)
Statement of Operations Data:					
Revenues	$ 3,402,703	$ 2,910,748	$ 2,665,436	$ 2,203,153	$ 1,850,222
Operating earnings	763,084	576,012	571,662	459,798	359,333
Earnings before income taxes	774,174	588,054	587,708	469,694	362,212
Net earnings	525,433	398,354	397,232	306,627	237,272
Earnings per share:					
Basic	1.54	1.16	1.16	0.91	0.72
Diluted	1.50	1.13	1.13	0.88	0.69
Weighted average shares outstanding:					
Basic	342,150	343,636	341,861	337,267	329,833
Diluted	350,386	352,281	351,394	347,734	341,695
Balance Sheet Data:					
Working capital	$ 1,714,471	$ 1,121,276	$ 1,210,394	$ 1,063,593	$ 840,129
Total assets	4,530,565	4,098,364	3,704,468	3,000,358	2,422,790
Long-term debt and capital lease obligations, excl. current installments	62,868	111,717	136,557	86,821	67,923
Shareholders' equity	3,565,968	3,167,664	2,833,650	2,310,681	1,905,297

(1) Includes share-based compensation expense. The impact of this expense is as follows:

(In thousands, except share data)	2014	2013	2012	2011	2010
Total share-based compensation expense	$ 62,965	$ 48,954	$ 38,112	$ 29,479	$ 24,903
Amount of related income tax benefit	(22,101)	(18,607)	(14,578)	(11,256)	(9,329)
Net impact on earnings	$ 40,864	$ 30,347	$ 23,534	$ 18,223	$ 15,574
Decrease to diluted earnings per share	$ 0.12	$ 0.09	$ 0.07	$ 0.05	$ 0.05

(2) Includes $15.8 million of pre-tax costs in connection with our acquisition of Siemens Health Services, as further described in Note 2 of the notes to consolidated financial statements.

(3) Includes a pre-tax settlement charge of $106.2 million, as further described in Note 11 of the notes to consolidated financial statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management Discussion and Analysis (MD&A) is intended to help the reader understand our results of operations and financial condition. This MD&A is provided as a supplement to, and should be read in conjunction with, our financial statements and the accompanying notes to the financial statements (Notes).

Our fiscal year ends on the Saturday closest to December 31. Fiscal year 2014 consisted of 53 weeks and ended on January 3, 2015, and fiscal years 2013 and 2012 each consisted of 52 weeks and ended on December 28, 2013 and December 29, 2012, respectively. The additional week in fiscal 2014 impacts the results of operations discussion below, for the comparison of fiscal years 2014 and 2013. All references to years in this MD&A represent fiscal years unless otherwise noted.

Management Overview

Our revenues are primarily derived by selling, implementing and supporting software solutions, clinical content, hardware, devices and services that give health care providers secure access to clinical, administrative and financial data in real time, allowing them to improve quality, safety and efficiency in the delivery of health care.

Our fundamental strategic focus is the creation of organic growth by investing in research and development (R&D) to create solutions and services for the health care industry. This strategy has driven strong growth over the long-term, as reflected in five- and ten-year compound annual revenue growth rates of 14% or more. This growth has also created an important strategic footprint in health care, with Cerner® solutions in more than 18,000 facilities worldwide, including hospitals, physician practices, laboratories, ambulatory centers, behavioral health centers, cardiac facilities, radiology clinics, surgery centers, extended care facilities, retail pharmacies, and employer sites. Selling additional solutions back into this client base is an important element of our future revenue growth. We are also focused on driving growth through market share expansion by strategically aligning with health care providers that have not yet selected a supplier and by displacing competitors in health care settings that are looking to replace their current supplier.

We expect to drive growth through solutions and services that reflect our ongoing ability to innovate and expand our reach into health care. Examples of these include our CareAware® health care device architecture and devices, *Cerner ITWorks* services, revenue cycle solutions and services, and population health solutions and services. Finally, we believe there is significant opportunity for growth outside of the United States, with many non-U.S. markets focused on health care information technology as part of their strategy to improve the quality and lower the cost of health care.

Beyond our strategy for driving revenue growth, we are also focused on earnings growth. Similar to our history of growing revenue, our net earnings have increased at compound annual rates of 20% or more over the most recent five- and ten-year periods. We expect to drive continued earnings growth through ongoing revenue growth coupled with margin expansion, which we expect to achieve through efficiencies in our implementation and operational processes and by leveraging R&D investments and controlling general and administrative expenses.

We are also focused on continuing to deliver strong levels of cash flow, which we expect to do by continuing to grow earnings and prudently managing capital expenditures.

Results Overview

The Company delivered strong levels of bookings, revenues, earnings and operating cash flows in 2014.

New business bookings revenue in 2014, which reflects the value of executed contracts for software, hardware, professional services and managed services, was $4.3 billion, which is an increase of 13% compared to $3.8 billion in 2013. Our 2014 revenues increased 17% to $3.4 billion compared to $2.9 billion in 2013. The year-over-year increase in revenue reflects ongoing demand for Cerner's core solutions and services driven by our clients' needs to keep up with regulatory requirements, increased contributions from *Cerner ITWorks* and Cerner revenue cycle solutions and services, and attaining new clients.

Our 2014 net earnings were $525.4 million compared to $398.4 million in 2013. Diluted earnings per share were $1.50 in 2014 compared to $1.13 in 2013. The 2014 and 2013 net earnings and diluted earnings per share reflect the impact of stock-based compensation expense. The effect of these expenses reduced the 2014 net earnings and diluted earnings per share by $40.9 million and $0.12, respectively, and the 2013 net earnings and diluted earnings per share by $30.3 million and $0.09, respectively. The 2014 net earnings and diluted earnings per share also reflect the impact of acquisition costs related to our acquisition of Siemens Health Services, as further described below. These costs reduced net earnings and diluted earnings per share by $10.1 million and $0.03, respectively. The 2013 net earnings and diluted earnings per share also reflect the impact of a settlement charge, as further described in Note (11) of our notes to consolidated financial statements. The effect of this charge reduced 2013 net earnings and diluted earnings per share by $68.1 million and $0.19, respectively.

We had cash collections of receivables of $3.5 billion in 2014 compared to $3.1 billion in 2013. Days sales outstanding was 66 days for the 2014 fourth quarter compared to 67 days for both the 2014 third quarter and the 2013 fourth quarter. Operating cash flows for 2014 were strong at $847.0 million compared to $695.9 million in 2013.

Siemens Health Services

On February 2, 2015, we acquired substantially all of the assets, and assumed certain liabilities of Siemens Health Services, the health information technology business unit of Siemens AG, a stock corporation established under the laws of Germany. Siemens Health Services offers a portfolio of enterprise-level clinical and financial health care information technology solutions, as well as departmental, connectivity, population health, and care coordination solutions globally. Solutions are offered on the Soarian, Invision, and i.s.h.med platforms, among others. Siemens Health Services also offers a range of complementary and support services including hosting and managed services, implementation services, and strategic consulting.

We believe the acquisition enhances our organic growth opportunities as it provides us a larger base into which we can sell our combined portfolio of solutions and services. The acquisition also augments our non-U.S. footprint and growth opportunities, increases our ability and scale for R&D investment, and adds approximately 5,500 highly-skilled associates that will enhance our capabilities. These factors, combined with the synergies and economies of scale expected from combining the operations of Cerner and Siemens Health Services, are the basis for the acquisition.

Consideration for the acquisition was $1.37 billion of cash, consisting of the $1.3 billion agreed upon price plus working capital adjustments. The purchase price is subject to certain post-closing adjustments for working capital and pension obligations, as specified in the Master Sale and Purchase Agreement dated August 5, 2014, as amended.

The operating results of Siemens Health Services will be combined with our operating results subsequent to the purchase date of February 2, 2015. We expect the acquisition of Siemens Health Services to have a significant impact on our results of operations in 2015. As a reference for magnitude, we expect the Siemens Health Services business to contribute approximately $1.0 billion of revenues in 2015. We are currently unable to provide estimates of contributions to GAAP net earnings and diluted earnings per share, primarily due to the timing of the transaction in proximity to the date of this filing. The initial accounting for the acquisition, including the preliminary allocation of purchase price, is incomplete as of the filing date.

Health Care Information Technology Market Outlook

We have provided an assessment of the health care information technology market under “Health Care and Health Care IT Industry” in Part I, Item 1 "Business."

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Results of Operations

Fiscal Year 2014 Compared to Fiscal Year 2013

(In thousands)	2014	% of Revenue	2013	% of Revenue	% Change
Revenues					
System sales	$ 945,858	28%	$ 847,809	29%	12 %
Support and maintenance	724,840	21%	661,979	23%	9 %
Services	1,642,119	48%	1,330,851	46%	23 %
Reimbursed travel	89,886	3%	70,109	2%	28 %
Total revenues	3,402,703	100%	2,910,748	100%	17 %
Costs of revenue					
Costs of revenue	604,377	18%	514,722	18%	17 %
Total margin	2,798,326	*82%*	2,396,026	*82%*	*17 %*
Operating expenses					
Sales and client service	1,395,568	41%	1,173,051	40%	19 %
Software development	392,805	12%	338,786	12%	16 %
General and administrative	246,869	7%	308,177	11%	(20)%
Total operating expenses	2,035,242	60%	1,820,014	63%	12 %
Total costs and expenses	2,639,619	78%	2,334,736	80%	13 %
Operating earnings	763,084	22%	576,012	20%	32 %
Other income, net	11,090		12,042		
Income taxes	(248,741)		(189,700)		
Net earnings	$ 525,433		$ 398,354		32 %

Revenues & Backlog

Revenues increased 17% to $3.4 billion in 2014, as compared to $2.9 billion in 2013.

- System sales, which include revenues from the sale of licensed software (including perpetual license sales and software as a service), technology resale (hardware, devices, and sublicensed software), deployment period licensed software upgrade rights, installation fees, transaction processing and subscriptions, increased 12% to $945.9 million in 2014 from $847.8 million in 2013. The increase in system sales was primarily driven by strong growth in software and subscriptions of $65.4 million and $22.9 million, respectively.
- Support and maintenance revenues increased 9% to $724.8 million in 2014 compared to $662.0 million in 2013. This increase was attributable to continued success at selling *Cerner Millennium* applications and implementing them at client sites. We expect that support and maintenance revenues will continue to grow as the base of installed *Cerner Millennium* systems grows.
- Services revenue, which includes professional services, excluding installation, and managed services, increased 23% to $1.6 billion in 2014 from $1.3 billion in 2013. This increase was driven by growth in *CernerWorks* managed services of $70.0 million as a result of continued demand for our hosting services and a $241.3 million increase in professional services due to increased implementation and consulting activities.

Revenue backlog, which reflects contracted revenue that has not yet been recognized as revenue, increased 19% to $10.6 billion in 2014 compared to $8.9 billion in 2013. This increase was driven by growth in new business bookings during the past four quarters, including continued strong levels of managed services, *Cerner ITWorks* and Cerner revenue cycle services bookings that typically have longer contract terms.

Costs of Revenue

Cost of revenues as a percentage of total revenues was 18% in both 2014 and 2013.

Cost of revenues includes the cost of reimbursed travel expense, sales commissions, third party consulting services and subscription content and computer hardware, devices and sublicensed software purchased from manufacturers for delivery to clients. It also includes the cost of hardware maintenance and sublicensed software support subcontracted to the manufacturers. Such costs, as a percent of revenues, typically have varied as the mix of revenue (software, hardware, devices, maintenance, support, services and reimbursed travel) carrying different margin rates changes from period to period. Cost of revenues does not include the costs of our client service personnel who are responsible for delivering our service offerings. Such costs are included in sales and client service expense.

Operating Expenses

Total operating expenses increased 12% to $2.0 billion in 2014, compared with $1.8 billion in 2013.

- Sales and client service expenses as a percent of total revenues were 41% in 2014, compared to 40% in 2013. These expenses increased 19% to $1.4 billion in 2014, from $1.2 billion in 2013. Sales and client service expenses include salaries of sales, marketing, support, and services personnel, depreciation and other expenses associated with our *CernerWorks* managed service business, communications expenses, unreimbursed travel expenses, expense for share-based payments, and trade show and advertising costs. The increase as a percent of revenue reflects a higher mix of services during the period that was driven by strong services revenue growth.
- Software development expenses as a percent of revenue were 12% in 2014 and 2013. Expenditures for software development reflect ongoing development and enhancement of the *Cerner Millennium* and *HealtheIntent* platforms, with a focus on supporting key initiatives to enhance physician experience, revenue cycle and population health solutions. A summary of our total software development expense in 2014 and 2013 is as follows:

	For the Years Ended	
(In thousands)	**2014**	**2013**
Software development costs	$ 467,158	$ 418,747
Capitalized software costs	(175,262)	(172,211)
Capitalized costs related to share-based payments	(2,538)	(2,438)
Amortization of capitalized software costs	103,447	94,688
Total software development expense	$ 392,805	$ 338,786

- General and administrative expenses as a percent of total revenues were 7% in 2014, compared to 11% in 2013. These expenses decreased 20% to $246.9 million in 2014, from $308.2 million in 2013. General and administrative expenses include salaries for corporate, financial and administrative staffs, utilities, communications expenses, professional fees, depreciation and amortization, transaction gains or losses on foreign currency, expense for share-based payments and acquisition costs. The 2013 amount includes a $106.2 million settlement charge, as further described in Note (11) of our notes to consolidated financial statements. The decrease of $61.3 million was primarily driven by the 2013 settlement charge, offset by $15.8 million of acquisition costs related to the acquisition of Siemens Health Services and a $14.8 million increase in corporate personnel costs, as we have continued to increase such personnel to support our overall revenue growth.

Non-Operating Items

- Other income was $11.1 million in 2014 and $12.0 million in 2013. Refer to Note (12) of the notes to consolidated financial statements for further detail on the composition of other income.
- Our effective tax rate was 32% in both 2014 and 2013. The rate includes net favorable permanent differences recognized in both periods. Refer to Note (13) of the notes to consolidated financial statements for further information regarding our effective tax rate.

  In January 2013, the research and development tax credit was extended retroactively from January 1, 2012 to December 31, 2013. In the first quarter of 2013, we recognized the research and development tax credit related to 2012 as a favorable discrete item and the credit related to 2013 as a component of the overall 2013 effective tax rate. The credit expired on December 31, 2013, but in the fourth quarter of 2014, was retroactively reinstated from January 1, 2014 to December 31, 2014. We recognized the research and development tax credit related to 2014 in the fourth quarter of 2014. We estimate the expiration of the research and development tax credit on December 31, 2014 will negatively impact our effective tax rate for 2015 by approximately one percentage point, unless such credit is reinstated.

Operations by Segment

We have two operating segments: Domestic and Global. The Domestic segment includes revenue contributions and expenditures associated with business activity in the United States. The Global segment includes revenue contributions and expenditures linked to business activity in Aruba, Australia, Austria, Brazil, Canada, Cayman Islands, Chile, Egypt, England, Finland, France, Germany, Guam, India, Ireland, Israel, Malaysia, Mexico, Netherlands, Qatar, Saudi Arabia, Singapore, Spain, Switzerland and the United Arab Emirates.

The following table presents a summary of our operating segment information for the years ended 2014 and 2013:

(In thousands)	2014	% of Revenue	2013	% of Revenue	% Change
Domestic Segment					
Revenues	$ 3,021,790	100%	$ 2,550,115	100%	18%
Costs of revenue	542,210	18%	458,540	18%	18%
Operating expenses	677,817	22%	600,341	24%	13%
Total costs and expenses	1,220,027	40%	1,058,881	42%	15%
Domestic operating earnings	1,801,763	60%	1,491,234	58%	21%
Global Segment					
Revenues	380,913	100%	360,633	100%	6%
Costs of revenue	62,167	16%	56,182	16%	11%
Operating expenses	131,096	34%	115,281	32%	14%
Total costs and expenses	193,263	51%	171,463	48%	13%
Global operating earnings	187,650	49%	189,170	52%	(1)%
Other, net	(1,226,329)		(1,104,392)		11%
Consolidated operating earnings	$ 763,084		$ 576,012		32%

Domestic Segment

- Revenues increased 18% to $3.0 billion in 2014 from $2.6 billion in 2013. This increase was driven by strong growth across most of our business.
- Cost of revenues was 18% of revenues in both 2014 and 2013.
- Operating expenses increased 13% to $677.8 million in 2014 from $600.3 million in 2013, due primarily to growth in professional services expenses.

Global Segment

- Revenues increased 6% to $380.9 million in 2014 from $360.6 million in 2013. This increase was primarily driven by increases in managed services and professional services of $11.3 million and $12.7 million, respectively, partially offset by a decline in software revenues of $7.3 million.
- Cost of revenues was 16% of revenues in both 2014 and 2013.
- Operating expenses increased 14% to $131.1 million in 2014 from $115.3 million in 2013, due primarily to an increase in bad debt expense.

Other, net

Operating results not attributed to an operating segment include expenses, such as centralized professional services costs, software development, marketing, general and administrative, stock-based compensation, acquisition costs, depreciation and amortization. These expenses increased 11% to $1.2 billion in 2014 from $1.1 billion in 2013. The increase was driven by an increase in corporate personnel costs of $182.7 million, as we have continued to increase such personnel to support our overall revenue growth, combined with $15.8 million of acquisition costs related to our acquisition of Siemens Health Services. This is partially offset by the 2013 settlement charge of $106.2 million, as further described in Note (11) of our notes to consolidated financial statements.

Fiscal Year 2013 Compared to Fiscal Year 2012

(In thousands)	2013	% of Revenue	2012	% of Revenue	% Change
Revenues					
System sales	$ 847,809	29%	$ 902,799	34%	(6)%
Support and maintenance	661,979	23%	604,247	23%	10 %
Services	1,330,851	46%	1,103,082	41%	21 %
Reimbursed travel	70,109	2%	55,308	2%	27 %
Total revenues	2,910,748	100%	2,665,436	100%	9 %
Costs of revenue					
Costs of revenue	514,722	18%	608,197	23%	(15)%
Total margin	*2,396,026*	*82%*	*2,057,239*	*77%*	*16 %*
Operating expenses					
Sales and client service	1,173,051	40%	1,020,640	38%	15 %
Software development	338,786	12%	301,370	11%	12 %
General and administrative	308,177	11%	163,567	6%	88 %
Total operating expenses	1,820,014	63%	1,485,577	56%	23 %
Total costs and expenses	2,334,736	80%	2,093,774	79%	12 %
Operating earnings	576,012	20%	571,662	21%	1 %
Other income, net	12,042		16,046		
Income taxes	(189,700)		(190,476)		
Net earnings	$ 398,354		$ 397,232		— %

Revenues & Backlog

Revenues increased 9% to $2.9 billion in 2013, as compared to $2.7 billion in 2012.

- System sales decreased 6% to $847.8 million in 2013 from $902.8 million in 2012. The decrease in system sales was driven by lower levels of technology resale, which more than offset growth in licensed software, subscriptions, and software as a service.
- Support and maintenance revenues increased 10% to $662.0 million in 2013 compared to $604.2 million in 2012. This increase was attributable to continued success at selling *Cerner Millennium* systems and implementing them at client sites.
- Services revenue increased 21% to $1.3 billion in 2013 compared to $1.1 billion in 2012. This increase was driven by growth in *CernerWorks* managed services as a result of continued demand for our hosting services and an increase in professional services due to increased implementation and consulting activities and growth in *Cerner ITWorks* and *Cerner RevWorks* services.

Revenue backlog increased 23% to $8.9 billion in 2013 compared to $7.3 billion in 2012 This increase was driven by growth in new business bookings during the past four quarters, including continued strong levels of managed services, *Cerner ITWorks* and Cerner revenue cycle services bookings that typically have longer contract terms.

Costs of Revenue

Cost of revenues as a percentage of total revenues was 18% of total revenues in 2013, as compared to 23% of total revenues in 2012. The lower cost of revenues as a percent of revenue was driven by a lower mix of technology resale, which carries a higher cost of revenue.

Operating Expenses

Total operating expenses increased 23% in 2013 to $1.8 billion as compared to $1.5 billion in 2012.

- Sales and client service expenses as a percent of total revenues were 40% in 2013, as compared to 38% in 2012. These expenses increased 15% to $1.2 billion in 2013, from $1.0 billion in 2012. The increase as a percent of revenue reflects a higher mix of services during 2013 that was driven by strong services revenue growth and the decline in technology resale revenue.

- Software development expenses as a percent of revenue were 12% in 2013, as compared to 11% in 2012. These expenses increased 12% in 2013 to $338.8 million, from $301.4 million in 2012. The increase in both expensed and capitalized software development expenditures reflects a focus on development and enhancement of solutions that support key initiatives to enhance physician experience, revenue cycle, and population health. A summary of our total software development expense in 2013 and 2012 is as follows:

	For the Years Ended	
(In thousands)	**2013**	**2012**
Software development costs	$ 418,747	$ 319,828
Capitalized software costs	(172,211)	(98,067)
Capitalized costs related to share-based payments	(2,438)	(2,122)
Amortization of capitalized software costs	94,688	81,731
Total software development expense	$ 338,786	$ 301,370

- General and administrative expenses as a percent of total revenues were 11% in 2013, compared to 6% in 2012. These expenses increased 88% to $308.2 million in 2013 from $163.6 million in 2012. The 2013 amount includes a $106.2 million settlement charge, as further described in Note (11) of our notes to consolidated financial statements. Absent this charge, the increase in general and administrative expenses was primarily driven by an increase in corporate personnel costs, as we have continued to increase such personnel to support our overall revenue growth, and an increase in amortization expense due to acquired intangibles.

Non-Operating Items

- Interest income decreased to $15.3 million in 2013 from $16.5 million in 2012 due primarily to a slight decrease in investment returns. Interest expense decreased to $4.2 million in 2013 from $5.1 million in 2012 due primarily to payments on our long-term debt, offset by increased capital lease obligations. Other income in 2012 also includes a $4.5 million gain recognized on the disposition of one of our cost-method investments.

- Our effective tax rate was 32% in both 2013 and 2012. The rate includes net favorable permanent differences recognized in both periods. Refer to Note (13) of the notes to consolidated financial statements for further information regarding our effective tax rate.

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Operations by Segment

The following table presents a summary of our operating segment information for the years ended 2013 and 2012:

(In thousands)	2013	% of Revenue	2012	% of Revenue	% Change
Domestic Segment					
Revenues	$ 2,550,115	100%	$ 2,341,304	100%	9%
Costs of revenue	458,540	18%	548,813	23%	(16)%
Operating expenses	600,341	24%	506,249	22%	19%
Total costs and expenses	1,058,881	42%	1,055,062	45%	—%
Domestic operating earnings	1,491,234	58%	1,286,242	55%	16%
Global Segment					
Revenues	360,633	100%	324,132	100%	11%
Costs of revenue	56,182	16%	59,384	18%	(5)%
Operating expenses	115,281	32%	131,580	41%	(12)%
Total costs and expenses	171,463	48%	190,964	59%	(10)%
Global operating earnings	189,170	52%	133,168	41%	42%
Other, net	(1,104,392)		(847,748)		30%
Consolidated operating earnings	$ 576,012		$ 571,662		1%

Domestic Segment

- Revenues increased 9% to $2.6 billion in 2013 from $2.3 billion in the same period in 2012. This increase was primarily driven by strong growth across most of our business, partially offset by lower levels of technology resale.
- Cost of revenues was 18% of revenues in 2013, compared to 23% in 2012. The lower cost of revenues as a percent of revenue was primarily driven by a lower mix of technology resale, which carries a higher cost of revenue.
- Operating expenses increased 19% to $600.3 million in 2013, from $506.2 million in 2012, due primarily to growth in managed services and professional services expenses.

Global Segment

- Revenues increased 11% to $360.6 million in 2013 from $324.1 million in 2012. This increase was primarily driven by growth across most of our business, partially offset by lower levels of technology resale.
- Cost of revenues was 16% in 2013, compared to 18% in 2012. The lower cost of revenues as a percent of revenue was primarily driven by a lower mix of technology resale, which carries a higher cost of revenue.
- Operating expenses decreased 12% to $115.3 million in 2013 from $131.6 million in 2012, due primarily to a decrease in non-personnel and bad debt expense.

Other, net

These expenses increased 30% to $1.1 billion in 2013 from $847.7 million in 2012. The 2013 amount includes a $106.2 million settlement charge, as further described in Note (11) of our notes to consolidated financial statements. Absent this charge, the increase was primarily due to growth in corporate and development personnel costs, along with increased depreciation and amortization related to acquired intangibles. This was partially offset by increased software capitalization.

Liquidity and Capital Resources

Our liquidity is influenced by many factors, including the amount and timing of our revenues, our cash collections from our clients and the amount we invest in software development, acquisitions and capital expenditures.

Our principal sources of liquidity are our cash, cash equivalents, which primarily consist of money market funds, commercial paper, and time deposits with original maturities of less than 90 days, and short-term investments. At the end of 2014, we had cash and cash equivalents of $635.2 million and short-term investments of $785.7 million, as compared to cash and cash equivalents of $202.4 million and short-term investments of $677.0 million at the end of 2013.

The non-U.S. subsidiaries for which we have elected to indefinitely reinvest earnings outside the U.S. held approximately 11% of our aggregate cash, cash equivalents and short-term investments at January 3, 2015. As part of our current business strategy, we plan to indefinitely reinvest the earnings of these foreign operations; however, should the earnings of these foreign operations be repatriated, we would accrue and pay tax on such earnings, which may be material.

In January 2015, we issued $500.0 million aggregate principal amount of Senior Notes. Proceeds from the Senior Notes are available for general corporate purposes. Refer to Note (9) of the notes to consolidated financial statements for additional information regarding the Senior Notes.

We maintain a $100.0 million multi-year revolving credit facility, which expires in February 2017. The facility provides an unsecured revolving line of credit for working capital purposes, along with a letter of credit facility. As of the end of 2014, we had no outstanding borrowings under this agreement; however, we had $16.6 million of outstanding letters of credit, which reduced our available borrowing capacity to $83.4 million. Refer to Note (9) of the notes to consolidated financial statements for additional information regarding our credit facility.

On February 2, 2015 we acquired Siemens Health Services, as discussed above. Consideration for the acquisition was $1.37 billion of cash, consisting of the $1.3 billion agreed upon price plus working capital adjustments. We used a combination of cash on hand and proceeds from the sale of investments to fund the acquisition.

We believe that our present cash position, together with cash generated from operations, short-term investments and, if necessary, our available line of credit, will be sufficient to meet anticipated cash requirements during 2015.

The following table summarizes our cash flows in 2014, 2013 and 2012:

	For the Years Ended		
(In thousands)	2014	2013	2012
Cash flows from operating activities	$ 847,027	$ 695,865	$ 708,314
Cash flows from investing activities	(284,567)	(688,429)	(701,631)
Cash flows from financing activities	(120,324)	(119,389)	66,034
Effect of exchange rate changes on cash	(9,310)	(2,790)	1,257
Total change in cash and cash equivalents	432,826	(114,743)	73,974
Cash and cash equivalents at beginning of period	202,377	317,120	243,146
Cash and cash equivalents at end of period	$ 635,203	$ 202,377	$ 317,120
Free cash flow (non-GAAP)	$ 392,643	$ 168,339	$ 424,696

Cash from Operating Activities

(In thousands)	For the Years Ended 2014	2013	2012
Cash collections from clients	$ 3,480,591	$ 3,050,633	$ 2,714,315
Cash paid to employees and suppliers and other	(2,483,559)	(2,172,418)	(1,840,682)
Cash paid for interest	(5,682)	(6,973)	(6,448)
Cash paid for taxes, net of refund	(144,323)	(175,377)	(158,871)
Total cash from operations	$ 847,027	$ 695,865	$ 708,314

Cash flow from operations increased $151.2 million in 2014 compared to 2013, due primarily to 2013 including a payment related to the previously mentioned settlement charge, along with an increase in 2014 of cash impacting earnings. Cash flow from operations decreased $12.4 million in 2013 compared to 2012, due primarily to the aforementioned settlement charge. During 2014, 2013 and 2012, we received total client cash collections of $3.5 billion, $3.1 billion and $2.7 billion, respectively, of which 2%, 2% and 3%, respectively, were received from third party client financing arrangements and non-recourse payment assignments. Days sales outstanding was 66 days in the fourth quarter of 2014, compared to 67 days for both the 2014 third quarter and the 2013 fourth quarter. Revenues provided under support and maintenance agreements represent recurring cash flows. Support and maintenance revenues increased 9% in 2014 and 10% in 2013. We expect these revenues to continue to grow as the base of installed *Cerner Millennium* systems grows.

Cash from Investing Activities

(In thousands)	For the Years Ended 2014	2013	2012
Capital purchases	$ (276,584)	$ (352,877)	$ (183,429)
Capitalized software development costs	(177,800)	(174,649)	(100,189)
Purchases of investments, net of sales and maturities	190,810	(36,221)	(354,603)
Acquisition of businesses, net of cash acquired	(7,476)	(67,877)	(40,540)
Other, net	(13,517)	(56,805)	(22,870)
Total cash flows from investing activities	$ (284,567)	$ (688,429)	$ (701,631)

Cash flows from investing activities consist primarily of capital spending, short-term investment, and acquisition activities.

Our capital spending in 2014 has been driven by capitalized equipment purchases primarily to support growth in our *CernerWorks* managed services business, investments in a cloud infrastructure to support cloud-based solutions, building and improvement purchases to support our facilities requirements and capitalized spending to support our ongoing software development initiatives. Capital spending is expected to increase in 2015, as we continue our current capital and software development initiatives, fund equipment purchases necessary in connection with our acquisition of Siemens Health Services, and construction on our Trails Campus.

Short-term investment activity historically consists of the investment of cash generated by our business in excess of what is necessary to fund operations. The 2014 activity is impacted by a change in investment mix, whereas we have invested more heavily in cash equivalents versus short-term and long-term investments, as we prepared to fund our acquisition of Siemens Health Services. Refer to Notes (2) and (3) of the notes to consolidated financial statements. We expect short-term investment activity to moderate in 2015 as excess cash will primarily be used to fund capital spending and acquisition activity.

During 2014, we acquired 100% of the outstanding membership interests of InterMedHx, LLC for $7.5 million. In 2013, we acquired the net assets of Kaufman & Keen, LLC (doing business as PureWellness) and 100% of the outstanding stock of Labotix Corporation for $67.5 million, net of cash acquired. During 2012, we completed our acquisition of Anasazi Software, Inc. for $40.5 million, net of cash acquired. We expect to continue seeking and completing strategic business acquisitions that are complementary to our business.

Cash from Financing Activities

(In thousands)	For the Years Ended 2014	2013	2012
Repayment of long-term debt and capital lease obligations	$ (14,930)	$ (24,700)	$ (17,083)
Cash from option exercises (including excess tax benefits)	71,411	71,330	86,517
Treasury stock purchases	(217,082)	(170,042)	—
Contingent consideration payments for acquisition of businesses	(10,617)	(800)	(3,400)
Cash grants	48,000	—	—
Other, net	2,894	4,823	—
Total cash flows from financing activities	$ (120,324)	$ (119,389)	$ 66,034

Cash inflows from stock option exercises are dependent on a number of factors, including the price of our common stock, grant activity under our stock option and equity plans, and overall market volatility. We expect cash inflows from stock option exercises to continue in 2015 based on the number of exercisable options at the end of 2014 and our current stock price.

In May 2014, our Board of Directors approved an amendment to the stock repurchase program that was authorized in December 2013. Under the amendment, the Company may repurchase shares of our common stock up to an aggregate of $317.0 million, excluding transaction costs. In 2014, we purchased 4.1 million shares for total consideration of $217.1 million. At the end of 2014, $100.0 million remains available for purchases under the program. We may continue to purchase shares under this program in 2015, which will be dependent on a number of factors, including the price of our common stock.

In December 2012, our Board of Directors authorized a stock repurchase program of up to $170.0 million, excluding transaction costs, of our common stock. During 2013, we repurchased 3.6 million shares for total consideration of $170.0 million. This program is now complete.

In September 2014 we paid $10.6 million of the contingent consideration related to our acquisition of PureWellness. We expect additional contingent consideration payments in 2015 related to our acquisitions of PureWellness and InterMedHx. Refer to Note (2) of the notes to consolidated financial statements for additional information regarding our contingent consideration arrangements.

In January 2014 we received $48.0 million of cash grants from the Kansas Department of Commerce for project costs in connection with the construction of our Continuous Campus. Refer to Note (17) of the notes to consolidated financial statements for additional information.

Free Cash Flow

(In thousands)	For the Years Ended 2014	2013	2012
Cash flows from operating activities (GAAP)	$ 847,027	$ 695,865	$ 708,314
Capital purchases	(276,584)	(352,877)	(183,429)
Capitalized software development costs	(177,800)	(174,649)	(100,189)
Free cash flow (non-GAAP)	$ 392,643	$ 168,339	$ 424,696

Free cash flow increased $224.3 million from 2013 to 2014. This increase is largely due to an increase in cash flows from operations combined with a decrease in capital purchases, primarily due to the completion of construction on our Continuous Campus. Free cash flow for 2013 also includes a payment related to the settlement charge, described in Note (11) of our notes to consolidated financial statements. Free cash flow decreased $256.4 million from 2012 to 2013. This decrease was primarily due to the previously mentioned settlement charge, combined with increased capital spending in 2013 to support our growth initiatives and facilities requirements and capitalized spending to support our ongoing software development initiatives. We believe our free cash flow levels reflect continued strength in our earnings. Free cash flow is a non-GAAP financial measure used by management along with GAAP results to analyze our earnings quality and overall cash generation of the business. The presentation of free cash flow is not meant to be considered in isolation, nor as a substitute for, or superior to, GAAP results and investors should be aware that non-GAAP measures have inherent limitations and should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. Free cash flow may also be different from similar non-GAAP financial measures used by other companies and may not be comparable to similarly titled captions of other companies due to potential inconsistencies in the method of calculation. We believe free cash flow is important to enable investors to better understand and evaluate our ongoing operating results and allows for greater transparency in the review of our overall financial, operational and economic performance, because free cash flow takes into account the capital expenditures necessary to operate our business.

Contractual Obligations, Commitments and Off Balance Sheet Arrangements

The following table represents a summary of our contractual obligations and commercial commitments at the end of 2014, except short-term purchase order commitments arising in the ordinary course of business.

	Payments Due by Period						
(In thousands)	**2015**	**2016**	**2017**	**2018**	**2019**	**2020 and thereafter**	**Total**
Balance sheet obligations[a]:							
Long-term debt obligations [b]	$ 14,233	$ —	$ —	$ —	$ —	$ —	$ 14,233
Interest on long-term debt obligations	789	—	—	—	—	—	789
Capital lease obligations	53,227	34,510	19,522	6,721	2,115	—	116,095
Interest on capital lease obligations	2,741	1,458	530	156	22	—	4,907
Other obligations:							
Operating lease obligations	23,525	21,693	21,467	19,294	14,984	39,607	140,570
Purchase obligations	42,300	23,481	6,762	4,345	4,001	8,000	88,889
Total	$ 136,815	$ 81,142	$ 48,281	$ 30,516	$ 21,122	$ 47,607	$ 365,483

(a) At the end of 2014, liabilities for unrecognized tax benefits were $7.2 million.
(b) Amounts do not include the long-term debt issued in January 2015.

We have no off balance sheet arrangements as defined in Regulation S-K. The effects of inflation on our business during 2014, 2013 and 2012 were not significant.

Recent Accounting Pronouncements

Refer to Note (1) of the notes to consolidated financial statements for information regarding recently issued accounting pronouncements.

Critical Accounting Policies

We believe that there are several accounting policies that are critical to understanding our historical and future performance, as these policies affect the reported amount of revenue and other significant areas involving our judgments and estimates. These significant accounting policies relate to revenue recognition, software development, potential impairments of goodwill, and income taxes. These policies and our procedures related to these policies are described in detail below and under specific areas within this MD&A. In addition, Note (1) to the consolidated financial statements expands upon discussion of our accounting policies.

Revenue Recognition
We recognize revenue within our multiple element arrangements, including software and software-related services, using the residual method. Key factors in our revenue recognition model are our assessments that installation services are essential to the functionality of our software, whereas implementation services are not, and the length of time it takes for us to achieve the delivery and installation milestones for our licensed software. If our business model were to change such that implementation services are deemed to be essential to the functionality of our software, the period of time over which our licensed software revenue would be recognized would lengthen.

We generally recognize revenue from the sale of our licensed software over two key milestones, delivery and installation, based on percentages that reflect the underlying effort from planning to installation. Generally, both milestones are achieved in the quarter the contracts are executed. If the period of time to achieve our delivery and installation milestones for our licensed software were to lengthen, our milestones would be adjusted and the timing of revenue recognition for our licensed software could materially change.

We also recognize revenue for certain projects in which services are deemed essential to the functionality of the software using the percentage of completion method. Our revenue recognition is dependent upon our ability to reliably estimate the direct labor hours to complete a project which generally can span several years. We utilize our historical project experience and detailed planning process as a basis for our future estimates to complete current projects. Significant delays in completion of the projects, unforeseen cost increases or penalties could result in significant reductions to revenue and margins on these contracts. The actual project results can be significantly different from the estimated results. When adjustments are identified near or at the end of a project, the full impact of the change in estimate is recognized in that period. This can result in a material impact on our results for a single reporting period.

Software Development Costs
Costs incurred internally in creating computer software solutions and enhancements to those solutions are expensed until completion of a detailed program design, which is when we determine that technological feasibility has been established. Thereafter, all software development costs are capitalized until such time as the software solutions and enhancements are available for general release, and the capitalized costs subsequently are reported at the lower of amortized cost or net realizable value.

Net realizable value is computed as the estimated gross future revenues from each software solution less the amount of estimated future costs of completing and disposing of that product. Because the development of projected net future revenues related to our software solutions used in our net realizable value computation is based on estimates, a significant reduction in our future revenues could impact the recovery of our capitalized software development costs. If we missed our estimates of net future revenues by 10%, the amount of our capitalized software development costs would not be impaired.

Capitalized costs are amortized based on current and expected net future revenue for each software solution with minimum annual amortization equal to the straight-line amortization over the estimated economic life of the software solution. We are amortizing capitalized costs over five years. The five-year period over which capitalized software development costs are amortized is an estimate based upon our forecast of a reasonable useful life for the capitalized costs. Historically, use of our software programs by our clients has exceeded five years and is capable of being used a decade or more.

We expect that major software information systems companies, large information technology consulting service providers and systems integrators and others specializing in the health care industry may offer competitive products or services. The pace of change in the HCIT market is rapid and there are frequent new product introductions, product enhancements and evolving industry standards and requirements. As a result, the capitalized software solutions may become less valuable or obsolete and could be subject to impairment.

Goodwill
Goodwill is not amortized but is evaluated for impairment annually or whenever there is an impairment indicator. All goodwill is assigned to a reporting unit, where it is subject to an annual impairment assessment. We assess goodwill for impairment in the second quarter of each fiscal year and evaluate impairment indicators at each quarter end. We assessed our goodwill for impairment in the second quarters of 2014 and 2013 and concluded that goodwill was not impaired. The assessments consisted of a qualitative analysis in accordance with new guidance effective in 2012. A key consideration in conducting those analyses was the growth in both the revenues and operating earnings of our reporting units since our last quantitative assessment. Our last quantitative assessment was performed in 2011, in which the fair values of each of our reporting units exceeded their carrying amounts by a significant margin. We used a discounted cash flow analysis utilizing Level 3 inputs, to determine the fair value of the reporting units in 2011. Goodwill amounted to $320.5 million and $307.4 million at the end of 2014 and 2013, respectively. If future anticipated cash flows from our reporting units that recognized goodwill do not materialize as expected, our goodwill could be impaired, which could result in significant charges to earnings.

Income Taxes
We make a number of assumptions and estimates in determining the appropriate amount of expense to record for income taxes. These assumptions and estimates consider the taxing jurisdictions in which we operate as well as current tax regulations. Accruals are established for estimates of tax effects for certain transactions, business structures and future projected profitability of our businesses based on our interpretation of existing facts and circumstances. If these assumptions and estimates were to change as a result of new evidence or changes in circumstances, the change in estimate could result in a material adjustment to the consolidated financial statements.

We have discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors and the Audit Committee has reviewed our disclosure contained herein.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We use a foreign-currency denominated debt instrument to reduce our foreign currency exchange rate exposure in the U.K. As of the end of 2014, we designated all of our Great Britain Pound (GBP) denominated long-term debt (9.3 million GBP) as a net investment hedge of our U.K. operations. Because the borrowing is denominated in pounds, we are exposed to movements in the foreign currency exchange rate between the U.S. dollar (USD) and the GPB. We estimate that a hypothetical 10% adverse change in the foreign currency exchange rate between the USD and GBP would have impacted the unrealized loss, net of related income tax effects, of the net investment hedge recognized in other comprehensive income in 2014 by approximately $0.9 million, as compared to $1.9 million in 2013. The 2014 model assumes an exchange rate of 1.533 at January 3, 2015 and a tax rate of 38.8%. The hypothetical decrease in other comprehensive income in 2014 from 2013 is a result of a lower amount of GBP denominated debt outstanding. Actual results may differ. Please refer to Notes (9) and (10) to the Consolidated Financial Statements for a more detailed discussion of the foreign-currency denominated debt instrument.

Item 8. Financial Statements and Supplementary Data

The Financial Statements and Notes required by this Item are submitted as a separate part of this report. See Note (20) to the Consolidated Financial Statements for supplementary financial information.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

N/A

Item 9A. Controls and Procedures

a) The Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in the Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this Annual Report (the Evaluation Date). They have concluded that, as of the Evaluation Date and based on the evaluation of these controls and procedures required by paragraph (b) of Exchange Act Rule 13a-15 or 15d-15, these disclosure controls and procedures were effective to ensure that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities and would be disclosed on a timely basis. The CEO and CFO have concluded that the Company's disclosure controls and procedures are designed, and are effective, to give reasonable assurance that the information required to be disclosed by the Company in reports that it files under the Exchange Act is recorded, processed, summarized and reported within the time period specified in the rules and forms of the SEC. They have also concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports that are filed or submitted under the Exchange Act are accumulated and communicated to the Company's management to allow timely decisions regarding required disclosure.

b) There were no changes in the Company's internal controls over financial reporting during the three months ended January 3, 2015, that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

c) The Company's management, including its CEO and CFO, have concluded that our disclosure controls and procedures and internal control over financial reporting are designed to provide reasonable assurance of achieving their objectives and are effective at that reasonable assurance level. However, the Company's management can provide no assurance that our disclosure controls and procedures or our internal control over financial reporting can prevent all errors and all fraud under all circumstances. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been or will be detected. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of January 3, 2015. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its Internal Control-Integrated Framework (1992). The Company's management has concluded that, as of January 3, 2015, the Company's internal control over financial reporting is effective based on these criteria. The Company's independent registered public accounting firm that audited the consolidated financial statements included in this annual report has issued an audit report on the effectiveness of the Company's internal control over financial reporting, which is included herein under "Report of Independent Registered Public Accounting Firm".

Item 9B. Other Information

N/A

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this Item 10 regarding our Directors and any nominees to become Directors will be set forth under the caption “Information Concerning Directors” in our Proxy Statement in connection with the 2015 Annual Shareholders’ Meeting scheduled to be held May 22, 2015 (the Proxy Statement), and is incorporated in this Item 10 by reference. The information required by this Item 10 regarding family relationships between any Director, Executive Officer or other person nominated to become a Director or Executive Officer will be set forth under the caption “Certain Transactions” in our Proxy Statement and is incorporated in this Item 10 by reference. The information required by this Item 10 concerning compliance with Section 16(a) of the Securities Exchange Act of 1934 will be set forth under the caption “Section 16(a) Beneficial Ownership Reporting Compliance” in our Proxy Statement and is incorporated in this Item 10 by reference.

The information required by this Item 10 concerning our Code of Business Conduct and Ethics will be set forth under the caption “Corporate Governance: Code of Business Conduct and Ethics” in our Proxy Statement and is incorporated in this Item 10 by reference. The information required by this Item 10 concerning our Audit Committee and our Audit Committee financial expert will be set forth under the caption “Committees of the Board: Audit Committee” in our Proxy Statement and is incorporated in this Item 10 by reference.

There have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors since our last disclosure thereof. The information required by this Item 10 regarding our Executive Officers is set forth under the caption “Executive Officers of the Registrant” in Part I above.

Item 11. Executive Compensation

The information required by this Item 11 concerning our executive compensation will be set forth under the caption “Compensation Discussion and Analysis” in our Proxy Statement and is incorporated in this Item 11 by reference. The information required by this Item 11 concerning Director compensation will be set forth under the caption "Director Compensation" in our Proxy Statement and is incorporated in this Item 11 by reference. The information required by this Item 11 concerning Compensation Committee interlocks and insider participation will be set forth under the caption “Compensation Committee Interlocks and Insider Participation” in our Proxy Statement and is incorporated in this Item 11 by reference. The information required by this Item 11 concerning Compensation Committee report will be set forth under the caption “Compensation Committee Report” in our Proxy Statement and is incorporated in this Item 11 by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item 12 will be set forth under the caption "Security Ownership of Certain Beneficial Owners and Management" in our Proxy Statement and is incorporated in this Item 12 by reference.

The following table provides information about our common stock that may be issued under our equity compensation plans as of January 3, 2015:

(In thousands, except per share data)

Plan category	Securities to be issued upon exercise of outstanding options and rights (1)	Weighted average exercise price per share (2)	Securities available for future issuance(3)
Equity compensation plans approved by security holders (4)	25,135	$ 27.00	8,080
Equity compensation plans not approved by security holders	—	—	—
Total	25,135		8,080

(1) Includes grants of stock options, time-based and performance-based restricted stock.

(2) Includes weighted-average exercise price of outstanding stock options only.

(3) Excludes securities to be issued upon exercise of outstanding options and rights.

(4) Includes the Stock Option Plan D, Stock Option Plan E, 2001 Long-Term Incentive Plan F, 2004 Long-Term Incentive Plan G and 2011 Omnibus Equity Incentive Plan. All new grants are made under the 2011 Omnibus Equity Incentive Plan, as the previous plans are no longer active.

All other information required by this Item is incorporated by reference from the Proxy Statement under the section entitled "Principal Security Ownership and Certain Beneficial Owners."

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item 13 concerning our transactions with related parties will be set forth under the caption "Certain Transactions" in our Proxy Statement and is incorporated in this Item 13 by reference. The information required by this Item 13 concerning director independence will be set forth under the caption "Meetings of the Board and Committees" in our Proxy Statement and is incorporated in this Item 13 by reference.

Item 14. Principal Accountant Fees and Services

The information required by this Item 14 will be set forth under the caption "Relationship with Independent Registered Public Accounting Firm" in our Proxy Statement and is incorporated in this Item 14 by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

a) Financial Statements and Exhibits

(1) Consolidated Financial Statements:

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets - As of January 3, 2015 and December 28, 2013

Consolidated Statements of Operations -Years Ended January 3, 2015, December 28, 2013 and December 29, 2012

Consolidated Statements of Comprehensive Income - Years Ended January 3, 2015, December 28, 2013 and December 29, 2012

Consolidated Statements of Cash Flows - Years Ended January 3, 2015, December 28, 2013 and December 29, 2012

Consolidated Statements of Changes in Shareholders' Equity - Years Ended January 3, 2015, December 28, 2013 and December 29, 2012

Notes to Consolidated Financial Statements

(2) The following financial statement schedule and Report of Independent Registered Public Accounting Firm of the Registrant for the three-year period ended January 3, 2015 are included herein:

Schedule II—Valuation and Qualifying Accounts, Report of Independent Registered Public Accounting Firm

All other schedules are omitted, as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

(3) See the Index to Exhibits immediately following the signature page of this Annual Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CERNER CORPORATION

Date: February 11, 2015

By: /s/ Neal L. Patterson
Neal L. Patterson
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature and Title	Date
/s/ Neal L. Patterson Neal L. Patterson, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	February 11, 2015
/s/ Clifford W. Illig Clifford W. Illig, Vice Chairman and Director	February 11, 2015
/s/ Marc G. Naughton Marc G. Naughton, Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 11, 2015
/s/ Michael R. Battaglioli Michael R. Battaglioli, Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 11, 2015
/s/ Gerald E. Bisbee, Jr. Gerald E. Bisbee, Jr., Ph.D., Director	February 11, 2015
/s/ Denis A. Cortese, M.D. Denis A. Cortese, M.D., Director	February 11, 2015
/s/ John C. Danforth John C. Danforth, Director	February 11, 2015
/s/ Mitchell E. Daniels Mitchell E. Daniels, Director	February 11, 2015
/s/ Linda M. Dillman Linda M. Dillman, Director	February 11, 2015
/s/ William B. Neaves William B. Neaves, Ph.D., Director	February 11, 2015
/s/ William D. Zollars William D. Zollars, Director	February 11, 2015

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INDEX TO EXHIBITS

Exhibit Number	Exhibit Description	Incorporated by Reference Form	Exhibit(s)	Filing Date SEC File No./Film No.	Filed Herewith
3(a)	Third Restated Certificate of Incorporation dated September 12, 2013				X
3(b)	Amended & Restated Bylaws as of September 16, 2008 (as amended March 31, 2010, March 9, 2011 and December 23, 2013)	8-K	3.2	12/23/2013	
4(a)	Specimen stock certificate	10-K	4(a)	2/28/2007 000-15386/07658265	
10.1*	2006 Form of Indemnification Agreement for use between the Registrant and its Directors	10-K	10(a)	2/28/2007 000-15386/07658265	
10.2*	2010 Form of Indemnification Agreement for use between the Registrant and its Directors and Section 16 Officers	8-K	99.1	6/3/2010 000-15386/10875957	
10.3*	Amended & Restated Executive Employment Agreement of Neal L. Patterson dated January 1, 2008	10-K	10(c)	2/27/2008 000-15386/08646565	
10.4*	Amended Stock Option Plan D of Registrant dated December 8, 2000	10-K	10(f)	3/30/2001 000-15386/1586224	
10.5*	Amended Stock Option Plan E of Registrant dated December 8, 2000	10-K	10(g)	3/30/2001 000-15386/1586224	
10.6*	Cerner Corporation 2001 Long-Term Incentive Plan F	DEF 14A	Annex I	4/16/2001 000-15386/1603080	
10.7*	Cerner Corporation 2001 Long-Term Incentive Plan F Nonqualified Stock Option Agreement	10-K	10(v)	3/17/2005 000-15386/05688830	
10.8*	Cerner Corporation 2001 Long-Term Incentive Plan F Nonqualified Stock Option Grant Certificate	10-Q	10(a)	11/10/2005 000-15386/051193974	
10.9*	Cerner Corporation 2001 Long-Term Incentive Plan F Director Restricted Stock Agreement	10-K	10(x)	3/17/2005 000-15386/05688830	
10.10*	Cerner Corporation 2001 Long-Term Incentive Plan F Nonqualified Stock Option Director Agreement	10-K	10(w)	3/17/2005 000-15386/05688830	
10.11*	Cerner Corporation 2001 Long-Term Incentive Plan F Performance-Based Restricted Stock Agreement for Section 16 Officers	8-K	99.1	6/4/2010 000-15386/10879084	
10.12*	Cerner Corporation 2004 Long-Term Incentive Plan G (as amended on December 3, 2007)	10-K	10(g)	2/27/2008 000-15386/08646565	
10.13*	Cerner Corporation 2004 Long-Term Incentive Plan G Nonqualified Stock Option Grant Certificate	10-K	10(q)	2/27/2008 000-15386/08646565	
10.14*	Cerner Corporation 2011 Omnibus Equity Incentive Plan	S-8	4.5	5/27/2011	
10.15*	Cerner Corporation 2011 Omnibus Equity Incentive Plan - Director Restricted Stock Agreement	10-Q	10.1	7/27/2012	

10.16*	Cerner Corporation 2011 Omnibus Equity Incentive Plan - Performance Based Restricted Stock Agreement	10-K	10(u)	2/8/2013
10.17*	Cerner Corporation 2011 Omnibus Equity Incentive Plan-Non-Qualified Stock Option Grant Certificate	10-K	10(v)	2/8/2013

10.18*	Cerner Corporation 2001 Associate Stock Purchase Plan as Amended and Restated March 1, 2010 and May 27, 2011	S-8	4.6	5/27/2011	
10.19*	Cerner Corporation Performance-Based Compensation Plan (as Amended and Restated March 5, 2014)				X
10.20*	Form of 2014 Executive Performance Agreement	10-Q	10.1	4/25/2014	
10.21*	Cerner Corporation Executive Deferred Compensation Plan as Amended & Restated dated January 1, 2008	10-K	10(k)	2/27/2008 000-15386/08646565	
10.22*	Cerner Corporation 2005 Enhanced Severance Pay Plan as Amended & Restated (for I.R.C. § 409A) Effective December 31, 2012	10-K	10(l)	2/8/2013	
10.23*	Cerner Corporation 2005 Enhanced Severance Pay Plan as Amended & Restated (for I.R.C. § 409A) Effective January 4, 2015				X
10.24*	Exhibit A Severance Matrix, effective April 1, 2011 to the Cerner Corporation 2005 Enhanced Severance Pay Plan as Amended & Restated dated August 15, 2010	10-Q	10(a)	4/29/2011	
10.25	Second Amended and Restated Aircraft Time Sharing Agreement between Cerner Corporation and Neal L. Patterson dated July 24, 2013	10-Q	10.1	7/26/2013	
10.26	Interparty Agreement, dated January 19, 2010, among Kansas Unified Development, LLC, OnGoal, LLC and Cerner Corporation	8-K	99.1	1/22/2010 000-153866/10543089	
10.27	Real Estate Purchase Agreement between Cerner Property Development, Inc. and Trails Property II, Inc. dated July 30, 2013	8-K	10.1	8/1/2013	
10.28	First Amendment to Real Estate Purchase Agreement between Cerner Property Development, Inc. and Trails Property II, Inc. dated December 23, 2013				X
10.29	Second Amendment to Real Estate Purchase Agreement between Cerner Property Development, Inc. and Trails Property II, Inc. dated October 16, 2014				X
10.30	Master Sale and Purchase Agreement between Siemens AG and Cerner Corporation dated August 5, 2014	10-Q	2.1	10/24/2014	
10.31	Amendment Agreement to the Master Sale and Purchase Agreement between Siemens AG and Cerner Corporation dated February 2, 2015	8-K	10.1	2/2/2015	
10.32	Note Purchase Agreement, dated November 1, 2005, among Cerner Corporation, as issuer, and AIG Annuity Insurance Company, American General Life Insurance Company and Principal Life Insurance Company, as purchasers	8-K	99.1	11/7/2005 000-15386/051183275	
10.33	Master Note Purchase Agreement between Cerner Corporation and the Purchasers listed in Schedule A thereto dated December 4, 2014	8-K	10.1	12/5/2014	
10.34	Amended and Restated Credit Agreement, dated February 10, 2012, among Cerner Corporation and U.S. Bank National Association, Bank of America, N.A., Commerce Bank, N.A., UMB Bank, N.A. and RBS Citizens, N.A.	8-K	99.1	2/13/2012 000-15386/12599122	

10.35	First Amendment to Amended and Restated Credit Agreement, dated December 28, 2012, among Cerner Corporation and U.S. Bank National Association, Bank of America, N.A., Commerce Bank, N.A., UMB Bank, N.A. and RBS Citizens, N.A.	10-K	4(c)	2/8/2013	
10.36	Second Amendment to Amended and Restated Credit Agreement, dated January 15, 2015, among Cerner Corporation and U.S. Bank National Association, Bank of America, N.A., Commerce Bank, N.A., UMB Bank, N.A. and RBS Citizens, N.A.				X
21	Subsidiaries of Registrant				X
23	Consent of Independent Registered Public Accounting Firm				X
31.1	Certification of Neal L. Patterson pursuant to Section 302 of Sarbanes-Oxley Act of 2002				X
31.2	Certification of Marc G. Naughton pursuant to Section 302 of Sarbanes-Oxley Act of 2002				X
32.1	Certification of Neal L. Patterson pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002				X
32.2	Certification of Marc G. Naughton pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002				X
101.INS	XBRL Instance Document				X
101.SCH	XBRL Taxonomy Extension Schema Document				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document				X
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document				X

* Indicates a management contract or compensatory plan or arrangement required to be identified by Part IV, Item 15(a)(3).

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Cerner Corporation:

We have audited Cerner Corporation and subsidiaries’ internal control over financial reporting as of January 3, 2015, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Cerner Corporation and subsidiaries’ management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on Cerner Corporation and subsidiaries’ internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Cerner Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of January 3, 2015, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Cerner Corporation and subsidiaries as of January 3, 2015 and December 28, 2013, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in shareholders’ equity for each of the years in the three-year period ended January 3, 2015, and our report dated February 11, 2015 expressed an unqualified opinion on those consolidated financial statements.

/s/KPMG LLP
Kansas City, Missouri
February 11, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Cerner Corporation:

We have audited the accompanying consolidated balance sheets of Cerner Corporation and subsidiaries as of January 3, 2015 and December 28, 2013, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in shareholders' equity for each of the years in the three-year period ended January 3, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cerner Corporation and subsidiaries as of January 3, 2015 and December 28, 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended January 3, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Cerner Corporation and subsidiaries' internal control over financial reporting as of January 3, 2015, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 11, 2015 expressed an unqualified opinion on the effectiveness of Cerner Corporation and subsidiaries' internal control over financial reporting.

/s/KPMG LLP
Kansas City, Missouri
February 11, 2015

CERNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of January 3, 2015 and December 28, 2013

(In thousands, except share data)	2014	2013
Assets		
Current assets:		
Cash and cash equivalents	$ 635,203	$ 202,377
Short-term investments	785,663	677,004
Receivables, net	672,778	582,926
Inventory	23,789	32,299
Prepaid expenses and other	209,278	175,488
Deferred income taxes, net	22,075	91,614
Total current assets	2,348,786	1,761,708
Property and equipment, net	924,260	792,781
Software development costs, net	420,199	347,077
Goodwill	320,538	307,422
Intangible assets, net	126,636	144,132
Long-term investments	231,147	554,873
Other assets	158,999	190,371
Total assets	$ 4,530,565	$ 4,098,364
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 160,285	$ 145,019
Current installments of long-term debt and capital lease obligations	67,460	54,107
Deferred revenue	209,655	209,746
Accrued payroll and tax withholdings	140,230	147,986
Other accrued expenses	56,685	83,574
Total current liabilities	634,315	640,432
Long-term debt and capital lease obligations	62,868	111,717
Deferred income taxes and other liabilities	256,601	170,392
Deferred revenue	10,813	8,159
Total liabilities	964,597	930,700
Shareholders' Equity:		
Common stock, $.01 par value, 500,000,000 shares authorized, 346,985,811 shares issued at January 3, 2015 and 344,338,030 shares issued at December 28, 2013	3,470	3,443
Additional paid-in capital	933,446	812,853
Retained earnings	2,918,481	2,393,048
Treasury stock, 4,652,515 shares at January 3, 2015 and 570,616 shares at December 28, 2013	(245,333)	(28,251)
Accumulated other comprehensive loss, net	(44,096)	(13,429)
Total shareholders' equity	3,565,968	3,167,664
Total liabilities and shareholders' equity	$ 4,530,565	$ 4,098,364

See notes to consolidated financial statements.

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CERNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012

	For the Years Ended		
(In thousands, except per share data)	2014	2013	2012
Revenues:			
System sales	$ 945,858	$ 847,809	$ 902,799
Support, maintenance and services	2,366,959	1,992,830	1,707,329
Reimbursed travel	89,886	70,109	55,308
Total revenues	3,402,703	2,910,748	2,665,436
Costs and expenses:			
Cost of system sales	314,089	302,374	427,456
Cost of support, maintenance and services	200,402	142,239	125,433
Cost of reimbursed travel	89,886	70,109	55,308
Sales and client service	1,395,568	1,173,051	1,020,640
Software development (Includes amortization of $103,447, $94,688 and $81,731, respectively)	392,805	338,786	301,370
General and administrative	246,869	308,177	163,567
Total costs and expenses	2,639,619	2,334,736	2,093,774
Operating earnings	763,084	576,012	571,662
Other income, net	11,090	12,042	16,046
Earnings before income taxes	774,174	588,054	587,708
Income taxes	(248,741)	(189,700)	(190,476)
Net earnings	$ 525,433	$ 398,354	$ 397,232
Basic earnings per share	$ 1.54	$ 1.16	$ 1.16
Diluted earnings per share	$ 1.50	$ 1.13	$ 1.13
Basic weighted average shares outstanding	342,150	343,636	341,861
Diluted weighted average shares outstanding	350,386	352,281	351,394

See notes to consolidated financial statements.

CERNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012

(In thousands)	For the Years Ended 2014	2013	2012
Net earnings	$ 525,433	$ 398,354	$ 397,232
Foreign currency translation adjustment and other (net of tax benefits of $1,111, $3,604 and $1,396, respectively)	(30,145)	(8,185)	6,511
Change in net unrealized holding gain (loss) on available-for-sale investments (net of taxes (benefits) of $(331), $10 and $125, respectively)	(522)	11	201
Comprehensive income	$ 494,766	$ 390,180	$ 403,944

See notes to consolidated financial statements.

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CERNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012

	For the Years Ended		
(In thousands)	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 525,433	$ 398,354	$ 397,232
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	302,353	263,538	222,580
Share-based compensation expense	59,292	46,295	36,113
Provision for deferred income taxes	106,905	(22,647)	8,342
Changes in assets and liabilities (net of businesses acquired):			
Receivables, net	(74,786)	(9,599)	(83,705)
Inventory	8,117	(8,111)	(279)
Prepaid expenses and other	(14,625)	(36,038)	(2,224)
Accounts payable	2,974	4,130	35,265
Accrued income taxes	(21,764)	14,694	(22,784)
Deferred revenue	4,346	18,053	33,277
Other accrued liabilities	(51,218)	27,196	84,497
Net cash provided by operating activities	847,027	695,865	708,314
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital purchases	(276,584)	(352,877)	(183,429)
Capitalized software development costs	(177,800)	(174,649)	(100,189)
Purchases of investments	(1,214,036)	(1,106,819)	(1,286,997)
Sales and maturities of investments	1,404,846	1,070,598	932,394
Purchase of other intangibles	(13,517)	(56,805)	(22,870)
Acquisition of businesses, net of cash acquired	(7,476)	(67,877)	(40,540)
Net cash used in investing activities	(284,567)	(688,429)	(701,631)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of long-term debt and capital lease obligations	(14,930)	(24,700)	(17,083)
Proceeds from excess tax benefits from share-based compensation	39,532	39,927	48,370
Proceeds from exercise of options	31,879	31,403	38,147
Treasury stock purchases	(217,082)	(170,042)	—
Contingent consideration payments for acquisition of businesses	(10,617)	(800)	(3,400)
Cash grants	48,000	—	—
Other	2,894	4,823	—
Net cash provided by (used in) financing activities	(120,324)	(119,389)	66,034
Effect of exchange rate changes on cash and cash equivalents	(9,310)	(2,790)	1,257
Net increase (decrease) in cash and cash equivalents	432,826	(114,743)	73,974
Cash and cash equivalents at beginning of period	202,377	317,120	243,146
Cash and cash equivalents at end of period	$ 635,203	$ 202,377	$ 317,120
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Interest	$ 5,682	$ 6,973	$ 6,448
Income taxes, net of refunds	144,323	175,377	158,871
Summary of acquisition transactions:			
Fair value of net tangible assets (liabilities) acquired (assumed)	$ (1,509)	$ 2,550	$ (6,375)
Fair value of intangible assets acquired	3,800	25,489	18,559
Fair value of goodwill	16,785	59,570	35,281
Less: Fair value of contingent liability payable	(11,600)	(18,982)	(1,916)

Cash paid for acquisitions	7,476	68,627	45,549
Cash acquired	—	(750)	(5,009)
Net cash used	$ 7,476	$ 67,877	$ 40,540

See notes to consolidated financial statements.

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CERNER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012

	Common Stock		Additional	Retained	Treasury	Accumulated Other	Noncontrolling
(In thousands)	Shares	Amount	Paid-in Capital	Earnings	Stock	Comprehensive Income (Loss)	Interest
Balance at December 31, 2011	**339,132**	**$ 3,392**	**$ 721,794**	**$ 1,597,462**	**$ —**	**$ (11,967)**	**$ 120**
Exercise of stock options (including net-settled option exercises)	5,047	50	32,536	—	—	—	—
Employee share-based compensation expense	—	—	36,113	—	—	—	—
Employee share-based compensation net excess tax benefit	—	—	50,326	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	6,712	—
Dissolution of underlying entity	—	—	—	—	—	—	(120)
Net earnings	—	—	—	397,232	—	—	—
Balance at December 29, 2012	**344,179**	**3,442**	**840,769**	**1,994,694**	**—**	**(5,255)**	**—**
Exercise of stock options (including net-settled option exercises)	3,204	32	27,056	—	—	—	—
Employee share-based compensation expense	—	—	46,295	—	—	—	—
Employee share-based compensation net excess tax benefit	—	—	40,493	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	(8,174)	—
Treasury stock purchases	—	—	—	—	(170,042)	—	—
Distribution of treasury stock in stock split	(3,045)	(31)	(141,760)	—	141,791	—	—
Net earnings	—	—	—	398,354	—	—	—
Balance at December 28, 2013	**344,338**	**3,443**	**812,853**	**2,393,048**	**(28,251)**	**(13,429)**	**—**
Exercise of stock options (including net-settled option exercises)	2,648	27	21,613	—	—	—	—
Employee share-based compensation expense	—	—	59,292	—	—	—	—
Employee share-based compensation net excess tax benefit	—	—	39,688	—	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	(30,667)	
Treasury stock purchases	—	—	—	—	(217,082)	—	—
Net earnings	—	—	—	525,433	—	—	—
Balance at January 3, 2015	**346,986**	**$ 3,470**	**$ 933,446**	**$ 2,918,481**	**$ (245,333)**	**$ (44,096)**	**$ —**

See notes to consolidated financial statements.

CERNER CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) Basis of Presentation, Nature of Operations and Summary of Significant Accounting Policies

Basis of Presentation

The consolidated financial statements include all the accounts of Cerner Corporation (Cerner, the Company, we, us or our) and its subsidiaries. All significant intercompany transactions have been eliminated in consolidation.

The consolidated financial statements were prepared using accounting principles generally accepted in the United States. These principles require us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Our fiscal year ends on the Saturday closest to December 31. Fiscal year 2014 consisted of 53 weeks and ended on January 3, 2015, and fiscal years 2013 and 2012 consisted of 52 weeks each and ended on December 28, 2013 and December 29, 2012, respectively. All references to years in these notes to consolidated financial statements represent fiscal years unless otherwise noted.

Nature of Operations

We design, develop, market, install, host and support health care information technology, health care devices, hardware and content solutions for health care organizations and consumers. We also provide a wide range of value-added services, including implementation and training, remote hosting, operational management services, revenue cycle services, support and maintenance, health care data analysis, clinical process optimization, transaction processing, employer health centers, employee wellness programs and third party administrator services for employer-based health plans.

Summary of Significant Accounting Policies

(a) Revenue Recognition - We recognize software related revenue in accordance with the provisions of Accounting Standards Codification (ASC) 985-605, *Software – Revenue Recognition* and non-software related revenue in accordance with ASC 605, *Revenue Recognition*. In general, revenue is recognized when all of the following criteria have been met:

- Persuasive evidence of an arrangement exists;
- Delivery has occurred or services have been rendered;
- Our fee is fixed or determinable; and
- Collection of the revenue is reasonably assured.

The following are our major components of revenue:

- System sales – includes the licensing of computer software, software as a service, deployment period upgrades, installation, content subscriptions, transaction processing and the sale of computer hardware and sublicensed software;
- Support, maintenance and service – includes software support and hardware maintenance, remote hosting and managed services, training, consulting and implementation services; and
- Reimbursed travel – includes reimbursable out-of-pocket expenses (primarily travel) incurred in connection with our client service activities.

We provide for several models of procurement of our information systems and related services. The predominant model involves multiple deliverables and includes a perpetual software license agreement, project-related installation services, implementation and consulting services, software support and either hosting services or computer hardware and sublicensed software, which requires that we allocate revenue to each of these elements.

Allocation of Revenue to Multiple Element Arrangements

For multiple element arrangements that contain software and non-software elements, we allocate revenue to software and software-related elements as a group and any non-software element separately. After the arrangement consideration has been allocated to the non-software elements, revenue is recognized when the basic revenue recognition criteria are met for each element. For the group of software and software-related elements, revenue is recognized under the guidance applicable to software transactions.

Since we do not have vendor specific objective evidence (VSOE) of fair value on software licenses within our multiple element arrangements, we recognize revenue on our software and software-related elements using the residual method. Under the residual method, license revenue is recognized in a multiple-element arrangement when vendor-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement, when software is delivered, installed and all other conditions to revenue recognition are met. We allocate revenue to each undelivered element in a multiple-element arrangement based on the element's respective fair value, with the fair value determined by the price charged when that element is sold separately. Specifically, we determine the fair value of the software support, hardware maintenance, sublicensed software support, remote hosting, subscriptions and software as a service portions of the arrangement based on the substantive renewal price for these services charged to clients; professional services (including training and consulting) portion of the arrangement, other than installation services, based on hourly rates which we charge for these services when sold apart from a software license; and sublicensed software based on its price when sold separately from the software. The residual amount of the fee after allocating revenue to the fair value of the undelivered elements is attributed to the licenses for software solutions, including project-related installation services. If evidence of the fair value cannot be established for the undelivered elements of a license agreement using VSOE, the entire amount of revenue under the arrangement is deferred until these elements have been delivered or VSOE of fair value can be established.

We also enter into arrangements that include multiple non-software deliverables. For each element in a multiple element arrangement that does not contain software-related elements to be accounted for as a separate unit of accounting, the following must be met: the delivered products or services have value to the client on a stand-alone basis; and for an arrangement that includes a general right of return relative to the delivered products or services, delivery or performance of the undelivered product or service is considered probable and is substantially controlled by the Company. We allocate the arrangement consideration to each element based on the selling price hierarchy of VSOE of fair value, if it exists, or third-party evidence (TPE) of selling price. If neither VSOE nor TPE are available, we use estimated selling price. After the arrangement consideration has been allocated to the elements, we account for each respective element in the arrangement as described below.

For certain arrangements, revenue for software, implementation services and, in certain cases, support services for which VSOE of fair value cannot be established are accounted for as a single unit of accounting. The revenue recognized from single units of accounting are typically allocated and classified as system sales and support, maintenance and services. If available, the VSOE of fair value of the services provides the basis for support, maintenance and services allocation, and the remaining residual consideration provides the basis for system sales revenue allocations. In cases where VSOE cannot be established, revenue is classified based on the nature of related costs incurred.

Revenue Recognition Policies for Each Element

We provide project-related installation services when licensing our software solutions, which include project-scoping services, conducting pre-installation audits and creating initial environments. We have deemed installation services to be essential to the functionality of the software and, therefore, recognize the software license over the software installation period using the percentage-of-completion method. We measure the percentage-of-completion based on output measures that reflect direct labor hours incurred, beginning at software delivery and culminating at completion of installation. Installation generally occurs in the same period the contracts are executed but in the past has been extended over a longer period of time depending on client specific factors.

We provide implementation and consulting services. These services vary depending on the scope and complexity of the engagement. Examples of such services may include database consulting, system configuration, project management, testing assistance, network consulting, post conversion review and application management services. Except for limited arrangements where our software requires significant modifications or customization, implementation and consulting services generally are not deemed to be essential to the functionality of the software and, thus, do not impact the timing of the software license recognition. However, if software license fees are tied to implementation milestones, then the portion of the software license fee tied to implementation milestones is deferred until the related milestone is accomplished and related fees become due and payable and non-forfeitable. Implementation fees are recognized over the service period, which may extend from nine months to several years for multi-phased projects.

Remote hosting and managed services are marketed under long-term arrangements generally over periods of five to 10 years. These services are typically provided to clients that have acquired a perpetual license for licensed software and have contracted with us to host the software in our data center. Under these arrangements, the client generally has the contractual right to take possession of the licensed software at any time during the hosting period without significant penalty and it is feasible for the client to either run the software on its own equipment or contract with another party unrelated to us to host the software. Additionally, these services are not deemed to be essential to the functionality of the licensed software or other elements of the arrangement and as such, we allocate a portion of the services fee to the software and recognize it once the client has the ability to take possession of the software. The remaining services fee in these arrangements, as well as the services fee for arrangements where the client does not have the contractual right or the ability to take possession of the software at any time, is generally recognized ratably over the hosting service period.

We also offer our solutions on a software as a service model, providing time-based licenses for our software solutions available within an environment that we manage from our data centers. The data centers provide system and administrative support as well as processing services. Revenue on these services is combined and recognized on a monthly basis over the term of the contract. We capitalize related pre-contract direct set-up costs consisting of third party costs and direct software installation and implementation costs associated with the initial set up of a software as a service client. These costs are amortized over the term of the arrangement.

Software support fees are marketed under annual and multi-year arrangements and are recognized as revenue ratably over the contractual support term. Hardware and sublicensed software maintenance revenues are recognized ratably over the contractual maintenance term.

Subscription and content fees are generally marketed under annual and multi-year agreements and are recognized ratably over the contractual terms.

Hardware and sublicensed software sales are generally recognized when title and risk of loss have transferred to the client.

The sale of equipment under sales-type leases is recorded as system sales revenue at the inception of the lease. Sales-type leases also produce financing income, which is included in system sales revenue and is recognized at consistent rates of return over the lease term.

Where we have contractually agreed to develop new or customized software code for a client, we utilize percentage-of-completion accounting, labor-hours method.

Revenue generally is recognized net of any taxes collected from clients and subsequently remitted to governmental authorities.

Payment Arrangements

Our payment arrangements with clients typically include an initial payment due upon contract signing and date-based licensed software payment terms and payments based upon delivery for services, hardware and sublicensed software. Revenue recognition on support payments received in advance of the services being performed are deferred and classified as either current or long term deferred revenue depending on whether the revenue will be earned within one year.

We have periodically provided long-term financing options to creditworthy clients through third party financing institutions and have directly provided extended payment terms to clients from contract date. These extended payment term arrangements typically provide for date based payments over periods ranging from 12 months up to seven years. As a significant portion of the fee is due beyond one year, we have analyzed our history with these types of arrangements and have concluded that we have a standard business practice of using extended payment term arrangements and a long history of successfully collecting under the original payment terms for arrangements with similar clients, product offerings, and economics without granting concessions. Accordingly, we consider the fee to be fixed and determinable in these extended payment term arrangements and, thus, the timing of revenue is not impacted by the existence of extended payments.

Some of these payment streams have been assigned on a non-recourse basis to third party financing institutions. We account for the assignment of these receivables as sales of financial assets. Provided all revenue recognition criteria have been met, we recognize revenue for these arrangements under our normal revenue recognition criteria, and if appropriate, net of any payment discounts from financing transactions.

(b) Cash Equivalents - Cash equivalents consist of short-term marketable securities with original maturities less than 90 days.

(c) Investments – Our short-term investments are primarily invested in time deposits, commercial paper, government and corporate bonds, with maturities of less than one year. Our long-term investments are primarily invested in government and corporate bonds with maturities of less than two years. All of our investments, other than a small portion accounted for under the cost and equity methods, are classified as available-for-sale.

Available-for-sale securities are recorded at fair value with the unrealized gains and losses reflected in accumulated other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities, if any, are determined on a specific identification basis.

We regularly review investment securities for impairment based on both quantitative and qualitative criteria that include the extent to which cost exceeds fair value, the duration of any market decline, and the financial health of and specific prospects for the issuer. Unrealized losses that are other than temporary are recognized in earnings.

Premiums are amortized and discounts are accreted over the life of the security as adjustments to interest income for our investments. Interest income is recognized when earned.

Refer to Note (3) and Note (4) for further description of these assets and their fair value.

(d) Concentrations - The majority of our cash and cash equivalents are held at three major financial institutions. The majority of our cash equivalents consist of money market funds and commercial paper. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally these deposits may be redeemed upon demand.

As of the end of 2014, we had a significant concentration of receivables owed to us by Fujitsu Services Limited, which are currently in dispute. Refer to Note (5) for additional information.

(e) Inventory - Inventory consists primarily of computer hardware and sublicensed software, held for resale. Inventory is recorded at the lower of cost (first-in, first-out) or market.

(f) Property and Equipment - We account for property and equipment in accordance with ASC 360, *Property, Plant, and Equipment*. Property, equipment and leasehold improvements are stated at cost. Depreciation of property and equipment is computed using the straight-line method over periods of one to 50 years. Amortization of leasehold improvements is computed using a straight-line method over the shorter of the lease terms or the useful lives, which range from periods of one to 15 years.

(g) Software Development Costs - Software development costs are accounted for in accordance with ASC 985-20, *Costs of Software to be Sold, Leased or Marketed*. Software development costs incurred internally in creating computer software products are expensed until technological feasibility has been established upon completion of a detailed program design. Thereafter, all software development costs incurred through the software's general release date are capitalized and subsequently reported at the lower of amortized cost or net realizable value. Capitalized costs are amortized based on current and expected future revenue for each software solution with minimum annual amortization equal to the straight-line amortization over the estimated economic life of the solution. We amortize capitalized software development costs over five years.

(h) Goodwill - We account for goodwill under the provisions of ASC 350, *Intangibles – Goodwill and Other*. Goodwill is not amortized but is evaluated for impairment annually or whenever there is an impairment indicator. All goodwill is assigned to a reporting unit, where it is subject to an annual impairment assessment. Based on these evaluations, there was no impairment of goodwill in 2014, 2013 or 2012. Refer to Note (7) for more information on goodwill and other intangible assets.

(i) Derivative Instruments and Hedging Activities - We account for our hedging activities in accordance with ASC 815, *Derivatives and Hedging*. Historically, our use of hedging instruments has primarily been to hedge foreign currency denominated assets and liabilities. We record all hedging instruments on our consolidated balance sheets at fair value. For hedging instruments that are designated and qualify as a net investment hedge, the effective portion of the gain or loss on the hedging instrument is reported in the foreign currency translation component of other comprehensive income (loss). Any ineffective portion of the gain or loss on the hedging instrument is recorded in the results of operations immediately. Refer to Note (10) for more information on our hedging activities.

(j) Income Taxes - Income taxes are accounted for in accordance with ASC 740, *Income Taxes*. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Refer to Note (13) for additional information regarding income taxes.

(k) Earnings per Common Share - Basic earnings per share (EPS) excludes dilution and is computed, in accordance with ASC 260, *Earnings Per Share*, by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in our earnings. Refer to Note (14) for additional details of our earnings per share computations.

(l) Accounting for Share-based Payments - We recognize all share-based payments to associates, directors and consultants, including grants of stock options, restricted stock and performance shares, in the financial statements as compensation cost based on their fair value on the date of grant, in accordance with ASC 718, *Compensation-Stock Compensation*. This compensation cost is recognized over the vesting period on a straight-line basis for the fair value of awards that actually vest. Refer to Note (15) for a detailed discussion of share-based payments.

(m) Foreign Currency - In accordance with ASC 830, *Foreign Currency Matters*, assets and liabilities of non-U.S. subsidiaries whose functional currency is the local currency are translated into U.S. dollars at exchange rates prevailing at the balance sheet date. Revenues and expenses are translated at average exchange rates during the year. The net exchange differences resulting from these translations are reported in accumulated other comprehensive income. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of operations.

(n) Collaborative Arrangements - In accordance with ASC 808, *Collaborative Arrangements*, third party costs incurred and revenues generated by arrangements involving joint operating activities of two or more parties that are each actively involved and exposed to risks and rewards of the activities are classified in the consolidated statements of operations on a gross basis only if we are determined to be the principal participant in the arrangement. Otherwise, third party revenues and costs generated by collaborative arrangements are presented on a net basis. Payments between participants are recorded and classified based on the nature of the payments.

(o) Recently Issued Accounting Pronouncements

***Revenue Recognition*.** In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. This new guidance is effective for the Company in the first quarter of 2017, with no early adoption permitted. The standard permits the use of either the retrospective or cumulative effect transition method. At this time we have not selected a transition method. We are currently evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures.

(2) Business Acquisitions

Siemens Health Services

O n February 2, 2015, we acquired substantially all of the assets, and assumed certain liabilities of Siemens Health Services, the health information technology business unit of Siemens AG ("Siemens"), a stock corporation established under the laws of Germany. Siemens Health Services offers a portfolio of enterprise-level clinical and financial health care information technology solutions, as well as departmental, connectivity, population health, and care coordination solutions globally. Solutions are offered on the Soarian, Invision, and i.s.h.med platforms, among others. Siemens Health Services also offers a range of complementary and support services including hosting and managed services, implementation services, and strategic consulting.

We believe the acquisition enhances our organic growth opportunities as it provides us a larger base into which we can sell our combined portfolio of solutions and services. The acquisition also augments our non-U.S. footprint and growth opportunities, increases our ability and scale for R&D investment, and adds approximately 5,500 of highly-skilled associates that will enhance our capabilities. These factors, combined with the synergies and economies of scale expected from combining the operations of Cerner and Siemens Health Services, are the basis for acquisition.

Consideration for the acquisition was $1.37 billion of cash, consisting of the $1.3 billion agreed upon price plus working capital adjustments. The purchase price is subject to certain post-closing adjustments for working capital and pension obligations, as specified in the Master Sale and Purchase Agreement ("MSPA") dated August 5, 2014, as amended.

In 2014 we incurred $15.8 million of pre-tax costs in connection with our acquisition of Siemens Health Services, which are included in general and administrative expense in our consolidated statements of operations.

Our acquisition of Siemens Health Services will be treated as a purchase in accordance with ASC 805, *Business Combinations*, which requires allocation of the purchase price to the estimated fair values of assets and liabilities acquired in the transaction. Due to the timing of the acquisition subsequent to our 2014 fiscal year-end, certain disclosures, including the preliminary allocation of purchase price, have been omitted from this Annual Report on Form 10-K because the initial accounting for the business combination is incomplete as of the filing date. We will include necessary disclosures in our Quarterly Report on Form 10-Q for our first fiscal quarter of 2015.

The operating results of Siemens Health Services will be combined with our operating results subsequent to the purchase date of February 2, 2015.

InterMedHx

On April 1, 2014, we purchased 100% of the outstanding membership interests of InterMedHx, LLC (InterMedHx). InterMedHx is a provider of health technology solutions in the areas of preventive care, patient administration, and medication history. We believe the addition of InterMedHx solutions provides additional capabilities in the market.

Consideration for the acquisition of InterMedHx is expected to total $19.1 million, consisting of up-front cash plus contingent consideration, which is payable at a percentage of the revenue contribution from InterMedHx solutions and services. We valued the contingent consideration at $11.6 million based on projections of revenue over the assessment period.

The allocation of purchase price to the estimated fair value of the identified tangible and intangible assets acquired and liabilities assumed resulted in goodwill of $16.8 million and $3.8 million in intangible assets related to the value of existing technologies. The goodwill was allocated to our Domestic operating segment and is expected to be deductible for tax purposes. Identifiable intangible assets are being amortized over a period of five years.

The operating results of InterMedHx were combined with our operating results subsequent to the purchase date of April 1, 2014. Pro-forma results of operations have not been presented because the effect of this acquisition was not material to our results.

PureWellness

On March 4, 2013, we purchased the net assets of Kaufman & Keen, LLC (doing business as PureWellness). PureWellness is a health and wellness company that develops solutions for the administration and management of wellness programs, and to enable plan member engagement strategies. Our acquisition of PureWellness will further expand what we believe to be a robust offering of solutions to manage and improve the health of populations.

Consideration for the acquisition of PureWellness is expected to total $69.2 million consisting of up-front cash plus contingent consideration, which is payable if we achieve certain revenue milestones from PureWellness solutions and services during the period commencing on August 1, 2013 and ending April 30, 2015. We valued the contingent consideration at $19.0 million based on a probability-weighted assessment of potential contingent consideration payment scenarios. During 2014, we paid $10.6 million to satisfy a portion of this contingent consideration obligation.

The allocation of the purchase price to the estimated fair value of the identified tangible and intangible assets acquired and liabilities assumed resulted in goodwill of $48.6 million and $20.3 million in intangible assets, of which $10.5 million and $9.8 million was related to the value of established customer relationships and existing technologies, respectively. The goodwill was allocated to our Domestic operating segment and is expected to be deductible for tax purposes. Identifiable intangible assets are being amortized over a weighted-average period of seven years.

The operating results of PureWellness were combined with our operating results subsequent to the purchase date of March 4, 2013. Pro-forma results of operations, assuming this acquisition was made at the beginning of the earliest period presented, have not been presented because the effect of this acquisition was not material to our results.

Labotix

On March 18, 2013, we purchased 100% of the outstanding stock of Labotix Corporation (together with its wholly owned subsidiary Labotix Automation, Inc., Labotix). Labotix is a developer of laboratory automation solutions for clinical laboratories. We believe the combination of Cerner Millennium, Cerner Copath, and Labotix will allow us to offer a comprehensive set of capabilities to support high volume laboratory testing.

Consideration for the acquisition of Labotix was $18.0 million, which was paid in cash. The allocation of purchase price to the estimated fair value of the identified tangible and intangible assets acquired and liabilities assumed resulted in goodwill of $11.7 million and $5.2 million in intangible assets related to the value of existing technologies. The goodwill was allocated to our Domestic operating segment and is not expected to be deductible for tax purposes. Identifiable intangible assets are being amortized over a period of five years.

The operating results of Labotix were combined with our operating results subsequent to the purchase date of March 18, 2013. Pro-forma results of operations have not been presented because the effect of this acquisition was not material to our results.

Anasazi Software, Inc.

On November 26, 2012, we completed the purchase of 100% of the outstanding stock of Anasazi Software, Inc. (Anasazi). Anasazi is a provider of behavioral health technology solutions. We believe the combination of Cerner Millennium, including in-patient behavioral health, and Anasazi's community behavioral health solutions create a more comprehensive offering in the market.

Consideration for the acquisition of Anasazi was $47.7 million consisting of up-front cash plus contingent consideration, which was payable upon the achievement of certain revenue milestones during 2013 from Anasazi solutions and services. During 2013, we paid $0.8 million to satisfy all contingent consideration obligations.

The allocation of the purchase price to the estimated fair value of the identified tangible and intangible assets acquired and liabilities assumed resulted in goodwill of $34.6 million and $18.6 million in intangible assets, of which $12.8 million and $5.2 million was related to the value of established customer relationships and existing technologies, respectively. The goodwill was allocated to our Domestic operating segment and is not expected to be deductible for tax purposes. Identifiable intangible assets are being amortized over a weighted-average period of 12 years.

The operating results of Anasazi were combined with our operating results subsequent to the purchase date of November 26, 2012.

(3) Investments

Available-for-sale investments at the end of 2014 were as follows:

(In thousands)	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	$ 189,137	$ —	$ —	$ 189,137
Time deposits	9,989	—	—	9,989
Commercial Paper	115,638	—	—	115,638
Total cash equivalents	314,764	—	—	314,764
Short-term investments:				
Time deposits	52,830	—	(1)	52,829
Commercial paper	435,555	1	(12)	435,544
Government and corporate bonds	297,311	69	(90)	297,290
Total short-term investments	785,696	70	(103)	785,663
Long-term investments:				
Government and corporate bonds	219,439	26	(500)	218,965
Total available-for-sale investments	$ 1,319,899	$ 96	$ (603)	$ 1,319,392

Available-for-sale investments at the end of 2013 were as follows:

(In thousands)	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	$ 57,254	$ —	$ —	$ 57,254
Time deposits	7,771	—	—	7,771
Commercial Paper	3,000	—	—	3,000
Government and corporate bonds	410	—	—	410
Total cash equivalents	68,435	—	—	68,435
Short-term investments:				
Time deposits	70,303	12	—	70,315
Commercial paper	33,750	1	(9)	33,742
Government and corporate bonds	572,670	356	(79)	572,947
Total short-term investments	676,723	369	(88)	677,004
Long-term investments:				
Government and corporate bonds	542,644	346	(279)	542,711
Total available-for-sale investments	$ 1,287,802	$ 715	$ (367)	$ 1,288,150

Investments reported under the cost method of accounting as of January 3, 2015 and December 28, 2013 were $8.7 million and $7.2 million, respectively. Investments reported under the equity method of accounting as of January 3, 2015 and December 28, 2013 were $3.5 million and $5.0 million, respectively.

We sold available-for-sale investments for proceeds of $697.9 million and $125.3 million in 2014 and 2013, respectively, resulting in insignificant gains.

(4) Fair Value Measurements

We determine fair value measurements used in our consolidated financial statements based upon the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (1) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (2) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.
- Level 2 – Valuations based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
- Level 3 – Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table details our financial assets measured and recorded at fair value on a recurring basis at the end of 2014:

(In thousands)

		Fair Value Measurements Using		
Description	**Balance Sheet Classification**	**Level 1**	**Level 2**	**Level 3**
Money market funds	Cash equivalents	$ 189,137	$ —	$ —
Time deposits	Cash equivalents	—	9,989	—
Commercial paper	Cash equivalents	—	115,638	—
Time deposits	Short-term investments	—	52,829	—
Commercial paper	Short-term investments	—	435,544	—
Government and corporate bonds	Short-term investments	—	297,290	—
Government and corporate bonds	Long-term investments	—	218,965	—

The following table details our financial assets measured and recorded at fair value on a recurring basis at the end of 2013:

(In thousands)

		Fair Value Measurements Using		
Description	**Balance Sheet Classification**	**Level 1**	**Level 2**	**Level 3**
Money market funds	Cash equivalents	$ 57,254	$ —	$ —
Time deposits	Cash equivalents	—	7,771	—
Commercial paper	Cash equivalents	—	3,000	—
Government and corporate bonds	Cash equivalents	—	410	—
Time deposits	Short-term investments	—	70,315	—
Commercial paper	Short-term investments	—	33,742	—
Government and corporate bonds	Short-term investments	—	572,947	—
Government and corporate bonds	Long-term investments	—	542,711	—

We estimate the fair value of our long-term, fixed rate debt using a Level 3 discounted cash flow analysis based on current borrowing rates for debt with similar maturities. The fair value of our long-term debt, including current maturities, at the end of 2014 and 2013 was approximately $14.9 million and $32.6 million, respectively. The carrying amount of such fixed-rate debt at the end of 2014 and 2013 was $14.2 million and $30.6 million, respectively.

(5) Receivables

Receivables consist of accounts receivable and the current portion of amounts due under sales-type leases. Accounts receivable represent recorded revenues that have been billed. Billings and other consideration received on contracts in excess of related revenues recognized are recorded as deferred revenue. Substantially all receivables are derived from sales and related support and maintenance and professional services of our clinical, administrative and financial information systems and solutions to health care providers located throughout the United States and in certain non-U.S. countries.

We perform ongoing credit evaluations of our clients and generally do not require collateral from our clients. We provide an allowance for estimated uncollectible accounts based on specific identification, historical experience and our judgment. Provisions for losses on uncollectible accounts for 2014, 2013, and 2012 totaled $5.3 million, $7.0 million and $13.5 million, respectively.

A summary of net receivables is as follows:

(In thousands)	2014	2013
Gross accounts receivable	$ 641,160	$ 583,312
Less: Allowance for doubtful accounts	25,531	36,286
Accounts receivable, net of allowance	615,629	547,026
Current portion of lease receivables	57,149	35,900
Total receivables, net	$ 672,778	$ 582,926

Lease receivables represent our net investment in sales-type leases resulting from the sale of certain health care devices to our clients. The components of our net investment in sales-type leases are as follows:

(In thousands)	2014	2013
Minimum lease payments receivable	$ 125,906	$ 146,566
Less: Unearned income	6,089	7,602
Total lease receivables	119,817	138,964
Less: Long-term receivables included in other assets	62,668	103,064
Current portion of lease receivables	$ 57,149	$ 35,900

Future minimum lease payments to be received under existing sales-type leases for the next five years are as follows:

(In thousands)	
2015	$ 60,198
2016	36,259
2017	20,293
2018	6,986
2019	2,170

During the second quarter of 2008, Fujitsu Services Limited's (Fujitsu) contract as the prime contractor in the National Health Service (NHS) initiative to automate clinical processes and digitize medical records in the Southern region of England was terminated by the NHS. This had the effect of automatically terminating our subcontract for the project. We continue to be in dispute with Fujitsu regarding Fujitsu's obligation to pay the amounts comprised of accounts receivable and contracts receivable related to that subcontract, and we are working with Fujitsu to resolve these issues based on processes provided for in the contract. Part of that process requires final resolution of disputes between Fujitsu and the NHS regarding the contract termination. As of January 3, 2015, it remains unlikely that our matter with Fujitsu will be resolved in the next 12 months. Therefore, these receivables have been classified as long-term and represent less than the majority of other long-term assets at the end of 2014 and 2013. While the ultimate collectability of the receivables pursuant to this process is uncertain, we believe that we have valid and equitable grounds for recovery of such amounts and that collection of recorded amounts is probable. Nevertheless, it is reasonably possible that our estimates regarding collectability of such amounts might materially change in the near term, considering that we do not have complete knowledge of the status of the proceedings between Fujitsu and NHS and their effect on our claim.

During 2014 and 2013, we received total client cash collections of $3.5 billion and $3.1 billion, respectively, of which $79.9 million and $60.8 million were received from third party arrangements with non-recourse payment assignments.

(6) Property and Equipment

A summary of property, equipment and leasehold improvements stated at cost, less accumulated depreciation and amortization, is as follows:

(In thousands)	Depreciable Lives (Yrs)	2014	2013
Computer and communications equipment	1 — 5	$ 1,137,497	$ 963,301
Land, buildings and improvements	12 — 50	439,567	411,382
Leasehold improvements	1 — 15	187,351	160,030
Furniture and fixtures	5 — 12	96,244	72,601
Capital lease equipment	3 — 5	3,196	3,207
Other equipment	3 — 20	915	710
		1,864,770	1,611,231
Less accumulated depreciation and leasehold amortization		940,510	818,450
Total property and equipment, net		$ 924,260	$ 792,781

Depreciation and leasehold amortization expense for 2014, 2013 and 2012 was $163.0 million, $135.7 million and $120.1 million, respectively.

(7) Goodwill and Other Intangible Assets

The changes in the carrying amounts of goodwill were as follows:

(In thousands)	2014	2013
Beginning Balance	$ 307,422	$ 247,616
Goodwill recorded in connection with business acquisitions	16,757	59,570
Foreign currency translation adjustment and other	(3,641)	236
Ending Balance	$ 320,538	$ 307,422

Our intangible assets subject to amortization are amortized on a straight-line basis, and are summarized as follows:

	2014		2013	
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Purchased software	$ 169,703	$ 110,344	$ 168,798	$ 89,691
Customer lists	100,681	73,637	100,909	68,094
Other	68,859	28,626	45,915	13,705
Total	$ 339,243	$ 212,607	$ 315,622	$ 171,490
Intangible assets, net		$ 126,636		$ 144,132

Amortization expense for 2014, 2013 and 2012 was $35.9 million, $32.9 million and $20.3 million, respectively.

Estimated aggregate amortization expense for each of the next five years is as follows:

(In thousands)		
2015	$	34,048
2016		29,359
2017		22,651
2018		8,494
2019		5,208

Note that the above estimate of future amortization expense does not include any impact of intangible assets that may be recorded in connection with our February 2, 2015 acquisition of Siemens Health Services, as further described in Note (2).

(8) Software Development

Information regarding our software development costs is included in the following table:

	For the Years Ended		
(In thousands)	2014	2013	2012
Software development costs	$ 467,158	$ 418,747	$ 319,828
Capitalized software development costs	(177,800)	(174,649)	(100,189)
Amortization of capitalized software development costs	103,447	94,688	81,731
Total software development expense	$ 392,805	$ 338,786	$ 301,370

Accumulated amortization as of the end of 2014 and 2013 was $890.7 million and $798.0 million, respectively.

(9) Long-term Debt and Capital Lease Obligations

The following is a summary of indebtedness outstanding:

(In thousands)	2014	2013
Note agreement, 5.54%	$ 14,233	$ 30,608
Capital lease obligations	116,095	135,216
Total debt and capital lease obligations	130,328	165,824
Less: current portion	(67,460)	(54,107)
Long-term debt and capital lease obligations	$ 62,868	$ 111,717

In November 2005, we completed a £65.0 million unsecured private placement of debt at 5.54% pursuant to a Note Agreement. The Note Agreement is payable in seven equal annual installments, which commenced November 2009. The proceeds were used to repay the outstanding amount under our credit facility and for general corporate purposes. The Note Agreement contains certain net worth and fixed charge coverage covenants and provides certain restrictions on our ability to borrow, incur liens, sell assets and pay dividends. We were in compliance with all covenants at the end of 2014.

In January 2015, we issued $500.0 million aggregate principal amount of unsecured Senior Notes ("Notes"), pursuant to a Master Note Purchase Agreement dated December 4, 2014. The issuance consisted of $225.0 million of 3.18% Series 2015-A Notes due February 15, 2022, $200.0 million of 3.58% Series 2015-B Notes due February 14, 2025, and $75.0 million in floating rate Series 2015-C Notes due February 15, 2022. Interest is payable semiannually on February 15th and August 15th in each year, commencing on August 15, 2015 for the Series 2015-A Notes and Series 2015-B Notes. The Series 2015-C Notes will accrue interest at a floating rate equal to the Adjusted LIBOR Rate (as defined in the Master Note Purchase Agreement), payable quarterly on February 15th, May 15th, August 15th and November 15th in each year, commencing on May 15, 2015. The Master Note Purchase Agreement contains certain leverage and interest coverage ratio covenants and provides certain restrictions on our ability to borrow, incur liens, sell assets, and other customary terms. Proceeds from the Notes are available for general corporate purposes.

Our capital lease obligations are primarily related to the procurement of hardware and health care devices, and generally have a term of five years.

Minimum annual payments under existing capital lease obligations and maturities of indebtedness outstanding at the end of 2014 are as follows:

	Capital Lease Obligations				
(In thousands)	Minimum Lease Payments	Less: Interest	Principal	Principal Amount of Indebtedness	Total
2015	$ 55,968	$ 2,741	$ 53,227	$ 14,233	$ 67,460
2016	35,968	1,458	34,510	—	34,510
2017	20,052	530	19,522	—	19,522
2018	6,877	156	6,721	—	6,721
2019	2,137	22	2,115	—	2,115
Total	$ 121,002	$ 4,907	$ 116,095	$ 14,233	$ 130,328

We also maintain a $100.0 million multi-year revolving credit facility, which expires in February 2017. The facility provides an unsecured revolving line of credit for working capital purposes, along with a letter of credit facility. Interest is payable at a rate based on prime, LIBOR, or the U.S. federal funds rate, plus a spread that varies depending on the leverage ratios maintained. The agreement provides certain restrictions on our ability to borrow, incur liens, sell assets and pay dividends and contains certain cash flow and liquidity covenants. As of the end of 2014, we were in compliance with all debt covenants. As of the end of 2014, we had no outstanding borrowings under this agreement; however, we had $16.6 million of outstanding letters of credit, which reduced our available borrowing capacity to $83.4 million.

(10) Hedging Activities

We designated all of our Great Britain Pound (GBP) denominated long-term debt as a net investment hedge of our U.K. operations. The objective of the hedge is to reduce our foreign currency exposure in our U.K. subsidiary investment. Changes in the exchange rate between the United States Dollar (USD) and GBP, related to the notional amount of the hedge, are recognized as a component of other comprehensive income (loss), to the extent the hedge is effective. The following tables represent the fair value of our net investment hedge included within the consolidated balance sheets and the related unrealized gain or loss, net of related income tax effects, on the net investment hedge recognized in comprehensive income:

(In thousands)		2014	
Derivatives Designated	Balance Sheet Classification	Fair Value	Net Unrealized Gain
Total net investment hedge	Short-term liabilities	$ 14,233	$ 929

(In thousands)		2013	
Derivatives Designated	Balance Sheet Classification	Fair Value	Net Unrealized Loss
Net investment hedge	Short-term liabilities	$ 15,304	$ 178
Net investment hedge	Long-term liabilities	15,304	178
Total net investment hedge		$ 30,608	$ 356

(11) Contingencies

We accrue estimates for resolution of any legal and other contingencies when losses are probable and estimable, in accordance with ASC 450, *Contingencies*.

The terms of our software license agreements with our clients generally provide for a limited indemnification of such clients against losses, expenses and liabilities arising from third party claims based on alleged infringement by our solutions of an intellectual property right of such third party. The terms of such indemnification often limit the scope of and remedies for such indemnification obligations and generally include a right to replace or modify an infringing solution. To date, we have not had to reimburse any of our clients for any losses related to these indemnification provisions pertaining to third party intellectual property infringement claims. For several reasons, including the lack of prior indemnification claims and the lack of a monetary liability limit for certain infringement cases under the terms of the corresponding agreements with our clients, we cannot determine the maximum amount of potential future payments, if any, related to such indemnification provisions.

In addition to commitments and obligations in the ordinary course of business, we are subject to various legal proceedings and claims, including for example, employment disputes and litigation alleging solution defects, personal injury, intellectual property infringement, violations of law and breaches of contract and warranties. Many of these proceedings are at preliminary stages and many seek an indeterminate amount of damages.

No less than quarterly, we review the status of each significant matter and assess our potential financial exposure. We accrue a liability for an estimated loss if the potential loss from any legal proceeding or claim is considered probable and the amount can be reasonably estimated. Significant judgment is required in both the determination of probability and the determination as to whether the amount of an exposure is reasonably estimable, and accruals are based only on the information available to our management at the time the judgment is made. Furthermore, the outcome of legal proceedings is inherently uncertain, and we may incur substantial defense costs and expenses defending any of these matters. Should any one or a combination of more than one of these proceedings be successful, or should we determine to settle any or a combination of these matters, we may be required to pay substantial sums, become subject to the entry of an injunction or be forced to change the manner in which we operate our business, which could have a material adverse impact on our financial position or results of operations.

RLIS, Inc., a non-practicing entity, filed a complaint in the Southern District of Texas against the Company alleging that certain of the Company's electronic medical record solutions infringe two patents owned by the plaintiff. At trial, Plaintiff requested damages between $35.3 million and $38.2 million. Plaintiff also sought attorneys' fees, costs, and an ongoing royalty. A jury trial was conducted from January 5, 2015, to January 16, 2015. The jury rendered a verdict that all remaining patent claims asserted against the Company were invalid and not infringed by the Company. The Company continues to dispute the Plaintiff's claims and will vigorously defend itself if the Plaintiff appeals after a final judgment is entered. In the opinion of our management, if the Plaintiff were to appeal, there is a reasonable possibility that we could incur losses with respect to this matter but we are unable to estimate a range of any such possible losses at this time, and we do not believe a loss is probable. Our management will continue to evaluate the potential exposure related to this matter in future periods.

Settlement Charge

On December 10, 2013, the Company received an interim ruling on a pending arbitration matter between Cerner and a client, awarding the client damages and awarding us part of our counterclaim to collect accounts receivable. The client dispute arose from allegations that a certain patient accounting software solution sold to the client in 2008 was defective and did not deliver the promised benefits. This matter was resolved and paid in 2013. We recognized a gross pre-tax charge of $106.2 million in the fourth quarter of 2013, which is included in general and administrative expense in our consolidated statements of operations.

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(12) Other Income

A summary of other income is as follows:

(In thousands)	For the Years Ended 2014	2013	2012
Interest income	$ 16,342	$ 15,314	$ 16,543
Interest expense	(3,993)	(4,226)	(5,068)
Other	(1,259)	954	4,571
Other income, net	$ 11,090	$ 12,042	$ 16,046

Other income in 2012 includes a $4.5 million gain recognized on the disposition of one of our cost-method investments.

(13) Income Taxes

Income tax expense (benefit) for 2014, 2013 and 2012 consists of the following:

(In thousands)	For the Years Ended 2014	2013	2012
Current:			
Federal	$ 114,508	$ 178,424	$ 164,690
State	13,504	25,148	13,302
Foreign	13,824	8,775	4,142
Total current expense	141,836	212,347	182,134
Deferred:			
Federal	95,057	(9,792)	9,035
State	8,873	(7,116)	4,453
Foreign	2,975	(5,739)	(5,146)
Total deferred expense (benefit)	106,905	(22,647)	8,342
Total income tax expense	$ 248,741	$ 189,700	$ 190,476

Temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities that give rise to significant portions of deferred income taxes at the end of 2014 and 2013 relate to the following:

(In thousands)	2014	2013
Deferred tax assets:		
Accrued expenses	$ 25,398	$ 22,948
Tax credits and separate return net operating losses	28,953	25,612
Share based compensation	58,271	44,856
Contract and service revenues and costs	—	65,407
Other	10,347	12,529
Gross deferred tax assets	122,969	171,352
Less: Valuation allowance	(776)	(896)
Total deferred tax assets	122,193	170,456
Deferred tax liabilities:		
Software development costs	(163,938)	(130,583)
Depreciation and amortization	(129,684)	(113,492)
Contract and service revenues and costs	(7,511)	—
Other	(3,625)	(2,859)
Total deferred tax liabilities	(304,758)	(246,934)
Net deferred tax liability	$ (182,565)	$ (76,478)

At the end of 2014, we had net operating loss carry-forwards subject to Section 382 of the Internal Revenue Code for Federal income tax purposes of $5.5 million that are available to offset future Federal taxable income, if any, through 2020. We had net operating loss carry-forwards from foreign jurisdictions of $0.4 million that are available to offset future taxable income, if any, through 2024, $0.7 million that are available to offset future taxable income, if any, through 2033, and $46.8 million that are available to offset future taxable income, if any, with no expiration. We had a deferred tax asset for state net operating loss carry-forwards of $0.8 million which are available to offset future taxable income, if any, through 2034. In addition, we have a state income tax credit carry-forward of $16.0 million available to offset income tax liabilities through 2030.

During 2013, we recorded a valuation allowance of $0.9 million against our deferred tax asset for certain foreign net operating losses, generated in prior years, because we concluded that it is not more likely than not that we will generate income of the appropriate character to utilize these losses. We expect to fully utilize all the remaining net operating loss and tax credit carry-forwards in future periods.

At the end of 2014, we had not provided tax on the cumulative undistributed earnings of our foreign subsidiaries of approximately $99 million, because it is our intention to reinvest these earnings indefinitely. If these earnings were distributed, we would be subject to U.S. taxes and foreign withholding taxes, net of U.S. foreign tax credits which may be available. The calculation of this unrecognized deferred tax liability is complex and not practicable.

The effective income tax rates for 2014, 2013, and 2012 were 32%, 32%, and 32%, respectively. These effective rates differ from the Federal statutory rate of 35% as follows:

(In thousands)	For the Years Ended 2014	2013	2012
Tax expense at statutory rates	$ 270,961	$ 205,819	$ 205,698
State income tax, net of federal benefit	15,715	17,502	13,856
Tax credits	(20,986)	(18,683)	(1,510)
Unrecognized tax benefit (including interest)	5,538	(20)	(12,832)
Permanent differences	(12,253)	(14,760)	(19,900)
Other, net	(10,234)	(158)	5,164
Total income tax expense	$ 248,741	$ 189,700	$ 190,476

A reconciliation of the beginning and ending amount of unrecognized tax benefit is presented below:

(In thousands)	2014	2013	2012
Unrecognized tax benefit - beginning balance	$ 2,100	$ 2,176	$ 14,640
Gross decreases - tax positions in prior periods	(804)	(76)	(12,464)
Gross increases - tax positions in prior periods	5,906	—	—
Unrecognized tax benefit - ending balance	$ 7,202	$ 2,100	$ 2,176

If recognized, $5.9 million of the unrecognized tax benefit will favorably impact our effective tax rate. We anticipate that it is reasonably possible that our unrecognized tax benefits will decrease by up to $4 million within the next twelve months due to the potential settlement of examinations and lapse of the statutes of limitations in various taxing jurisdictions. Our federal returns have been examined by the Internal Revenue Service through 2009. Our federal returns for 2010 through 2012 are currently under examination by the Internal Revenue Service. We have various state and foreign returns under examination.

The 2014 beginning and ending amounts of accrued interest related to unrecognized tax benefits were $0.2 million and $0.6 million, respectively. We classify interest and penalties as income tax expense in our consolidated statement of operations. No accrual for tax penalties was recorded at the end of the year.

The foreign portion of our earnings before income taxes was $68.3 million, $4.5 million, and ($15.4) million in 2014, 2013, and 2012 respectively, and the remaining portion was domestic.

(14) Earnings Per Share

A reconciliation of the numerators and the denominators of the basic and diluted per share computations are as follows:

	2014			2013			2012		
(In thousands, except per share data)	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
Basic earnings per share:									
Income available to common shareholders	$ 525,433	342,150	$ 1.54	$ 398,354	343,636	$ 1.16	$ 397,232	341,861	$ 1.16
Effect of dilutive securities:									
Stock options and non-vested shares	—	8,236		—	8,645		—	9,533	
Diluted earnings per share:									
Income available to common shareholders including assumed conversions	$ 525,433	350,386	$ 1.50	$ 398,354	352,281	$ 1.13	$ 397,232	351,394	$ 1.13

Options to purchase 5.7 million, 6.1 million and 4.6 million shares of common stock at per share prices ranging from $44.05 to $66.10, $36.92 to $56.39 and $27.62 to $42.98, were outstanding at the end of 2014, 2013 and 2012, respectively, but were not included in the computation of diluted earnings per share because they were anti-dilutive.

(15) Share-Based Compensation and Equity

Stock Option and Equity Plans

As of the end of 2014, we had five fixed stock option and equity plans in effect for associates and directors. This includes one plan from which we could issue grants, the Cerner Corporation 2011 Omnibus Equity Incentive Plan (the Omnibus Plan); and four plans from which no new grants are permitted, but some awards remain outstanding (Plans D, E, F, and G).

Awards under the Omnibus Plan may consist of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, performance grants and bonus shares. At the end of 2014, 8.1 million shares remain available for awards. Stock options granted under the Omnibus Plan are exercisable at a price not less than fair market value on the date of grant. Stock options under the Omnibus Plan typically vest over a period of five years and are exercisable for periods of up to 10 years.

Stock Options

The fair market value of each stock option award is estimated on the date of grant using a lattice option-pricing model. The pricing model requires the use of the following estimates and assumptions:

- Expected volatilities under the lattice model are based on an equal weighting of implied volatilities from traded options on our shares and historical volatility. We use historical data to estimate the stock option exercise and associate departure behavior used in the lattice model; groups of associates (executives and non-executives) that have similar historical behavior are considered separately for valuation purposes.
- The expected term of stock options granted is derived from the output of the lattice model and represents the period of time that stock options granted are expected to be outstanding.
- The risk-free rate is based on the zero-coupon U.S. Treasury bond with a term equal to the contractual term of the awards.

The weighted-average assumptions used to estimate the fair market value of stock options are as follows:

	2014	2013	2012
Expected volatility (%)	29.7%	30.5%	34.8%
Expected term (yrs)	9.1	9.1	9.1
Risk-free rate (%)	2.9%	1.9%	2.1%

Stock option activity for 2014 was as follows:

(In thousands, except per share data)	Number of Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term (Yrs)
Outstanding at beginning of year	24,407	$ 22.24		
Granted	3,271	52.19		
Exercised	(2,719)	12.70		
Forfeited and expired	(330)	42.31		
Outstanding at end of year	24,629	27.00	$ 936,584	6.00
Exercisable at end of year	14,387	$ 14.39	$ 728,611	4.50

(In thousands, except for grant date fair values)	For the Years Ended 2014	2013	2012
Weighted-average grant date fair values	$ 22.59	$ 19.57	$ 18.52
Total intrinsic value of options exercised	$ 124,828	$ 118,051	$ 152,117
Cash received from exercise of stock options	31,879	31,403	38,147
Tax benefit realized upon exercise of stock options	44,029	43,523	55,952

As of the end of 2014, there was $136.1 million of total unrecognized compensation cost related to stock options granted under all plans. That cost is expected to be recognized over a weighted-average period of 3.10 years.

Non-vested Shares

Non-vested shares are valued at fair market value on the date of grant and will vest provided the recipient has continuously served on the Board of Directors through such vesting date or, in the case of an associate, provided that performance measures are attained. The expense associated with these grants is recognized over the period from the date of grant to the vesting date, when achievement of the performance condition is deemed probable.

Non-vested share activity for 2014 was as follows:

(In thousands, except per share data)	Number of Shares	Weighted-Average Grant Date Fair Value
Outstanding at beginning of year	552	$ 38.54
Granted	167	55.27
Vested	(208)	33.38
Forfeited	(5)	34.48
Outstanding at end of year	506	$ 46.21

(In thousands, except for grant date fair values)	For the Years Ended 2014	2013	2012
Weighted average grant date fair values for shares granted during the year	$ 55.27	$ 46.66	$ 38.28
Total fair value of shares vested during the year	$ 11,294	$ 13,649	$ 2,612

As of the end of 2014, there was $11.0 million of total unrecognized compensation cost related to non-vested share awards granted under all plans. That cost is expected to be recognized over a weighted-average period of 1.29 years.

Associate Stock Purchase Plan

We established an Associate Stock Purchase Plan (ASPP) in 2001, which qualifies under Section 423 of the Internal Revenue Code. Each individual employed by us and associates of our United States based subsidiaries, except as provided below, are eligible to participate in the ASPP (Participants). The following individuals are excluded from participation: (a) persons who, as of the beginning of a purchase period under the Plan, have been continuously employed by us or our domestic subsidiaries for less than two weeks; (b) persons who, as of the beginning of a purchase period, own directly or indirectly, or hold options or rights to acquire under any agreement or Company plan, an aggregate of 5% or more of the total combined voting power or value of all outstanding shares of all classes of Company Common Stock; and, (c) persons who are customarily employed by us for less than 20 hours per week or for less than five months in any calendar year. Participants may elect to make contributions from 1% to 20% of compensation to the ASPP, subject to annual limitations determined by the Internal Revenue Service. Participants may purchase Company Common Stock at a 15% discount on the last business day of the option period. The purchase of Company Common Stock is made through the ASPP on the open market and subsequently reissued to Participants. The difference between the open market purchase and the Participant’s purchase price is recognized as compensation expense, as such difference is paid by Cerner, in cash.

Share Based Compensation Cost

Our stock option and non-vested share awards qualify for equity classification. The costs of our ASPP, along with participant contributions, are recorded as a liability until open market purchases are completed. The amounts recognized in the consolidated statements of operations with respect to stock options, non-vested shares and ASPP are as follows:

	For the Years Ended		
(In thousands)	2014	2013	2012
Stock option and non-vested share compensation expense	$ 59,292	$ 46,295	$ 36,113
Associate stock purchase plan expense	4,603	3,704	2,859
Amounts capitalized in software development costs, net of amortization	(930)	(1,045)	(860)
Amounts charged against earnings, before income tax benefit	$ 62,965	$ 48,954	$ 38,112
Amount of related income tax benefit recognized in earnings	$ 22,101	$ 18,607	$ 14,578

Preferred Stock

As of the end of 2014 and 2013, we had 1.0 million shares of authorized but unissued preferred stock, $0.01 par value.

Treasury Stock

In May 2014, our Board of Directors approved an amendment to the stock repurchase program that was authorized in December 2013. Under the amendment, the Company may repurchase shares of our common stock up to an additional $100.0 million. This increase authorizes repurchases of up to $317.0 million, in the aggregate, excluding transaction costs. The repurchases are to be effectuated in the open market, by block purchase, or possibly through other transactions managed by broker-dealers. No time limit was set for completion of the program.

During 2014, we repurchased 4.1 million shares for consideration of $217.0 million, excluding transaction costs. These shares were recorded as treasury stock and accounted for under the cost method. No repurchased shares have been retired. At January 3, 2015, $100.0 million remains available for purchases under the program.

In December 2012, our Board of Directors authorized a stock repurchase program of up to $170.0 million, excluding transaction costs, of our common stock. During 2013, we repurchased 3.6 million shares for total consideration of $170.0 million. All of the repurchased shares at the time of our June 2013 stock split were utilized to settle a portion of the stock split distribution. This program is now complete.

(16) Foundations Retirement Plan

The Cerner Corporation Foundations Retirement Plan (the Plan) was established under Section 401(k) of the Internal Revenue Code. All associates age 18 and older and who are not a member of an excluded class are eligible to participate. Participants may elect to make pretax contributions from 1% to 80% of eligible compensation to the Plan, subject to annual limitations determined by the Internal Revenue Service. Participants may direct contributions into mutual funds, a stable value fund, a Company stock fund, or a self-directed brokerage account. The Plan has a first tier discretionary match that is made on behalf of participants in an amount equal to 33% of the first 6% of the participant’s salary contribution. The Plan's first tier discretionary match expenses amounted to $17.9 million, $14.9 million and $12.3 million for 2014, 2013 and 2012, respectively.

We added a second tier discretionary match to the Plan in 2000. Contributions are based on attainment of established earnings per share goals for the year or the established financial metric for the Plan. Participants who defer 2% of their paid base salary, are actively employed as of the last day of the Plan year and are employed before October 1st of the Plan year are eligible to receive the second tier discretionary match contribution. For the years ended 2014, 2013 and 2012 we expensed $4.9 million, $13.5 million and $11.9 million for the second tier discretionary distributions, respectively.

(17) Related Party Transactions

Continuous Campus

During 2009, as part of our long-term space planning analysis, we determined that we would require additional office space for associates to accommodate our anticipated growth. We evaluated various sites in the Kansas City metropolitan area and negotiated with several different governmental entities regarding available incentives. Upon completion of this review, we decided to proceed with an office development (known as our “Continuous Campus”) in Wyandotte County, Kansas. In order to maximize available incentives, we agreed to pursue the office development in conjunction with the development of an 18,000 seat, multi-sport stadium complex and related recreational athletic complex.

The stadium complex was developed by Kansas Unified Development, LLC (the “Developer”), an entity controlled by Neal Patterson, Chairman of the Board of Directors and Chief Executive Officer of the Company, and Clifford Illig, Vice Chairman of the Board of Directors of the Company. Sporting Kansas City (“Sporting KC”) is the principal tenant of the stadium complex. OnGoal LLC (“OnGoal”), the owner of the Sporting KC professional soccer club, is also controlled by Messrs. Patterson and Illig.

The Company currently estimates it will receive incentives in the aggregate of $82.0 million from the Developer, the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”) and the Kansas Department of Commerce. Components of the $82.0 million of incentives are described below:

Cash Grants - In January 2014 we received $48.0 million of cash grants from the Kansas Department of Commerce for project costs. The State of Kansas has issued bonds in order to fund these incentives and has incurred costs of issuance and debt service obligations. As consideration for the grant, we made certain new job and state payroll tax withholding commitments. Should aggregate state payroll tax withholdings (related to associates at our Continuous Campus) over a 10-year period commencing in January 2014 be less than $51.9 million (the $48.0 million of cash we received plus amounts representing debt service costs incurred by the State of Kansas), we would be required to repay the shortfall. The $51.9 million maximum repayment amount will be adjusted up or down during the 10-year period, based on any future change to Kansas payroll tax withholding rates.

Under a separate agreement, the Developer and OnGoal have agreed to be responsible for certain shortfall payments that may become due. If no payment from Developer or OnGoal becomes due at the end of the 10-year period, the Developer or OnGoal will pay us a success fee of $4.0 million.

We recorded the cash grants as an obligation/liability at $48.0 million, upon receipt in January 2014. Over time this liability will accrete, utilizing the effective interest method, up to the maximum repayment amount, offset by reductions based on actual state payroll tax withholdings generated by our Continuous Campus associates. This activity is recognized as a component of operating expense as it occurs over a period not to exceed 10 years. At the end of 2014, the obligation/liability balance was $43.0 million, the majority of which is included in deferred income taxes and other liabilities in our consolidated balance sheets.

Sales Tax Exemptions - We have received a sales tax exemption on materials and other fixed assets purchased in connection with the construction. As such, we will not be required to remit an aggregate of $11.5 million of sales tax on these capital purchases.

State Income Tax Credits - We expect state income tax credits to aggregate $18.5 million. Such credits are available to offset our Kansas state income tax in the future, and will be recognized as a reduction of income tax expense as we are eligible to claim them.

Land - We acquired the land for our Continuous Campus from the Unified Government with certain contingencies upon which the office complex was being constructed. The purchase price of the land, equal to the site’s fair market value, is being paid by the Developer. In the second quarter of 2012, we commenced vertical construction on the office development, which resolved contingencies and the land contributed to the Company from the Unified Government was recorded at its $4.0 million appraisal value.

In 2012, we contracted with GRAND Construction, LLC (“Grand”), a limited liability company owned in part by an entity controlled by Messrs. Patterson and Illig, to coordinate, supervise, schedule and assist with managing the development, design and construction of our Continuous Campus. Under the agreement, we paid Grand $0.4 million, $1.4 million, and $1.4 million in 2014, 2013, and 2012, respectively. This contract was completed in 2014.

We also paid Grand $0.3 million in both 2013 and 2012 for separate projects to make improvements to parking facilities utilized by one of our other office campuses.

Trails Campus Development

In December 2013, we purchased approximately 237 acres of land located in Kansas City, Missouri, from Trails Properties II, Inc. (“Trails”), for $42.5 million. Trails is an entity controlled by Messrs. Patterson and Illig. The property (currently known as our "Trails Campus") was acquired as a site for future office space development to further accommodate our anticipated growth. Construction on the Trails Campus began in November 2014.

In December 2014, we contracted with Grand to coordinate, supervise, schedule and assist with managing the development, design and construction of the first two phases of our Trails Campus. Under the agreement, we expect to pay Grand $3.6 million over a period estimated at two years.

(18) Commitments

Leases

We are committed under operating leases primarily for office and data center space and computer equipment through October 2027. Rent expense for office and warehouse space for our regional and global offices for 2014, 2013 and 2012 was $25.1 million, $20.0 million and $18.1 million, respectively. Aggregate minimum future payments under these non-cancelable operating leases are as follows:

(In thousands)	Operating Lease Obligations
2015	$ 23,525
2016	21,693
2017	21,467
2018	19,294
2019	14,984
2020 and thereafter	39,607
	$ 140,570

Other Obligations

We have purchase commitments with various vendors, and minimum funding commitments under collaboration agreements through 2023. Aggregate future payments under these commitments are as follows:

(In thousands)	Purchase Obligations
2015	$ 42,300
2016	23,481
2017	6,762
2018	4,345
2019	4,001
2020 and thereafter	8,000
	$ 88,889

Siemens Innovation Alliance

Concurrently with the execution of the MSPA, we entered into an agreement with Siemens to create a strategic alliance to jointly invest in innovative projects that integrate health information technology with medical technologies for the purpose of enhancing workflows and improving clinical outcomes. Each company will contribute up to $50.0 million to fund projects of shared importance to both companies and their clients, over an initial term of three years, commencing on February 2, 2015.

(19) Segment Reporting

We have two operating segments, Domestic and Global. Our Chief Executive Officer is our chief operating decision maker ("CODM"). Revenues are derived primarily from the sale of clinical, financial and administrative information systems and solutions. The cost of revenues includes the cost of third party consulting services, computer hardware, devices and sublicensed software purchased from manufacturers for delivery to clients. It also includes the cost of hardware maintenance and sublicensed software support subcontracted to the manufacturers. Operating expenses incurred by the geographic business segments consist of sales and client service expenses including salaries of sales and client service personnel, communications expenses and unreimbursed travel expenses. “Other” includes expenses that have not been allocated to the operating segments, such as software development, marketing, general and administrative (including the settlement charge discussed in Note (11)), acquisition costs, share-based compensation expense and depreciation. Performance of the segments is assessed at the operating earnings level and, therefore, the segment operations have been presented as such, as our CODM reviews segment performance exclusive of these charges. Items such as interest, income taxes, capital expenditures and total assets are managed at the consolidated level and thus are not included in our operating segment disclosures. Accounting policies for each of the reportable segments are the same as those used on a consolidated basis.

The following table presents a summary of our operating segments and other expense for 2014, 2013 and 2012:

(In thousands)	Domestic	Global	Other	Total
2014				
Revenues	$ 3,021,790	$ 380,913	$ —	$ 3,402,703
Cost of revenues	542,210	62,167	—	604,377
Operating expenses	677,817	131,096	1,226,329	2,035,242
Total costs and expenses	1,220,027	193,263	1,226,329	2,639,619
Operating earnings (loss)	$ 1,801,763	$ 187,650	$ (1,226,329)	$ 763,084

(In thousands)	Domestic	Global	Other	Total
2013				
Revenues	$ 2,550,115	$ 360,633	$ —	$ 2,910,748
Cost of revenues	458,540	56,182	—	514,722
Operating expenses	600,341	115,281	1,104,392	1,820,014
Total costs and expenses	1,058,881	171,463	1,104,392	2,334,736
Operating earnings (loss)	$ 1,491,234	$ 189,170	$ (1,104,392)	$ 576,012

(In thousands)	Domestic	Global	Other	Total
2012				
Revenues	$ 2,341,304	$ 324,132	$ —	$ 2,665,436
Cost of revenues	548,813	59,384	—	608,197
Operating expenses	506,249	131,580	847,748	1,485,577
Total costs and expenses	1,055,062	190,964	847,748	2,093,774
Operating earnings (loss)	$ 1,286,242	$ 133,168	$ (847,748)	$ 571,662

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(20) Quarterly Results (unaudited)

Selected quarterly financial data for 2014 and 2013 is set forth below:

(In thousands, except per share data)	Revenues	Earnings Before Income Taxes	Net Earnings	Basic Earnings Per Share	Diluted Earnings Per Share
2014 quarterly results:					
First Quarter	$ 784,761	$ 180,993	$ 119,526	$ 0.35	$ 0.34
Second Quarter	851,762	194,370	129,033	0.38	0.37
Third Quarter [(a)]	840,149	190,335	129,002	0.38	0.37
Fourth Quarter [(a)]	926,031	208,476	147,872	0.43	0.42
Total	$ 3,402,703	$ 774,174	$ 525,433		

[(a)] Third and Fourth quarter results include pre-tax acquisition costs of $9.4 million and $6.4 million, respectively, as further described in Note (2).

(In thousands, except per share data)	Revenues	Earnings Before Income Taxes	Net Earnings	Basic Earnings Per Share	Diluted Earnings Per Share
2013 quarterly results:					
First Quarter	$ 680,029	$ 159,613	$ 110,040	$ 0.32	$ 0.31
Second Quarter	707,561	169,189	112,907	0.33	0.32
Third Quarter	727,830	172,747	115,344	0.34	0.33
Fourth Quarter [(b)]	795,328	86,505	60,063	0.17	0.17
Total	$ 2,910,748	$ 588,054	$ 398,354		

[(b)] Fourth quarter results include a pre-tax settlement charge of $106.2 million, as further described in Note (11).

Schedule II

CERNER CORPORATION
VALUATION AND QUALIFYING ACCOUNTS
For the years ended January 3, 2015, December 28, 2013 and December 29, 2012

(In thousands)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Through Acquisitions	Deductions[a]	Balance at End of Period
2012					
Allowance for Doubtful Accounts	$ 24,270	13,483	8	(4,531)	$ 33,230
2013					
Allowance for Doubtful Accounts	$ 33,230	6,954	489	(4,387)	$ 36,286
2014					
Allowance for Doubtful Accounts	$ 36,286	5,274	—	(16,029)	$ 25,531

[a] Deductions in 2014 include a $13.9 million reclassification to other non-current assets.

See accompanying report of independent registered public accounting firm.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Cerner Corporation:

Under date of February 11, 2015, we reported on the consolidated balance sheets of Cerner Corporation and subsidiaries as of January 3, 2015 and December 28, 2013, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in shareholders' equity for each of the years in the three-year period ended January 3, 2015, which are included in the Cerner Corporation 2014 Annual Report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule noted as Schedule II under item 15(a)(2). This consolidated financial statement schedule is the responsibility of Cerner Corporation and subsidiaries' management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, this consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/KPMG LLP
Kansas City, Missouri
February 11, 2015

THIRD RESTATED
CERTIFICATE OF INCORPORATION
OF
CERNER CORPORATION

Cerner Corporation (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "DGCL"), does hereby certify:

I. The name of the Corporation is Cerner Corporation, which is the name under which the Corporation was originally incorporated.

II. The original Certificate of Incorporation was filed in the Office of the Secretary of State of the State of Delaware on October 6, 1986. The first Restated Certificate of Incorporation was filed in the Office of the Secretary of State of the State of Delaware on April 22, 1987. The second Restated Certificate of Incorporation was filed in the Office of the Secretary of State of the State of Delaware on April 27, 2004.

III. This Third Restated Certificate of Incorporation was duly adopted by the Board of Directors of the Corporation in accordance with Section 245 of the DGCL.

IV. This Third Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Corporation's Certificate of Incorporation, as heretofore amended and supplemented, and there is no discrepancy between the provisions of the Certificate of Incorporation, heretofore amended and supplemented, and the provisions of this Second Restated Certificate of Incorporation.

The text of the Certificate of Incorporation of the Corporation is restated to read in its entirety as follows:

FIRST. The name of the corporation is:

CERNER CORPORATION

SECOND. The address of its registered office in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD. The nature of the business or purposes to be conducted or promoted by the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

In addition to the powers and privileges conferred upon the corporation by law and those incidental thereto, the corporation shall possess and may exercise all the powers and privileges which are necessary or convenient to the conduct, promotion or attainment of the business or purposes of the corporation.

FOURTH. The total number of shares of stock which the Corporation shall have authority to issue is five hundred and one million (501,000,000) shares, consisting of:

(1) 500,000,000 shares of Common Stock, par value $0.01 per share (the "Common Stock"); and

(2) 1,000,000 shares of Preferred Stock, par value $.01 per share (the "Preferred Stock").

The designations and the powers, preferences and rights, and the qualifications, limitations or restrictions of the shares of each class of stock are as follows:

1. Preferred Stock

1.1 The Preferred Stock may be issued from time to time by the board of directors as shares of one or more series. Subject to the provisions hereof and the limitations prescribed by law, the board of directors is expressly authorized, prior to issuance, by adopting resolutions providing for the issuance of, or providing for a change in the number of, shares of any particular series and, if and to the extent from time to time required by law, by filing a certificate pursuant to the General Corporation Law of Delaware (or other law hereafter in effect relating to the same or substantially similar subject matter), to establish or change the number of shares to be included in each such series and to fix the voting powers and the designations and relative powers, preferences and rights and the qualifications and limitations or restrictions thereof relating to the shares of each such series. The authority of the board of directors with respect to each series shall include, but not be limited to, determination of the following:

(a) the distinctive serial designation of such series and the number of shares constituting such series, which number may be increased or decreased (but not below the number of then outstanding shares thereof) from time to time by like action of the board of directors;

(b) the rate and times at which, and the terms and conditions on which, dividends, if any, on Preferred Stock of such series shall be paid, the extent of the preference or relation, if any, of such dividends to the dividends payable on any other class or classes, or series of the same or other classes of stock, whether such dividends shall be cumulative or non-cumulative, and, if so, from which date or dates;

(c) whether the shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon and after which such shares shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

(d) the obligation, if any, of the corporation to retire shares of such series, including the price or prices which the corporation shall be obligated to pay therefor, and the terms of the sinking fund or redemption or purchase account, if any, to be provided for the shares of such series;

(e) whether shares of such series shall be convertible into, or exchangeable for, shares of stock of any other class or classes and, if so, the terms and conditions of such conversion or exchange, including the price or prices or the rate or rates of conversion or exchange and the terms of adjustment, if any;

(f) whether the shares of such series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights (which voting rights may, without limiting the generality of the foregoing, include the right, voting as a series or by itself or together with other series of Preferred Stock as a class, to elect one or more directors of the corporation or to have one or more votes per share on any or all matters as to which a stockholder vote is required or permitted);

(g) the rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the corporation, or in the event of a merger, distribution or sale of assets; and

(h) any other relative rights, powers, preferences, qualifications, limitations or restrictions thereof relating to such series.

The shares of Preferred Stock of any one series shall be identical with each other in all respects except as to the date from and after which dividends thereon shall cumulate, if cumulative.

The number of authorized shares of Preferred Stock may be increased or decreased by the affirmative vote of the holders of the percentage of the Total Voting Power of the then outstanding shares of Voting Stock, considered for this purpose as one class and without the separate vote of holders of Preferred Stock as a class, required by paragraph FIFTEENTH for an amendment to this paragraph FOURTH.

The relative powers, preferences and rights of each series of Preferred Stock in relation to the powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the board of directors in the resolution or resolutions adopted pursuant to authority granted under this paragraph FOURTH, and the consent, by class or series vote or otherwise, of the holders of such of the series of Preferred Stock as are from time to time outstanding shall not be required for the issuance by the board of directors of any other series of Preferred Stock whether or not the powers, preferences and rights of such other series shall be fixed by the board of directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them; provided, however, that the board of directors may provide in the resolution or resolutions as to any series of Preferred Stock adopted pursuant to this paragraph FOURTH that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

Subject to the provisions of the foregoing paragraph, shares of any series of Preferred Stock may be issued from time to time as the board of directors of the corporation shall determine and on such terms and for such consideration as shall be fixed by the board of directors.

2. Common Stock

Except as may otherwise be required by law, each holder of Common Stock shall have one vote in respect of each share of Common Stock held by him on all matters voted upon by the stockholders.

After the requirements with respect to preferential dividends on the Preferred Stock (fixed in accordance with the provisions of this paragraph FOURTH), if any, shall have been met and after the corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed in accordance with the provisions of this paragraph FOURTH), and subject further to any other conditions which may be fixed in accordance with the provisions of this paragraph FOURTH, then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the board of directors.

After distribution in full of the preferential amount, if any (fixed in accordance with the provisions of this paragraph FOURTH), to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding-up, of the corporation, the holders of the Common Stock shall be entitled to receive all of the remaining assets of the corporation, tangible and intangible, of whatever kind available for distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

Shares of Common Stock may be issued from time to time as the board of directors of the corporation shall determine and on such terms and for such consideration as shall be fixed by the board of directors.

3. All Shares Nonassessable. All shares of stock of the corporation of any class shall be nonassessable.

4. No Preemptive Rights. No holder of any shares of stock of the corporation of any class shall be entitled as such, as a matter of right, to purchase or subscribe for any shares of stock of the corporation of any class, whether now or hereafter authorized and whether issued for cash, property or services or as a dividend or otherwise, or to purchase or subscribe for any obligations, bonds, notes, debentures, other securities or stock convertible into shares of stock of the corporation of any class or carrying or evidencing any right to purchase shares of stock of any class.

FIFTH. [INTENTIONALLY OMMITTED]

SIXTH. (a) The property, business and affairs of the corporation shall be managed and controlled by the board of directors. The number of directors of the corporation shall be fixed by, or in the manner provided in, the bylaws.

(b) A majority of the whole board of directors shall constitute a quorum for the transaction of business, and, except as otherwise provided in this Certificate of Incorporation or the bylaws, the vote of a majority of the directors present at a meeting at which a quorum is then present shall be the act of the board of directors. As used in this Certificate of Incorporation, the term "whole board of directors" is hereby exclusively defined to mean the total number of directors which the corporation would have if there were no vacancies.

(c) The members of the board of directors other than those who may be elected by the holders of any Preferred Stock, or series thereof, shall be divided into three classes (to be designated as class I, class II and class III), as nearly equal in number as the then total number of directors constituting the whole board of directors permits, with the terms of office of one class expiring each year. Class I directors shall hold office until the annual meeting of stockholders of the corporation in 1987 and until their respective successors shall have been duly elected and qualified or until their respective earlier resignation or removal, class II directors shall hold office until the annual meeting of stockholders of the corporation in 1988 and until their respective successors shall have been duly elected and qualified or until their respective earlier resignation or removal, and class III directors shall hold office until the annual meeting of stockholders of the corporation in 1989 and until their respective successors shall have been duly elected and qualified or until their respective earlier resignation or removal. Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of the corporation, the terms of the director or directors elected by such holders shall expire at the next succeeding annual meeting of stockholders. Subject to the foregoing, at each annual meeting of stockholders the successors to the class of directors whose term shall then expire shall be elected to hold office for a term expiring at the third succeeding annual meeting and until their respective successors shall be duly elected and qualified or until their respective earlier resignation or removal.

(d) Except for directorships created pursuant to paragraph FOURTH hereof relating to the rights of holders of Preferred Stock or any series thereof, and except for vacancies in such directorships, any vacancies in the board of directors for any reason, and any newly created directorships resulting from any increase in the number of directors, may be filled by the board of directors, acting by a majority of the directors then in office, although less than a quorum, or by a sole remaining director, and any directors so chosen shall hold office until the next election of the class for which such directors shall have been chosen and until their respective successors are duly elected and qualified or until their earlier resignation or removal. No decrease in the number of directors shall shorten the term of any incumbent director.

(e) Notwithstanding any other provisions of this Certificate of Incorporation or the bylaws of the corporation (and notwithstanding the fact that some lesser percentage may be specified by law, this Certificate of Incorporation or the bylaws of the corporation), any director or the entire board of directors of the corporation may be removed at any time, but only for cause and only by the affirmative vote of the holders of eighty percent (80%) or more of the Total Voting Power of the then outstanding shares of Voting Stock, considered for this purpose as one class (for purposes of this paragraph SIXTH, section (e), each share of the Voting Stock shall have the number of votes granted to it pursuant to paragraph FOURTH of this Certificate of Incorporation). For the purposes of this paragraph SIXTH, section (e): (i) the term "Total Voting Power" shall mean the aggregate of all votes of all outstanding shares of Voting Stock; and (ii) the term "Voting Stock" shall mean the shares of all classes of capital stock of the corporation entitled to vote on removal of any director or the entire board of directors in the manner provided in this paragraph SIXTH, section (e) (except that if the next succeeding sentence is operative, then the outstanding shares of Preferred Stock shall not be considered "Voting Stock" for purposes of this paragraph SIXTH, section (e)). Notwithstanding the foregoing, and except as otherwise required by law, whenever the holders of any one or more series of Preferred Stock shall have the right, voting separately as a class, to elect one or more directors of the corporation, the provisions of this paragraph SIXTH shall not apply with respect to the director or directors elected by such holders of Preferred Stock.

(f) As used in this Certificate of Incorporation, the term "for cause" is hereby exclusively defined and limited to mean conviction of a felony by a court of competent jurisdiction where such conviction is no longer subject to direct appeal, or an adjudication by a court of competent jurisdiction of liability for negligence, or misconduct, in the performance of the director's duty to the corporation in a matter of substantial importance to the corporation, where such adjudication is no longer subject to direct appeal.

(g) There shall be no qualifications for election as directors of the corporation, except that no person shall be eligible to stand for election as a director if he has been convicted of a felony by a court of competent jurisdiction where such conviction is no longer subject to direct appeal.

(h) Subject to the rights of holders of Preferred Stock, nominations for the election of directors may be made by the board of directors or a proxy committee appointed by the board of directors or by any stockholder entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the secretary of the corporation not later than (i) with respect to an election to be held at an annual meeting of stockholders, one hundred twenty (120) days in advance of the date of such meeting (as set forth in the corporation's bylaws), and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to stockholders. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) the name and address, as they appear on the corporation's books, of such stockholder; (d) the class and number of shares beneficially owned (as defined in paragraph NINTH of this Certificate of Incorporation) by such nominating stockholder and each nominee proposed by such stockholder; (e) a description of all arrangements or understandings between the nominating stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (f) such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to Regulation 14A (17 CFR 240.14a-1 et seq.) as then in effect under the Securities Exchange Act of 1934, as amended, had the nominee been nominated, or intended to be nominated, by the board of directors; and (g) the consent of each nominee to serve as a director of the corporation if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

(i) Except as may be otherwise specifically provided in this paragraph SIXTH, the term of office and voting power of each director of the corporation shall not be greater than nor less than that of any other director or class of directors of the corporation.

SEVENTH. Elections of directors need not be by ballot unless the bylaws of the corporation shall so provide.

EIGHTH. The original bylaws of the corporation shall be adopted in any manner provided by law. In furtherance, and not in limitation of, the powers conferred by statute, the board of directors is expressly authorized to make, adopt, alter, amend or repeal the bylaws of the corporation. Notwithstanding any other provisions in this Certificate of Incorporation or the bylaws of the corporation, and notwithstanding the fact that some lesser percentage may be specified by law, the stockholders of the corporation shall have the power to make, adopt, alter, amend or repeal the bylaws of the corporation only upon the affirmative vote of eighty percent (80%) or more of the Total Voting Power of the then outstanding shares of Voting Stock, considered for this purpose as one class (for purposes of this paragraph EIGHTH, each share of the Voting Stock shall have the number of votes granted to it pursuant to paragraph FOURTH of this Certificate of Incorporation). For purposes of this paragraph EIGHTH: (i) the term "Total Voting Power" shall mean the aggregate of all votes of all outstanding shares of Voting Stock; and (ii) the term "Voting Stock" shall mean the shares of all classes of capital stock of the corporation entitled to vote on making, adopting, altering, amending or repealing the bylaws of the corporation.

NINTH. (a) The provisions of this paragraph NINTH shall be applicable to certain Business Combinations (as hereinafter defined) and shall supersede any other provision of this Certificate of Incorporation or the Bylaws of the corporation or of law inconsistent therewith.

(b) In addition to any affirmative vote required by law or this Certificate of Incorporation (including, without limitation, any requirement that Business Combinations be approved by the holders of a specified percentage of Preferred Stock voting separately as a class) and except as otherwise expressly provided in section (c) of this paragraph NINTH, any Business Combination shall require the affirmative vote of the holders of at least eighty percent (80%) or more of the Total Voting Power of the then outstanding shares of Voting Stock considered for this purpose as one class (for purposes of this paragraph NINTH, each share of the Voting Stock shall have the number of votes granted to it pursuant to paragraph FOURTH of this Certificate of Incorporation). Such affirmative vote shall be required notwithstanding the fact that no vote may be required by law, or that a lesser percentage may be specified by law or in any agreement with any national securities exchange or otherwise.

(c) The provisions of section (b) of this paragraph NINTH shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of this Certificate of Incorporation, if the Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined).

(d) For the purposes of this paragraph NINTH and for the purposes of such other paragraphs of this Certificate of Incorporation as is specified:

A. A "Business Combination" shall mean:

(i) any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (a) any Interested Stockholder (as hereinafter defined) or (b) any other corporation (whether or not itself an Interested Stockholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Stockholder; or

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Stockholder or any Affiliate of any Interested Stockholder of any assets of the corporation or any Subsidiary having an aggregate Fair Market Value (as hereinafter defined) of $500,000 or more; or

(iii) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the corporation or any Subsidiary to any Interested Stockholder or any Affiliate of any Interested Stockholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of $500,000 or more; or

(iv) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of any Interested Stockholder or any Affiliate of any Interested Stockholder; or

(v) any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving any Interested Stockholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class of Equity Security (as hereinafter defined) of the corporation or any Subsidiary which is directly or indirectly owned by any Interested Stockholder or any Affiliate of any Interested Stockholder.

B. A "person" shall mean any individual, firm, corporation or other entity.

C. "Interested Stockholder" shall mean any person (other than the corporation or any Subsidiary) who or which, as of the record date for the determination of stockholders entitled to notice of and to vote on the issue in question, or immediately prior to the effectiveness of the action to be effected as a result of the vote:

(i) is the beneficial owner, directly or indirectly, of 5% or more of the Total Voting Power of the outstanding Voting Stock, considered for this purpose as one class; or

(ii) is an Affiliate of the corporation and at any time within the two-year period immediately prior to either the record date for the determination of stockholders entitled to notice of and to vote on the issue in question or the effectiveness of the action to be effected as a result of the vote, was the beneficial owner, directly or indirectly, of 5% or more of the Total Voting Power of the then outstanding Voting Stock, considered for this purpose as one class; or

(iii) is an assignee of or has otherwise succeeded to any shares of Voting Stock which were at any time within the two year period immediately prior to either the record date for the determination of stockholders entitled to notice of and to vote on the issue in question or the effectiveness of the action to be effected as a result of the vote, beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

D. A person shall be a "beneficial owner" of any Voting Stock:

(i) which such person or any of its Affiliates or Associates (as hereinafter defined), directly or indirectly, through any contract, arrangement, understanding or relationship, owns or has or shares the power to vote or to direct the voting of, or the power to dispose or to direct the disposition of, shares of such stock, or owns, has or shares the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of such stock; or

(ii) with respect to which such person or any of its Affiliates or Associates has the right to acquire, directly or indirectly, through any contract, arrangement, understanding or relationship, owns or has or shares the power to vote or to direct the voting of, or the power to dispose or to direct the disposition of, shares of such stock, or owns, has or shares the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of such stock (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; or

(iii) which are beneficially owned (as defined in (i) or (ii) above), directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

E. For the purpose of determining whether a person is an Interested Stockholder pursuant to paragraph C of this section (d), the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph D of this section (d) but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

F. "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as in effect on January 1, 1987.

G. "Subsidiary" means any corporation of which a majority of any class of Equity Security is owned, directly or indirectly, by the corporation; provided, however, that for the purposes of the definition of Interested Stockholder set forth in paragraph C of this section (d), the term "Subsidiary" shall mean only a corporation of which a majority of each class of Equity Security is owned, directly or indirectly, by the corporation.

H. "Disinterested Director" means any member of the board of directors who is not an Interested Stockholder or an Affiliate of an Interested Stockholder and was a member of the board of directors prior to the time that the Interested Stockholder involved in the Business Combination became an Interested Stockholder, and any successor of a Disinterested Director who is not an Interested Stockholder or an Affiliate of an Interested Stockholder and is recommended to succeed a Disinterested Director by a majority of the Disinterested Directors then on the board of directors; provided, however, that Clifford W. Illig, Neal L. Patterson, Paul N. Gorup, Henry S. Crist, Paul J. Finnegan and James A. Jackson, and any successor of any such person who is recommended by a majority of such persons or any such successors, are hereby deemed to be "Disinterested Directors."

I. "Fair Market Value" means: (i) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange--Listed Stocks, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by the board of directors in good faith; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the board of directors in good faith.

J. "Equity Security" shall have the meaning ascribed to such term in Section 3(a)(11) of the Securities Exchange Act of 1934, as in effect on January 1, 1987.

K. "Voting Stock" shall mean the shares of all classes of capital stock of the corporation entitled to vote on the issue (for purposes of this paragraph NINTH, a Business Combination) in question.

L. "Total Voting Power" shall mean the aggregate of all votes of all outstanding shares of Voting Stock.

(e) A majority of the Disinterested Directors shall have the power and duty to determine for the purposes of this paragraph NINTH, on the basis of information known to them after reasonable inquiry, (A) whether a person is an Interested Stockholder, (B) the number of shares of Voting Stock beneficially owned by any person, (C) whether a person is an Affiliate or Associate of another, and (D) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of $500,000 or more. A majority of the Disinterested Directors shall have the further power to interpret all of the terms and provisions of this paragraph NINTH and any interpretation approved by a majority of the Disinterested Directors shall be final and conclusive.

(f) Nothing contained in this paragraph NINTH shall be construed to relieve any Interested Stockholder from any fiduciary obligation imposed by law.

TENTH. The corporation may agree to the terms and conditions upon which any director, officer, employee or agent accepts his office or position and in its bylaws, by contract or in any other manner may agree to indemnify and protect any director, officer, employee or agent of the corporation, or any person who serves at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the fullest extent permitted by the laws of the State of Delaware; provided, however, that the only limitation upon the power granted to the corporation by this paragraph shall be a prohibition against indemnification of any person from or on account of such person's conduct which was finally adjudged to have been knowingly fraudulent, deliberately dishonest or willful misconduct.

Without limiting the generality of the foregoing provisions of this paragraph TENTH, to the fullest extent permitted or authorized by the laws of the State of Delaware, including without limitation the provisions of subsection (b)(7) of Section 102, Title 8 of the Delaware Code as now in effect and as it may from time to time hereafter be amended, no director of the corporation shall be personally liable to the corporation or to its stockholders for monetary damages for breach of fiduciary duty as a director.

ELEVENTH. Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under the provisions of section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under the provisions of section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders of this corporation, as the case may be, and also on this corporation.

TWELFTH. Except as may be otherwise provided by statute, the corporation shall be entitled to treat the registered holder of any shares of the corporation as the owner of such shares and of all rights derived from such shares for all purposes, and the corporation shall not be obligated to recognize any equitable or other claim to or interest in such shares or rights on the part of any other person, including, but without limiting the generality of the term "person", a purchaser, pledgee, assignee or transferee of such shares or rights, unless and until such person becomes the registered holder of such shares. The foregoing shall apply whether or not the corporation shall have either actual or constructive notice of the interest of such person.

THIRTEENTH. The books of the corporation may be kept (subject to any provision contained in the statutes of Delaware) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws of the corporation.

FOURTEENTH. The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation and subject to paragraph FIFTEENTH of this Certificate of Incorporation.

FIFTEENTH. None of the provisions of paragraphs FOURTH, SIXTH, EIGHTH, NINTH, FOURTEENTH, SIXTEENTH or this paragraph FIFTEENTH may be amended, altered, changed or repealed except upon the affirmative vote at any annual or special meeting of the stockholders, of the holders of at least eighty percent (80%) or more of the Total Voting Power of the then outstanding shares of Voting Stock, considered for this purpose as one class (for the purpose of this paragraph FIFTEENTH, each share of Voting Stock shall have the number of votes granted to it pursuant to paragraph FOURTH of this Certificate of Incorporation), nor shall new provisions to this Certificate of Incorporation be adopted or existing provisions to this Certificate of Incorporation be amended, altered or repealed which in either instance are in conflict or inconsistent with paragraphs FOURTH, SIXTH, EIGHTH, NINTH, FOURTEENTH, SIXTEENTH or this paragraph FIFTEENTH except upon the affirmative vote at any annual or special meeting of the stockholders of the holders of at least eighty percent (80%) or more of the Total Voting Power of the then outstanding shares of Voting Stock, considered for this purpose as one class. Notwithstanding the foregoing, paragraph FOURTH may be amended, altered, changed or repealed or new provisions to this Certificate of Incorporation may be adopted or existing provisions of this Certificate of Incorporation may be amended, altered or repealed which in either instance are in conflict or inconsistent with paragraph FOURTH by such affirmative vote as is required by law if such amendment, alteration, repeal or addition shall have been approved by a majority of the Disinterested Directors (as defined in paragraph NINTH of this Certificate of Incorporation). Any inconsistency developing between the provisions of a bylaw and any provisions of this Certificate of Incorporation shall be controlled by this Certificate of Incorporation. For the purposes of this paragraph FIFTEENTH, (i) the term "Total Voting Power" shall mean the aggregate of all votes of all outstanding shares of Voting Stock; and (ii) the term "Voting Stock" shall mean the shares of all classes of capital stock of the corporation entitled to vote on the issue in question.

SIXTEENTH. (a) No action required or permitted to be taken at any annual or special meeting of stockholders of the corporation may be taken without a meeting, and the power of stockholders to consent in writing, without a meeting, to the taking of any action is specifically denied.

(b) Except as otherwise required by law and subject to the rights, if any, of the holders of Preferred Stock or any series thereof, special meetings of the stockholders of the corporation may be called only by the chairman of the board of directors, the president of the corporation or the board of directors pursuant to a resolution approved by a majority of the whole board of directors.

IN WITNESS WHEREOF, this Third Restated Certificate of Incorporation has been executed on behalf of the Corporation by its Chairman of the Board and Chief Executive Officer and attested by its Secretary as of September 12, 2013, and each of them does hereby affirm and acknowledge that this Third Restated Certificate of Incorporation is the act and deed of the Corporation and that the facts stated herein are true.

CERNER CORPORATION

By /s/
Neal L. Patterson
Chairman of the Board and Chief Executive Officer

[CORPORATE SEAL]

ATTEST:

/s/
Randy D. Sims, Secretary

CERNER CORPORATION

PERFORMANCE-BASED COMPENSATION PLAN

(As Amended and Restated March 5, 2014)

1. Name. The name of the Plan is the Cerner Corporation Performance-Based Compensation Plan (the "Plan").

2. Basic Function. The Plan establishes certain parameters pursuant to which Cerner Corporation (the "Company") may make performance Awards (as defined in Section 4) to key associates and officers of the Company and its subsidiaries, based on the performance of the Company or certain subsidiaries or business units and/or the job performance of the individual associates in question. The Plan also provides for the establishment of payment, exercise, settlement or other vesting-related terms for equity-based Awards that may be made under a Company-sponsored equity compensation plan. Awards, if granted, may be paid, settled, exercised or become vested, as the case may be, on a monthly, quarterly, annual or any other applicable performance period established by the Company (an "Incentive Period"). Awards to certain executives are made pursuant to the "Executive Award Feature" (see Section 11). All Awards will be calculated as soon as administratively practicable following the end of the applicable Incentive Period for which the Award is based or relates. All Awards which are paid in cash will be paid out no later than March 15th of the earlier of the calendar year following achievement of the applicable performance goals or the calendar year following the year in which the Incentive Period relating to the Award ends.

3. Purpose. The purpose of the Plan is to provide a meaningful incentive to key associates and officers of the Company and to motivate them to assist the Company in achieving ambitious and attainable short-term and long-term goals. Individual payments made under the Plan will vary, depending upon individual performance and, in some cases, business unit operational achievements.

   The Plan is also intended to secure the full deductibility of compensation payable to the Company's Covered Executives (as defined in Section 11 below), whose compensation is potentially subject to the tax deduction limitations of Section 162(m) ("Section 162(m)" of the Internal Revenue Code of 1986, as amended (the "Code")). With respect to Awards made to Covered Executives, all compensation payable hereunder or attributable to equity-based Awards, the terms of which are subject to the rules contained herein, is intended to qualify as "performance-based compensation" as described in Code Section 162(m)(4)(C) and may be payable either in cash or, if permitted under a Company shareholder-approved equity plan, shares of the Company's common stock ("Shares").

4. Applicability to Company Performance-Based Compensation Awards and Company Equity Plans. The Plan serves as a Section 162(m) "platform plan" such that, to the maximum extent permitted by law and to the extent determined appropriate by the Compensation Committee (the "Compensation Committee") of the Company's Board of Directors (the "Board"), the Plan

may be utilized for all forms and types of compensatory arrangements, awards, programs or plans (equity or cash-compensation based) sponsored or maintained by the Company (the "Awards"). To the extent applicable and not inconsistent with the terms of any other Company-sponsored compensation plan(s), with the Board's and Company shareholders' approval of this Plan, the terms and conditions of this Plan shall supplement such other Company-sponsored compensation arrangements.

5. Termination; Amendment. The Plan shall continue to be in effect, unless and until terminated by the Compensation Committee. Certain materials terms of the Plan are subject to the approval of the shareholders of the Company at a meeting of the shareholders at which a quorum is present or represented once every five (5) years in accordance with Section 162(m). The Plan may be further amended from time to time by the Compensation Committee provided that any amendment which, if effected without the approval of the shareholders of the Company, would result in the loss of an exemption from federal income tax deduction limitations under Section 162(m) for amounts payable thereunder but would not result in such loss if approved by the shareholders, shall become effective only upon approval thereof by the shareholders of the Company within the meaning of Section 162(m).

6. Administration. The Plan is administered by the Compensation Committee. The Committee shall have full and complete authority to establish any rules and regulations it deems necessary or appropriate relating to the Plan, to interpret and construe the Plan and those rules and regulations, to correct defects and supply omissions, to determine who shall become Participants for any Plan Year, to determine the performance goals and other terms and conditions applicable to each Award (including the extent to which any payment shall be made under an Award in the event of a change in control of the Company), to certify the achievement of performance goals and approve all Awards, to make all factual and other determinations arising under the Plan, and to take all other actions the Committee deems necessary or appropriate for the proper administration of the Plan. In suitable circumstances, the Compensation Committee may evaluate and use the Company's management's input as well as input and other relevant information from any outside parties it deems appropriate.

7. Participation. Key associates and officers eligible for participation in the Plan will be determined by the Compensation Committee on an annual basis. Executive officers eligible to receive Awards under the Executive Award Feature of the Plan will be identified each year by the Compensation Committee as described in Section 11 below.

8. General Feature; Determination of Annual Targets. The Compensation Committee and Company management will determine the measure or measures of financial performance and/or the target levels of operational performance ("Performance Measures"), the attainment of which in any Incentive Period will result in the payment, exercise, settlement or vesting of Awards to all eligible participants except for those executives covered by the Executive Award Feature. Establishment of Performance Measures may be made, and under appropriate circumstances may subsequently be modified, either by the Compensation Committee or Company management at any time during an Incentive Period. Different Performance Measures may be established for each participant. During an Incentive Period, the Compensation

Committee or Company management will monitor corporate performance throughout such period and may elect at any time before the end thereof to adjust the established Performance Measures as appropriate, for example, to take into account unusual or unanticipated corporate or industry-wide developments. Final determinations of the amounts to be paid to a participant under the general feature of the Plan may also be adjusted upward or downward depending upon subjective evaluations by an associate's executive or manager. In no event will the aggregate amount paid under the general feature of the Plan for all eligible participants be adjusted below 95% of the sum of the amounts calculated for all eligible participants as of the last day of the Incentive Period with reference to the Annual Targets as calculated based upon actual results through the end of the Incentive Period ("Minimum Payout Amount"). In the event that downward adjustments are made that bring the aggregate amounts to be paid to eligible participants below the Minimum Payout Amount, an upward adjustment will be made in the aggregate amount paid to other eligible participants (such upward adjustment allocated among one or more other eligible participants as determined by the Compensation Committee or Company), such that the total amount paid to eligible participants as a group is not less than the Minimum Payout Amount. Notwithstanding any other provision in this Plan to the contrary, in no circumstances will any upward adjustment being made pursuant to this provision result in an increase in the amount of compensation to any eligible participant who is a "covered employee" of the Company as defined in Code Section 162(m)(3).

9. Performance Measures. Performance Measures for any Incentive Period may include but are not limited to one or more of the Executive Targets set forth in Section 11. Performance Measures may also include individual factors including but not limited to associate productivity, associate retention, and individual milestone achievement. Target performance may be expressed as absolute or average dollar amounts, percentages, changes in dollar amounts or changes in percentages, and may be considered on an institution-alone basis or measured against specified peer groups or companies. Notwithstanding the foregoing, the Performance Measures applicable to executive officers covered under the Executive Award Feature and the maximum amount payable, or maximum number of Company Shares subjected to Awards, in any Incentive Period shall be as set forth in the Executive Award Feature of the Plan (see Section 11).

10. Individual Factors. The Compensation Committee or Company management, in exercising discretion under the Plan on determinations of Awards payable to individuals, may consider particular individual goals as well as subjective factors, including any unique contributions.

11. Executive Award Feature. Notwithstanding any other provision of the Plan to the contrary, any Awards granted under the Plan to those individuals identified by the Compensation Committee as Section 16 “insiders” of the Company, within the meaning of Security Exchange Commission Regulations (the "Covered Executives"), for purposes of this Plan, shall be governed by the provisions of this Section 11 while such associate is a Covered Executive.

    (i) On or before the ninetieth (90^{th}) day of any Incentive Period of a year or longer, or on or before the date which is no more than twenty-five percent (25%) of the total number of days in any Incentive Period that is shorter than a calendar year, the Compensation Committee will: (a) identify those individuals who it reasonably believes will be Covered

Executives for the Incentive Period for which the payment, vesting or settlement of an Award will cause the inclusion of taxable income by the Covered Executive, (b) establish in writing the Earnings Per Share Target (as defined below) for such Incentive Period, (c) establish in writing the Company Operating Margin Target (as defined below) for such Incentive Period, (d) establish in writing the Agreement Margin Targets (as defined below) for such Incentive Period, and (e) establish in writing any other targets for the Covered Executives as specifically set forth below and as determined by the Compensation Committee and set forth in the Compensation Committee minutes ("Other Targets") (the Earnings Per Share Target, the Company Operating Margin Target, the Agreement Margin Target and all Other Targets to be referred to collectively as the "Executive Targets"). The Compensation Committee may elect to establish any combination of the above Executive Targets for a given Incentive Period provided that any established Executive Target(s) be established within the applicable time period set forth above. Due to the Compensation Committee's belief that the disclosure of the Executive Targets would adversely affect the Company, the Compensation Committee, the Covered Executives and all other directors, officers and associates who become aware of such targets shall and will treat such Executive Targets for any Incentive Period as confidential. Executive Targets based on recognized accounting principles shall be determined and deemed satisfied by using the same accounting principles in effect and relied upon when such Executive Target was established.

(ii) The Earnings Per Share Target shall be expressed as a specific target earnings per Share on a fully diluted basis, before the after-tax effect of any extraordinary items, the cumulative effect of accounting changes, or other nonrecurring items of income or expense including restructuring charges.

(iii) The Company Operating Margin Target shall be expressed as a target percentage reflecting the leverage of the Company's revenue relative to the expense associated with that revenue.

(iv) The Agreement Margin Targets shall be expressed as a dollar amount of booking margins on specified types of sales, adjusted for the costs associated with delivery of the solutions.

(v) The Other Targets shall be determined based solely on the following list of business criteria for the Company on a segregated or consolidated basis, or for one or more of the Company's subsidiaries, segments, divisions or business units, as selected by the Compensation Committee:

(a) Total shareholder return;
(b) Stock price increase (including attainment of a specified per-Share price during the Incentive Period; growth measures and total shareholder return or attainment by the Shares if a specified price for a period of time);
(c) Return on equity;
(d) Return on capital;
(e) Cash flow, including collection of cash, operating cash flows, free cash flow, discounted cash flow return on investment, and cash flow in excess of cost of capital;

(f) Earnings measures (either in the aggregate or on a per-Share basis), including or excluding one or more of interest, taxes, depreciation, amortization or similar financial accounting measurements;
(g) Operating profit/margin (either in the aggregate or on a per-Share basis);
(h) Operating income (either in the aggregate or on a per-Share basis);
(i) Net earnings (either in the aggregate or on a per-Share basis);
(j) Net income or loss (either in the aggregate or on a per-Share basis);
(k) Ratio of debt to debt plus equity or other debt measurements or ratings;
(l) Strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market share, market penetration, business bookings, revenue or agreement margin, geographic business expansion goals, objectively identified project milestones, production volume levels, cost targets, client/associate satisfaction, associate retention and goals relating to acquisition or divestitures;
(m) Achievement of business or operational goals such as market share and/or business development
(n) Economic value added;
(o) Revenue levels;
(p) Productivity measures, including operating and maintenance cost management and associate productivity, and productivity increases;
(q) Price to earnings ratio;
(r) Expense rations, including reductions in expense levels, determined on a Company-wide basis or with respect to any one or more business units; and/or;
(s) Total expenditures.

Any applicable Executive Target may be applied on a pre- or post-tax basis; and provided further that the Compensation Committee may, when the applicable performance goals are established, provide that the formula for such goals may include or exclude items to measure specific objectives, such as losses from discontinued operations, extraordinary gains or losses, the cumulative effect of accounting changes, acquisitions or divestitures, foreign exchange impacts, and any unusual, nonrecurring gain or loss. As established by the Compensation Committee, the Executive Targets may include, without limitation, GAAP and non-GAAP financial measures. In addition to the foregoing performance goals, the performance goals shall also include any performance goals which are set forth in a Company bonus or incentive plan, if any, which has been approved by the Company's shareholders, which are incorporated herein by reference. Such performance goals shall be set by the Compensation Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Code Section 162(m).

(vi) Prior to any payment, vesting or settlement of an Award to any Covered Executive of any amount accrued under this Section 11, the Compensation Committee (or its delegated subcommittee) shall confirm in writing that an Executive Target has been satisfied and authorize the payment; this can be satisfied by confirmation in the Compensation Committee minutes reflecting such approval was granted by the Compensation Committee or the subcommittee prior to payment. The Compensation Committee shall have no discretion to increase the amount of any Covered Executive's Award, but may reduce the amount of, or totally eliminate, such Award, if it determines, in its absolute and sole discretion, that such a reduction or elimination is appropriate in order to reflect the Covered Executive's performance or unanticipated factors.

(vii) Covered Executive Individual Limitations.

(a) Subject to adjustment as provided below, with respect to any equity-based Award that could be payable in Shares (e.g., stock options, stock-settled stock appreciation rights, performance-based restricted stock or performance-based restricted stock units) or any equity-based Award that could be payable in cash but in an amount determined based solely on the then fair market value of the Shares underlying such Award (e.g., performance-based restricted stock units or cash-settled stock appreciation rights) (collectively, "Stock Awards"), in no event may any one participant be granted Stock Awards subject to this Plan in any single calendar year covering or relating to the exercise of more than 2,000,000 Shares (which such number takes into account the 2-for-1 stock splits effective as of June 24, 2011 and June 28, 2013); provided, however, that to the extent a Company shareholder-approved equity plan contains a lower limitation, the lower limitation in that plan shall control. If any change is made in the Shares without the receipt of consideration by the Company (e.g., through stock dividend, stock split etc.), the above maximum Share limitation shall be appropriately and automatically adjusted to reflect such change.

(b) With respect to any cash-based Awards, if at the end of an Incentive Period any of the Executive Targets established by the Compensation Committee have been met, the maximum amount payable to the Covered Executives in any calendar year shall be as follows: (1) for the Chief Executive Officer, 200% of the Chief Executive Officer's base salary at the time the Executive Targets are established, and (2) for all other executive officers, 175% of such individual's base salary at the time the Executive Targets are established; provided, however, for purposes of these limitations in no event will a Covered Executive's base salary in excess of $3,000,000 be taken into account. The Compensation Committee has discretion to reduce the amount of any Award, provided, however, under no circumstances may the Compensation Committee increase the amount of an Award beyond its maximum limit. For quarterly or annual cash-based Awards, the amount of the Award reduction, if any, will depend upon a subjective cash-based Award reduction factor, formally known as an "Annual Performance Evaluation (APE) Factor," which will be determined at the Covered Executive's end-of-the-year evaluation. This factor will range from 100% of the maximum Award amount for demonstrated distinguished performance to 0% if performance does not satisfy the required standard.

(viii) At the election of the Compensation Committee, the Covered Executives' individual performance plan agreements may provide for an Award recovery in the event the Company implements a Mandatory Restatement, which restatement relates to one or more fiscal years. Such Award recovery would require that some or all of any amounts paid to a Covered

Executive as an Award earned under this Plan that related to such restated periods would be recoverable and must be repaid within ninety days of such restatement(s). The amount which must be repaid, if any, is the amount by which the compensation paid or received exceeds the amount that would have been paid or received based on the financial results reported in the restated financial statement. For this purpose, a "Mandatory Restatement" is a restatement of the Company's audited financial statements included in any of its periodic reports filed with the Securities and Exchange Commission (SEC), which, in the good faith opinion of the Company's Independent Registered Public Accounting Firm, is required to be implemented pursuant to generally accepted accounting principles, but excluding: a) any restatement which is required with respect to a particular year as a consequence of a change in generally accepted accounting rules effective after the publication of the financial statements for such year; b) any restatement that in the good faith judgment of the Audit Committee of the Board is required due to a change in the manner in which the Company's auditors interpret the application of generally accepted accounting principles (as opposed to a change in a prior accounting conclusion due to a change in the facts upon which such conclusion was based); and, c) any restatement that is otherwise required due to events, facts or changes in law or practice that the Audit Committee concludes were beyond the control and responsibility of the Covered Executives and that occurred regardless of the Covered Executives' diligent and thorough performance of their duties and responsibilities.

12. Code Section 409A. In the event that any provision of this Plan shall be determined to contravene Code section 409A ("Section 409A"), the regulations promulgated thereunder, regulatory interpretations or announcements with respect to Section 409A or applicable judicial decisions construing Section 409A, any such provision shall be void and have no effect. Moreover, this Plan shall be interpreted at all times in such a manner that the terms and provisions of the Plan comply with Code Section 409A, the regulations promulgated thereunder, regulatory interpretations or announcements with respect to section 409A and applicable judicial decisions construing Section 409A. In no event is the Company responsible for any tax or penalty owed by participant with respect to the payments under this Plan.

CERNER CORPORATION

2005 ENHANCED SEVERANCE PAY PLAN

As Amended and Restated Effective January 4, 2015

SECTION 1. INTRODUCTION.

(a) Purpose. Cerner Corporation and its United States-based wholly-owned subsidiaries ("Cerner") value the contributions of their Associates and take measures to create and maintain a productive and fulfilling work environment. However, Cerner recognizes that business needs, an Associate's work performance or other reasons may require termination of employment. At any point during an Associate's employment, Cerner may choose to terminate the employment relationship.

Because employment with Cerner is at-will, Cerner has no obligation to compensate any Associate upon termination from his or her employment other than as may be provided in that Associate's Cerner Associate Employment Agreement or as specifically set forth in this 2005 Enhanced Severance Pay Plan ("Plan"). Cerner values its Associates and is interested in helping to mitigate the financial hardship caused by business conditions or other factors necessitating a termination.

(b) Overview. Generally, this Plan provides enhanced Severance Benefits to Associates upon either a (i) "Non-CIC Severance" or (ii) "CIC Severance", as such terms are defined herein. Cerner expressly reserves the right to amend or terminate this Plan, or the benefits provided hereunder, at any time; provided, however, that no such amendment or termination shall occur with respect to the CIC Severance Benefits after the occurrence of a Change in Control.

(c) Summary Plan Description. This Plan document also constitutes the Summary Plan Description for the Plan.

SECTION 2. DEFINITIONS.

Certain capitalized terms used herein are defined parenthetically throughout this Plan and/or defined in this Section 2.

(a) Associate. “Associate” means an employee of Cerner.

(b) Beneficial Ownership. "Beneficial Ownership", "Beneficial Owner" or "Beneficially Own" shall have the same meaning as such terms are used in Rule 13d-3 of the Exchange Act.

(c) Board. "Board" means the Board of Directors of Cerner Corporation.

(d) Cause. "Cause" means an Eligible Associate's (i) material breach of his/her Employment Agreement or material neglect of his/her duties and responsibilities thereunder, (ii) fraud against Cerner, (iii) misappropriation of Cerner's assets, (iv) embezzlement from Cerner, (v) theft from Cerner, (vi) acts resulting in the arrest and indictment for a crime involving drug abuse, violence, dishonesty or theft or (vii) act or failure to take any action that results in a violation of the Sarbanes-Oxley Act of 2002, or any related statutes, laws or regulations.

(e) Change in Control. "Change in Control" means:

(i) The acquisition by any "Person" (as the term "person" is used for purposes of Section 13(d) or 14(d) of the Exchange Act) of Beneficial Ownership of thirty-five percent (35%) or more of either: (A) the then outstanding shares of common stock of Cerner Corporation (the "Outstanding Cerner Common Stock"), or (B) the combined voting power of the then outstanding voting securities of Cerner Corporation entitled to vote generally in the election of the Board's directors (the "Outstanding Cerner Voting Securities"); provided, however, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (X) any acquisition directly from Cerner, (Y) any acquisition by Cerner or (Z) any acquisition by any Associate benefit plan (or related trust) sponsored or maintained by Cerner Corporation or any corporation controlled by Cerner; or

(ii) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a Board director subsequent to the date hereof whose appointment or election, or nomination for election by Cerner's shareholders, was approved by a vote of at least a majority of the Board directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of Board directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of Cerner (a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Cerner Common Stock and Outstanding Cerner Voting Securities immediately prior to such Business Combination Beneficially Own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of Cerner Corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns Cerner or all or substantially all of Cerner's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Cerner Common Stock and Outstanding Cerner Voting Securities, as the case may be, (B) no Person (excluding any Associate benefit plan (or related trust) of Cerner or such corporation resulting from such Business Combination) Beneficially Owns, directly or indirectly, 35% or more of, respectively, the then outstanding shares of common stock of Cerner Corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination and (C) at least a majority of the members of the Board resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) Approval by the shareholders of Cerner Corporation of a complete liquidation or dissolution of Cerner.

(f) CIC Protected Period. "CIC Protected Period" means the period beginning on the effective date of a Change in Control and ending on the one-year anniversary of such effective date.

(g) CIC Severance. "CIC Severance" means, at any time during the CIC Protected Period, an Eligible Associate's termination of employment with Cerner (or its successor), that also qualifies as a separation from service under Section 409A of the Code, due to (i) Cerner's (or its successor's) termination without Cause of the Eligible Associate's employment, or (ii) the Eligible Associate's resignation for Good Reason.

(h) CIC Severance Benefits. "CIC Severance Benefits" means those severance benefits set forth in Section 4(b) that, provided an Eligible Associate is entitled to receive such benefits in accordance with Section 3, the Eligible Associate receives following a CIC Severance.

(i) CIC Week of Severance Pay. A "CIC Week of Severance Pay" means an Eligible Associate's: (i) regular weekly base rate of pay in effect on the effective date of a CIC Severance (prior to any reductions taken for payroll taxes, income tax withholdings, elective deferrals made to or in connection with Cerner's Associate benefit plans or Executive Deferred Compensation Plan, and excluding any overtime, bonuses, commissions, premium pay, benefits, expense reimbursements, etc.), plus (ii) the average annual cash bonus the Associate had received from Cerner during the three (3) years preceding the CIC Severance (prior to any reductions taken for payroll taxes, income tax withholdings, elective deferrals made to or in connection with Cerner's Associate benefit plans or Executive Deferred Compensation Plan, and excluding any overtime, bonuses, commissions, premium pay, benefits, expense reimbursements, etc.), divided by 52 weeks. For example, a CIC Week of Severance Pay for an Eligible Associate whose: (i) annual base salary (excluding the pay and benefits listed above) is $52,000, and (ii) whose average annual cash bonus received during the three (3) years preceding the CIC Severance is $15,600, would be $1,000 ($52,000/52 weeks) plus $300 ($15,600/52 weeks), equaling a CIC Week of Severance Pay of $1,300. Cerner's cash bonus plan currently pays a bonus, if earned, following each fiscal quarter of Cerner. When calculating the average annual cash bonus, the actual cash bonus paid to the Associate (or earned but not yet paid for the most recent full fiscal quarter preceding the CIC Severance) for the twelve (12) consecutive full Cerner fiscal quarters immediately preceding the

CIC Severance shall be included in the calculation of the Associate's average annual cash bonus for the three (3) years preceding the CIC Severance. If the Associate has not been employed by Cerner for twelve (12) consecutive full Cerner fiscal quarters immediately prior to the CIC Severance, the average annual cash bonus received by such Associate shall be calculated based on the number of consecutive full fiscal quarters the Associate has been employed by Cerner immediately prior to the CIC Severance and adjusted to equal a yearly average. For avoidance of all doubt, the calculation of average annual cash bonus shall not include any sales commissions or similar payments received by an Associate based on individual sales or contracts signed with Cerner clients.

(j) COBRA. "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(k) Code. "Code" means the Internal Revenue Code of 1986, as amended.

(l) Eligible Associate. "Eligible Associate" means an individual who: (i) is a permanent, full-time salaried Associate on the U.S. payroll of Cerner, as determined by Cerner's employment records; and (ii) has entered into an Employment Agreement. The determination of whether an Associate is an Eligible Associate shall be made by the Plan Administrator, in its sole discretion, and such determination shall be binding and conclusive on all persons. In no event shall part-time Associates, interns or independent contractors be Eligible Associates.

(m) Employment Agreement. "Employment Agreement" means an Eligible Associate's then current Cerner Associate Employment Agreement with Cerner.

(n) Exchange Act. "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(o) Excess Severance Benefits. "Excess Severance Benefits" means any Severance Benefits that exceed the limit provided in Treas. Reg. Section 1.409A-1(b)(9)(iii).

(p) Good Reason. "Good Reason" means, without an Eligible Associate's express written consent: (i) a material adverse change in the Eligible Associate's authority, duties or job responsibilities (except for such subordination in duties and job responsibilities as may normally be required due to Cerner's change from an independent business entity to a subsidiary or division of another corporate entity); or (ii) a reduction of 5% or more to an Eligible Associate's annual salary and cash bonus opportunity in effect prior to the Change in Control; provided, however, the Eligible Associate must provide notice to Cerner (or its successors) within 30 days after the adverse change or reduction and must give Cerner (or its successors) at least 30 days to remedy the event or condition. In no event will an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by Cerner (or its successors) constitute Good Reason.

(q) Non-CIC Severance. "Non-CIC Severance" means at any time, other than during a CIC Protected Period, an Eligible Associate's termination of employment with Cerner, that also qualifies as a separation from service under Section 409A of the Code, by Cerner, other than for Cause, due to reorganization, restructuring, unsatisfactory work performance (other than where such unsatisfactory work performance is deliberate), or for other reasons as determined by the Plan Administrator in its sole discretion to constitute a Non-CIC Severance. Without limitation, the following events and reasons shall **not** constitute a Non-CIC Severance:

(i) death;

(ii) disability;

(iii) voluntary resignation (regardless of the circumstances surrounding the Eligible Associate's decision to resign);

(iv) retirement;

(v) discharge by Cerner for any other work related reason other than redundancy or unsatisfactory work performance (including, without limitation, absenteeism, misconduct, refusal to transfer to an equivalent position that does not require relocation, failure to return to work after an approved leave of absence, insubordination, violation of Cerner's rules or policies, dishonesty, deliberate unsatisfactory performance, etc.);

(vi) entering military duty;

(vii) CIC Severance; or

(viii) Termination for Cause.

(r) Non-CIC Severance Benefits. "Non-CIC Severance Benefits" means those severance benefits set forth in Section 4(a) that, provided an Eligible Associate is entitled to receive such benefits in accordance with Section 3, the Eligible Associate receives following a Non-CIC Severance.

(s) Plan Administrator. "Plan Administrator" means the person or entity specified as such in Section 7.

(t) Role Level. "Role Level" means an Eligible Associate's designated category of employment as specified by Cerner's current employment classification hierarchy. In the event Cerner changes its hierarchy structure, the Role Levels specified in this Plan shall refer to the equivalent Role Level under any new classification scheme.

(u) Severance Benefits. “Severance Benefits” means either CIC Severance Benefits or Non-CIC Severance Benefits.

(v) Specified Associate. "Specified Associate" means an Associate that would be a "specified employee" as defined in Section 409A(a)(2)(B)(i) of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder.

(w) Week of Severance Pay. "Week of Severance Pay" means an Eligible Associate's regular weekly base rate of pay in effect on the effective date of a Non-CIC Severance (prior to any reductions taken for payroll taxes, income tax withholdings, elective deferrals made to or in connection with Cerner's Associate benefit plans or Executive Deferred Compensation Plan, and excluding any overtime, bonuses, commissions, premium pay, benefits, expense reimbursements, etc.). For example, a Week of Severance Pay for an Eligible Associate whose annual base salary as of the Non-CIC Severance (excluding the pay and benefits listed above) is $52,000, would be $1,000 ($52,000/52 weeks).

(x) Year of Service. "Year of Service" means, with respect to an Eligible Associate, each period of twelve (12) consecutive months of full-time employment by Eligible Associate with Cerner beginning with the Associate's full-time employment commencement date with Cerner and ending with the day preceding the anniversary of such date in the next and all succeeding years. No partial Years of Service shall be credited under this Plan nor will prorated Severance Benefits be paid for any fractional Year of Service**.**

SECTION 3. ENTITLEMENT FOR SEVERANCE BENEFITS

(a) Entitlement. Subject to the exceptions set forth below in Section 3(b), an Eligible Associate shall be entitled to receive either the Non-CIC Severance Benefits or the CIC Severance Benefits described below in Section 4, upon experiencing a Non-CIC Severance or CIC Severance, respectively, and provided that the following conditions are satisfied:

(i) The Eligible Associate's termination of employment with Cerner must have constituted either a CIC Severance or Non-CIC Severance. In no event shall an Associate’s leave during one of Cerner’s recognized leave programs constitute a termination of employment event under this Plan,

(ii) Following or in connection with the Eligible Associate's termination of employment, the Eligible Associate must comply with all transition assistance requests of Cerner, to Cerner's satisfaction, such as aiding in the location of files and documents, returning all Cerner property and repaying any amounts owed Cerner, and

(iii) With respect to and in connection with a Non-CIC Severance only, the Eligible Associate has executed and delivered to Cerner (and not revoked by the end of any applicable revocation period) a Severance and Release Agreement with Cerner, such agreement providing for an irrevocable and complete release of all present and future claims by the Eligible Associate, within twenty-one (21) days or forty-five (45) days, whichever period is required under applicable law. The end of any applicable revocation period, which in no event is to exceed seven (7) days, is referred to in this Plan as the “Release Period Deadline.”

(b) Exceptions to Severance Entitlement. An Eligible Associate will not receive Severance Benefits under this Plan in the following circumstances, as determined in the Plan Administrator's sole discretion:

(i) The Eligible Associate's Employment Agreement (or amendments or supplement thereto) provides that none of the benefits provided under this Plan or any other broad-based Cerner severance plan or policy shall apply to such Associate. In such a case, such Associate's severance benefits, if any, shall be governed by the terms of such Employment Agreement (as amended or supplemented).

(ii) The Associate breaches the terms and conditions of his/her Employment Agreement (including, without limitation, violating the non-competition provisions thereof).

(iii) With respect to Non-CIC Severance Benefits only: (a) the Eligible Associate's employment termination is in connection with the sale, divesture or other disposition of the stock or assets of any subsidiary, division or other operating unit of Cerner or any of its subsidiaries ("Operating Unit") (or part thereof) which does not constitute a Change in Control (a "Transaction"), and the Eligible Associate is offered continued employment, or continues in employment, with the divested Operating Unit (or part thereof) or the purchaser of the stock or assets of the Operating Unit (or part thereof), or one of such purchaser's affiliates (the "Post-Transaction Employer"), as the case may be, on terms and conditions that would not constitute Good Reason, and (b) Cerner obtains an agreement from the Post-Transaction Employer, enforceable by the Eligible Associate, to provide (or Cerner agrees to provide) severance pay, if the Eligible Associate accepts the offered employment or continues in employment with the Post-Transaction Employer or its affiliates following the Transaction, at least equal to the severance pay set forth in Section 4(a) payable upon a Non-CIC Severance termination of the Eligible Associate's employment with the Post-Transaction Employer or its affiliates within the six (6) month period following the Transaction. For purposes of this Section 3(b)(iii), the term "Good Reason" shall have the meaning ascribed to it in this Plan, but the term "Cerner" as it is used in such definition shall be deemed to refer to the Post-Transaction Employer employing the Eligible Associate after the Transaction. For avoidance of doubt, in the circumstances described in the first sentence of this Section 3(b)(iii), the Eligible Associate shall not be entitled to receive Non-CIC Severance Benefits under Section 4(a) whether or not the Eligible Associate accepts the offered employment or continues in employment. Except as to separate severance benefits Cerner may itself expressly agree to in writing to provide in connection with a Transaction (as contemplated by subpart (b) of the first sentence of this Section 3(b)(iii)), the provisions of this Section 3(b)(iii) do not create any entitlement to Severance Benefits from Cerner in any circumstances whatsoever and are to be construed solely as a limitation on such entitlement in the circumstances herein set forth.

SECTION 4. SEVERANCE BENEFITS.

(a) Non-CIC Severance Benefits: If the termination of an Eligible Associate's employment constitutes a Non-CIC Severance, Cerner shall pay the Eligible Associate an amount of severance pay based on the Eligible Associate's Role Level and Years of Service with Cerner as of the effective date of such termination. The amount of such severance pay shall be equal to: (i) a Week of Severance Pay for such Eligible Associate multiplied by (ii) that number set forth in a severance matrix, adopted periodically by management, outlining the severance benefits to which

Eligible Associates shall be entitled ("Severance Matrix"). The Severance Matrix shall be attached hereto as Exhibit A, and dated to reflect the most recent adoption date by management.

(b) CIC Severance Benefits. If the termination of an Eligible Associate's employment constitutes a CIC Severance, Cerner shall pay the Eligible Associate an amount of severance pay based on the Eligible Associate's Role Level and Years of Service with Cerner as of the effective date of such termination. The amount of such CIC Severance Benefits shall be equal to: (i) a CIC Week of Severance Pay for such Eligible Associate multiplied by (ii) that number set forth in the current Severance Matrix, multiplied by 1.5.

(c) Form of Payment.

(i) Before any Change in Control and except with respect to Excess Severance Benefits, all Non-CIC Severance Benefits shall be paid in a lump sum or, if the Plan Administrator elects, as salary continuation (without interest) on regularly scheduled paydays of Cerner for the applicable severance period or some other method, but in no event shall payments continue beyond the last day of the twenty-fourth (24^{th}) month following the month in which the Non-CIC Severance occurs.

(ii) Before a Change in Control, all Non-CIC Severance Benefits which are Excess Severance Benefits shall be paid in a lump sum as soon as practicable within 75 days of the Non-CIC Severance.

(iii) After a Change in Control and subject to the immediately following sentence, all Severance Benefits shall be paid in lump sum and (A) if the Severance Benefits are on account of a Non-CIC Severance, such that the payment of such benefits is subject to the Severance and Release Agreement requirements described above in Section 3(a)(iii), such Non-CIC Severance Benefits shall be paid on the last day of the Release Period Deadline, and (B) if the Severance Benefits are on account of a CIC Severance, such that the payment of such benefits is not subject to the Severance and Release Agreement requirements described above in Section 3(a)(iii), such CIC Severance Benefits shall be paid within seventy-five (75) days of the CIC Severance. Notwithstanding the immediately preceding sentence, if the Associate receiving any Severance Payment subject to this Section 4(c)(iii) is a Specified Associate, then the payment of any Severance Benefits shall be delayed until and paid on the first day of the seventh month following the CIC or Non-CIC Severance.

(iv) All Severance Benefit payments are subject to the offset provisions of Section 6(c) of the Plan.

(d) Withholding. All Severance Benefits made under this Plan will be subject to applicable withholding for federal, state and local taxes. If any Eligible Associate is indebted to Cerner at his or her termination date, Cerner reserves the right to offset any Severance Benefits under this Plan by the amount of such indebtedness.

SECTION 5. EMPLOYMENT.

(a) No Modification of Associate Employment Agreements. This Plan shall not modify any terms of an Eligible Associate's Employment Agreement, including but not limited to the type of employment relationship, the Associate's obligations and continuing obligations set forth therein.

(b) Limitation on Associate Rights. This Plan shall not give any Associate the right to be retained in the service of Cerner or interfere with or restrict the right of Cerner to terminate the employment of any Associate.

(c) Changed Decisions. Cerner has the right to cancel or reschedule the effective date of an Eligible Associate's employment termination. An Eligible Associate will not be eligible for any Severance Benefits under this Plan if the Eligible Associate's employment termination is canceled by Cerner, or if the Eligible Associate is offered an opportunity to return to work or have his or her employment reinstated with Cerner.

SECTION 6. RELATION TO OTHER BENEFITS AND PAY

(a) COBRA. Associates and their dependents covered under one or more of Cerner's group health plans may be eligible for continuation coverage pursuant to the federal COBRA law. This Plan does not provide Associates or their dependents with any greater right to continuation coverage than what the federal COBRA law requires.

(b) Other Benefit Plans. Eligibility, coverage and benefits under other Cerner benefit plans (e.g., any group life, disability, accidental death, retirement, stock plans, etc.) are governed by the terms of those respective plans. This Plan does not provide Associates or their beneficiaries and dependents with any greater eligibility, coverage or benefits than what such plans provide.

(c) Offset of Benefits. Except as may otherwise be specifically provided for in an Associate's Employment Agreement, the amount of any Severance Benefits paid under this Plan is in lieu of, and not in addition to, any other severance an Eligible Associate may otherwise be entitled to receive from Cerner, including under an Employment Agreement or other document. Notwithstanding the payment provisions of Section 4(c)(i) with respect to any Severance Benefit payment before a Change in Control, the Company may offset any amount otherwise owed to the Company against any Severance Benefit the Cerner Associate may be entitled to provided such offset is not in contravention of Code section 409A, and (ii) with respect to any Severance Benefit payment after a Change in Control, the Company may offset any amount otherwise owed to the Company against any Severance Benefits in accordance with Treasury Regulation § 1.409A-3(j)(4)(xiii) or in any other manner which the Company determines that doing so would allow both this Plan and the other plan or agreement to operate in compliance with Code section 409A.

(d) Integration with Other Payments. Severance Benefits paid under this Plan are not intended to duplicate benefits such as pay-in-lieu of notice, severance pay, workers compensation wage replacement, disability pay, or similar benefits or pay under other benefit plans, severance programs, employment agreements, transaction documents or applicable laws, such as the WARN Act. In the event such other pay or benefits is payable to an Eligible Associate, Severance Benefits under this Plan will be reduced accordingly or, alternatively, pay or benefits previously paid under this Plan will be treated as having been paid to satisfy other pay or benefit obligations. In either case, the Plan Administrator, in its sole discretion, will determine how to apply this provision and may override other provisions in the Plan in doing so. This provision, however, shall not preclude an otherwise Eligible Associate from receiving any payments under a Cerner Performance Plan (CPP) or any pay for accrued, but unused, time off under Cerner's separate CPP or personal time off policy, as may be amended from time-to-time. CPP and pay for accrued, but unused, time off, if any, shall be paid pursuant to the terms of those separate plans or policies.

(e) Reemployment. If an Eligible Associate is reemployed by Cerner while Severance Benefits are still payable under the Plan, all such Severance Benefits will cease, except as otherwise specified by the Plan Administrator, in its sole discretion.

SECTION 7. PLAN ADMINISTRATION.

(a) Plan Administrator. The Plan is administered by Cerner, which is the Plan Administrator under the Employee Retirement Income Security Act of 1974 ("ERISA"). It is the responsibility of the Plan Administrator to ensure that the Plan is administered in accordance with its terms. It is also the responsibility of the Plan Administrator to explain any rights and benefits that an Eligible Associate may have under the Plan and to answer any questions which an Eligible Associate may have. The Plan Administrator maintains all documents which comprise the Plan and annual filings, if any, which are prepared for the Plan. If you have any questions regarding the Plan, you should review these available documents. The Plan Administrator may, but is not required to, adopt rules and regulations of uniform applicability in its interpretation and implementation of the Plan. The Plan Administrator may require each Eligible Associate to submit, in such form as it shall deem reasonable and acceptable, proof of any information which the Plan Administrator finds necessary or desirable for the proper administration of the Plan.

(b) Exclusive Discretion. The Plan Administrator has full and complete discretionary authority to determine eligibility for benefits under the Plan and to construe and interpret the terms of the Plan. In making any decision or resolving any disputes, the Plan Administrator shall have full and complete discretionary authority to (i) construe and interpret the provisions of the Plan and to determine the right of any person to any interest in or eligibility for any benefit under the Plan, and (ii) make any and all factual determinations necessary to determine the right of any person to any interest in or eligibility for any benefit under the Plan; and, no person shall be entitled to any benefit or interest under this Plan if the Plan Administrator decides in its discretion that there is no entitlement to that benefit or interest. Decisions of the Plan Administrator shall be final, binding and conclusive upon all parties.

SECTION 8. AMENDMENT OR TERMINATION

Cerner, acting through its Chief Executive Officer, Chief Financial Officer, Chief Legal Officer or Chief People Officer, has the right, in its nonfiduciary capacity, to amend the Plan or to terminate it at any time, prospectively or retroactively, for any reason or no reason, without notice, including discontinuing or eliminating benefits; provided, however, that no such amendment or termination shall affect the right to any unpaid benefit of any Eligible Associate whose termination date has occurred prior to such amendment or termination of the Plan and provided further that no amendment or termination shall occur with respect to the CIC Severance Benefits after the occurrence of a Change in Control. Accordingly, no Associate has a "legally binding right" (as that term is used in Treasury Regulations § 1.409A-1(b)(1)) to any benefit or amount pursuant to this Plan until, if at all, the first to occur of an Associate's Non-CIC Severance or a Change in Control and only then is the Associate entitled to those Severance Benefits, if any, as are provided for in the Plan at such time.

SECTION 9. CLAIMS AND APPEAL PROCEDURE

(a) Initial Claim. If benefits under this Plan become due, the Plan Administrator will notify you as to the amount of benefits you are entitled to, the duration of such benefit, the time the benefit is to commence and other pertinent information concerning your benefit. If you have been denied a benefit under the Plan, or if you feel that the benefit which has been given to you is not accurate, you may file a claim with the Plan Administrator. If a claim for benefit is denied by the Plan Administrator, the Plan Administrator shall provide you with written or electronic notification of any adverse benefit determination within ninety (90) days after receipt of the claim unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, written or electronic notice indicating the special circumstances and the date by which a final decision is expected to be rendered shall be furnished to you. In no event shall the period of extension exceed one hundred eighty (180) days after receipt of the claim. The notice of denial of the claim shall set forth:

(i) The specific reason or reasons for the adverse determination;

(ii) Reference to the specific plan provisions on which the determination is based;

(iii) A description of any additional material or information necessary for you to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) A description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of your right to bring a civil action under ERISA section 502(a) following an adverse benefit determination on review.

You (or your duly authorized representative) may review pertinent documents and submit issues and comments in writing to the Plan Administrator. If you fail to appeal such action to the Plan Administrator in writing within the prescribed period of time described in the next section, the Plan Administrator's adverse determination shall be final, binding and conclusive.

(b) Appeal. In the event of an adverse benefit determination, you may appeal the adverse determination by giving written notice to the Plan Administrator within sixty (60) days after receipt of the notice of adverse benefit determination. The Plan Administrator may hold a hearing or otherwise ascertain such facts as it deems necessary and shall render a decision which shall be binding upon both parties. The appeal procedure shall:

(i) Provide you at least 60 days following receipt of a notification of an adverse benefit determination within which to appeal the determination;

(ii) Provide you the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits;

(iii) Provide that you shall be provided, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits; and

(iv) Provide for a review that takes into account all comments, documents, records, and other information submitted by you relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination.

The decision of the Plan Administrator shall be made within sixty (60) days after the receipt by the Plan Administrator of the notice of appeal, unless special circumstances require an extension of time for processing, in which case a decision of Cerner shall be rendered as soon as possible but not later than one hundred twenty (120) days after receipt of the request for review. If such an extension of time is required, written or electronic notice of the extension shall be furnished to you prior to the commencement of the extension. The decision of the Plan Administrator shall be provided in written or electronic form to you and shall include the following:

(i) The specific reason or reasons for the adverse determination;

(ii) Reference to the specific plan provisions on which the benefit determination is based;

(iii) A statement that you are entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to your claim for benefits. Whether a document, record, or other information is relevant to a claim for benefits shall be determined by reference to DOL Regulation Section 2560.503-1 (m)(8); and

(iv) A statement describing any voluntary appeal procedures offered by the Plan and your right to obtain the information about such procedures, and a statement of your right to bring an action under ERISA section 502(a).

SECTION 10. STATEMENT OF ERISA RIGHTS

The following statement is required by federal statute. Certain portions of this statement may not apply to your particular situation or to this Plan.

(a) <u>Information About This Plan and Your Benefits</u>. If you become a participant in the Cerner Corporation Enhanced Severance Pay Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

(i) Examine, without charge, at the Plan Administrator's office and at other specified locations, the Plan documents and, if any, copies of all documents filed by the Plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.

(ii) Obtain copies of all Plan documents and other plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

(iii) Receive a summary of the Plan's annual financial report, if one is required to be prepared. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report if an annual report is required to be filed with the Department of Labor.

(b) Prudent Actions by Plan Fiduciaries. In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

(c) Enforce Your Rights. If your claim for a Plan benefit is denied in whole or in part you must receive a written explanation of the reason for the denial. You have the right to have the Plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. If it should happen that plan fiduciaries misuse the plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

(d) Assistance with Your Questions. If you have any questions about this Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Employee Benefits and Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits and Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, D.C. 20210.

SECTION 11. ADDITIONAL INFORMATION

(a) Name and Address of Plan Sponsor and Plan Administrator. The name and address of the Plan Sponsor and the Plan Administrator is:

Cerner Corporation
2800 Rockcreek Parkway
North Kansas City, MO 64117
EIN: 43-1196944
Telephone: (816) 201-1024

(b) Type of Administration. The Plan is administered by Cerner Corporation.

(c) Plan Number. The Plan number is 513.

(d) Plan Year. The Plan Year ends on December 31.

(e) Agent For Service of Legal Process. Service of legal process may be made upon the Plan Sponsor (which is also the Plan Administrator) at the above address.

(f) Plan Costs. Plan costs are paid by Cerner. The Plan is funded out of Cerner's general assets.

(g) Insurance. Benefits provided by this Plan are not insured by the Pension Benefit Guaranty Corporation under Title IV of ERISA because the insurance provisions under ERISA are not applicable to the Plan.

SECTION 12. GOVERNING LAW.

This Plan is an "employee welfare benefit plan" within the meaning of Section 3(1) of ERISA and it shall be interpreted, administered, and enforced in accordance with that law. To the extent that state law is applicable, the statutes and common law of the State of Missouri, excluding any that mandate the use of another jurisdiction's laws, shall apply. Without limiting the generality of this Section 12, it is intended that the Plan comply with Section 409A of the Code, and, in the event that this Plan is determined to be a "deferred compensation plan" within the meaning of Section 409A(d)(1) of the Code, Cerner shall, as necessary, adopt such conforming amendments as are necessary to comply with Section 409A of the Code.

SECTION 13. BASIS OF PAYMENTS TO AND FROM THE PLAN

The Plan shall be unfunded, and all cash payments under the Plan shall be paid only from the general assets of Cerner.

SECTION 14. LIMITATION ON IRC SECTION 280G PARACHUTE PAYMENTS

In the event that any Severance Benefit payment to be made under this Plan would cause an Eligible Associate to be liable for any excise tax under Code section 4999(a), the aggregate amount of such Severance Benefit shall be reduced by the minimal amount necessary such that the Eligible Associate is no longer subject to such excise tax. Any determination or calculation made by Cerner relating to this Section 14, including, but not limited to, any calculation of an Eligible Associate's "base amount" as defined in Code section 280G(b)(3), or an Eligible Associate's anticipated "parachute payment," as defined in Code section 280G(b)(2), shall be final, conclusive and binding on the Eligible Associate.

SECTION 15. CONSTRUCTION.

Where the context so indicates, the singular will include the plural and vice versa. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan. Unless the context clearly indicates to the contrary, a reference to a statute or document shall be construed as referring to any subsequently enacted, adopted, or executed counterpart.

FIRST AMENDMENT TO REAL ESTATE PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO REAL ESTATE PURCHASE AGREEMENT (this "Amendment"), dated as of December 23, 2013, (and for all other purposes, the Effective Date shall remain July 30, 2013) is made between Cerner Property Development, Inc., a Delaware corporation, its successors and assigns ("Purchaser"), and Trails Properties II, Inc., a Missouri corporation ("Seller").

WHEREAS, the Parties previously entered into a certain Real Estate Purchase Agreement dated July 30, 2013 (the "Agreement") regarding the purchase and sale of certain real property as described therein.

WHEREAS, the Parties desire to enter into this Amendment for the purposes stated herein.

WHEREAS, capitalized terms not otherwise defined or redefined herein shall have the same meaning as provided in the Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Seller's Land. The real property legally described on **Exhibit A** of this Amendment shall be added to **Exhibit A-1** of the Agreement, in addition to all other real property currently described in **Exhibit A-1**.

2. Purchaser Tax Increment Financing Approvals. The Parties acknowledge that Purchaser has had secured tax increment financing approvals that will be used in place of the TIF Plan. Accordingly, Section 5.1(s) and Section 6.1(h) shall each be deleted in their entirety and replaced with "Intentionally Deleted."

3. Demolition Work. The Parties acknowledge that certain tenancies affecting the Seller's Land will delay the completion of portions of the Demolition Work beyond the date that is sixty (60) days after Closing, and any such instances are hereby deemed "excusable delays" under Section 5.6 of the Agreement. Seller's obligation to complete the Demolition Work within sixty (60) days after Closing shall be extended to allow Seller ninety (90) days after Seller comes into possession of any portion of the Seller's Land subject to such tenancies to complete any portion of the Demolition Work related to such portion of the Seller's Land. The Parties acknowledge that Seller's contractor for the Demolition Work currently estimates that the costs necessary to complete any Demolition Work that will not be completed as of Closing is (including retainage) Eight Hundred Twenty Eight Thousand Four Hundred Sixty Two Dollars and Ninety Four Cents ($828,462.94), with the components of such estimate set forth on **Exhibit B** of this Amendment. Accordingly, pursuant to Section 5.6 of the Agreement, Seller shall escrow with the Title Company Two Hundred Percent (200%) of such amount, or One Million Six Hundred Fifty Six Thousand Nine Hundred Twenty Five Dollars and Eighty Eight Cents ($1,656,925.88). Upon the completion of any portion of the Demolition Work and payment in full to Seller's contractor for such portion of the Demolition Work,

Purchaser and Seller hereby agree to promptly direct the Title Company to release to Seller from such escrow an amount equal to Two Hundred Percent (200%) of the cost of such portion of the Demolition Work. In the event that the cost of completing the Demolition Work exceeds the amount contemplated herein, Seller shall be responsible for any overage necessary to complete the Demolition Work. In the event that Seller fails to complete any portion of the Demolition Work within sixty (60) days of Closing, or within ninety (90) days of coming into the possession of any portion of the Seller's Land subject to a tenancy as contemplated herein, subject to excusable delays as contemplated in Section 5.6 of the Agreement, the balance of the escrow shall be released to Purchaser, and Seller shall be released from any obligation to the complete the Demolition Work.

4. Existing TIF Plan. Upon request of Purchaser, at Closing or at any time after Closing, Seller agrees to assign, subject to receipt of any consents from the Commission or the City, any and all right, title and interest of Seller to the TIF Plan, including assignment of Seller's designation as the redeveloper under the TIF Plan, and to assist and cooperate with Purchaser to obtain all necessary Commission and City approvals associated therewith. The covenants and agreements set forth in this Section 4 shall survive the Closing.

5. Post-Closing Title Matters. Seller shall utilize commercially reasonable efforts (including expenditure of reasonable legal fees of Seller's counsel) following the Closing to cooperate with Purchaser's efforts in removing or resolving to Purchaser's reasonable satisfaction the following exception items listed in the Pro Forma Title Insurance Policy No. 619698 issued by the Title Company and attached hereto as **Exhibit B** to this Amendment: 9, 27, 58, 60 and 297. In the event the Title Company identifies additional substantive and material exception items not included on **Exhibit B** prior to Closing, Seller shall utilize commercially reasonable efforts (including expenditure of reasonable legal fees of Seller's counsel) following the Closing to cooperate with Purchaser's efforts in removing or resolving to Purchaser's reasonable satisfaction those additional exception items. In no event shall Seller be required to threaten or undertake litigation or any other similar action as a part of its cooperation with Purchaser's efforts under this Section. Seller shall not be required to expend any costs pursuant to this Section other than reasonable legal fees of Seller's counsel, and Seller's costs in cooperating with Seller's efforts pursuant to this Section shall not exceed Twenty-Five Thousand Dollars ($25,000.00). Purchase acknowledges that the actions of third-parties over which Seller has no control may be required to address the exceptions contemplated in this Section, and Seller makes no warranty that such exceptions can be remedied. The covenants and agreements set forth in this Section 5 shall survive the Closing.

6. No Modification. Except as specifically modified by this Amendment, each and every other term and condition of the Agreement shall remain unchanged and in full force and effect without modification.

7. Counterparts. For purposes of executing this Amendment, this document signed and transmitted by facsimile machine or telecopier is to be treated as an original document. This Amendment may be executed in one or more counterparts and by each Party on a separate counterpart, each of which when so executed and delivered shall be an original, and all of which shall constitute one instrument.

[Remainder of page intentionally left blank. Signatures follow below.]

EXECUTED to be effective as of the date listed above.

SELLER:

TRAILS PROPERTIES II, INC.,

a Missouri corporation

____

By: ______________________________

Its: ______________________________

PURCHASER:

CERNER PROPERTY DEVELOPMENT, INC.,

a Delaware corporation

____

By: ______________________________

Its: ______________________________

EXHIBIT A

Real Property to be Added to Legal Description of Seller's Land Contained in Exhibit A-1 of Real Estate Purchase Agreement

[Photo]

EXHIBIT B

Costs of the Demolition Work

[Photo]

SECOND AMENDMENT TO REAL ESTATE PURCHASE AGREEMENT

THIS SECOND AMENDMENT TO REAL ESTATE PURCHASE AGREEMENT (this "Amendment"), dated as of October 16, 2014, (and for all other purposes, the Effective Date shall remain July 30, 2013) is made between Cerner Property Development, Inc., a Delaware corporation, its successors and assigns ("Purchaser"), and Trails Properties II, Inc., a Missouri corporation ("Seller").

WHEREAS, the Parties previously entered into a certain Real Estate Purchase Agreement dated July 30, 2013, as amended by that certain First Amendment to Real Estate Purchase Agreement dated December 23, 2013, (collectively, the "Agreement") regarding the purchase and sale of certain real property as described therein.

WHEREAS, the Parties, together with First American Title Insurance Company, a California corporation, entered into a certain Escrow Agreement dated December 23, 2013 (the "Escrow Agreement") regarding the escrow of certain funds to secure Seller's performance of certain Demolition Work, as defined in the Agreement.

WHEREAS, the Parties desire to enter into this Amendment for the purposes stated herein.

WHEREAS, capitalized terms not otherwise defined or redefined herein shall have the same meaning as provided in the Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Demolition Work. Purchaser hereby acknowledges that Seller's obligations to perform Demolition Work under the Agreement are hereby deemed completed and satisfied in full. The Parties acknowledge that as of the date of this Amendment, the amount in escrow with the Title Company pending the completion of the Demolition Work is Seven Hundred Twenty Thousand Nine Hundred Fifty Nine Dollars ($720,959.00). Promptly upon the execution of this Amendment, the Parties shall cooperate in good faith to direct the Title Company to release from such escrow the following amounts: (a) to Seller, an amount of Four Hundred Thirty Five Thousand Seven Hundred Five Dollars and Seventy Seven Cents ($435,705.77); and (b) to Purchaser, an amount of Two Hundred Eighty Five Thousand Two Hundred Fifty Three Dollars and Twenty Three Cents ($285,253.23).

2. Termination of the Escrow Agreement. Purchaser and Seller hereby agree that, upon execution of this Amendment and the disbursement of escrowed funds as contemplated herein, the Escrow Agreement shall be deemed terminated.

3. No Modification. Except as specifically modified by this Amendment, each and every other term and condition of the Agreement shall remain unchanged and in full force and effect without modification.

EXECUTED to be effective as of the date listed above.

SELLER:

TRAILS PROPERTIES II, INC.,

a Missouri corporation

____

By: ______________________________

Its: ______________________________

PURCHASER:

CERNER PROPERTY DEVELOPMENT, INC.,

a Delaware corporation

____

By: ______________________________

Its: ______________________________

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This Second Amendment to Amended and Restated Credit Agreement (this " Amendment") is made as of January 15, 2015, by and among CERNER CORPORATION, a Delaware corporation (the " Borrower"); U.S. BANK NATIONAL ASSOCIATION, a national banking association, COMMERCE BANK, a Missouri banking corporation, UMB BANK, N.A., a national banking association, BANK OF AMERICA, N.A., a national banking association, and RBS CITIZENS, N.A., a national banking association (each a "Bank" and, collectively, the "Banks"); BANK OF AMERICA, N.A., a national banking association, as Documentation Agent (in such capacity, the "Documentation Agent"); U.S. BANK NATIONAL ASSOCIATION, as the lender for Swingline Loans (in such capacity, the "Swingline Lender"), and U.S. BANK NATIONAL ASSOCIATION, as agent for the Banks hereunder (in such capacity, the "Administrative Agent" or "Agent"), as lead arranger hereunder (in such capacity, the "Lead Arranger") and as sole book runner. Capitalized terms used and not defined in this Amendment have the meanings given to them in the Credit Agreement referred to below.

Preliminary Statements

(a) The Banks and the Borrower are parties to an Amended and Restated Credit Agreement dated as of February 10, 2012, as amended by the First Amendment to Amended and Restated Credit Agreement dated as of December 28, 2012 (as the same may be amended, renewed, restated, replaced, consolidated or otherwise modified from time to time, the "Credit Agreement").

(b) The Borrower has requested certain modifications to the terms of the Credit Agreement as set forth in this Amendment.

(c) The Banks are willing to agree to the requested modifications, subject, however, to the terms, conditions and agreements set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Modification to Section 1.1 – Defined Terms. The following modifications are hereby made to Section 1.1 of the Credit Agreement:

(a) The definition of "Daily LIBOR Rate" is hereby deleted and is replaced in its entirety with the following:

"Daily LIBOR Rate" means, on any day, the greater of (a) zero percent (0.0%) and (b) the average offered rate for deposits in United States dollars for delivery of such deposits on a one-month basis, which appears on Reuters Screen LIBOR01 Page (or any successor thereto), as of 11:00 A.M., London time (or such other time as of which such rate appears), or the rate for such deposits determined by the Agent at such time based on such other published service of general application as shall be selected by the Agent for such purpose.

(b) The definition of "LIBOR Index Rate" is hereby deleted and is replaced in its entirety with the following:

"LIBOR Index Rate" means for any Interest Period, the greater of (a) zero percent (0.0%) and (b) the rate per annum (rounded upwards, if necessary, to the nearest 1/16th of 1%) for deposits in Dollars for a period equal to such Interest Period, as quoted, as of 11:00 a.m., London time, on the date two Business Days before the first day of such Interest Period, on the appropriate Telerate page or by such other financial news service (electronic or otherwise) as the Administrative Agent, acting in a commercially reasonable manner, may elect to utilize from time to time.

(c) The definition of "Interest Period" is hereby modified by deleting the word "ninth" in the first sentence of such definition.

(d) The definition of "Obligations" is hereby deleted and is replaced in its entirety with the following:

"Obligations" shall mean, collectively, all indebtedness, liabilities and obligations whatsoever of the Borrower to the Banks whether now existing or hereafter arising under or in connection with this Agreement and/or any of the other Credit Documents and/or any Interest Rate Protection Agreement, including without limitation, the principal of, and interest on, the Loans, all future advances thereunder, and all other amounts now or hereafter owing to the Administrative Agent, the Documentation Agent, the Lead Arranger, the Issuing Banks, the Swingline Lender or the Banks under this Agreement, the Notes, the Letters of Credit, the Reimbursement Agreements, the Subsidiary Guaranty or any of the other Credit Documents; *provided, however,* that "Obligations" shall exclude all Excluded Swap Obligations.

(e) The definition of "Permitted Liens" is hereby modified by inserting the following new (12) after (11), renumbering current (12) as new (13) and replacing the reference to "(1) through (11)" in current (12) with "(1) through (12)".

(12) Liens in connection with new markets tax transactions whereby the Indebtedness secured by each such Lien does not extend to additional property of the Company or any Subsidiary (other than the property that is the subject of the new markets tax transaction); and

(f) The following defined terms are hereby added to Section 1.1:

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Excluded Swap Obligation" means, with respect to any Guarantor Subsidiary, any Swap Obligation if, and only to the extent that, all or a portion of the Guarantee of such Guarantor Subsidiary of, or the grant by such Guarantor Subsidiary of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), including by virtue of such Guarantor Subsidiary's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guarantee of such Guarantor Subsidiary or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Swap Counterparty" means, with respect to any swap with a Bank, any person or entity that is or becomes a party to such swap.

"Swap Obligation" means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act between any Bank and one or more Swap Counterparties.

2. New Schedule 5.1. A new Schedule 5.1 is attached hereto and replaces the previous Schedule 5.1 in its entirety.

3. Amendment to Section 5.12 (Representation regarding Subsidiaries). Section 5.12 of the Credit Agreement is deleted and is replaced with the following:

"5.12 Guarantor Subsidiaries. The ownership of each Guarantor Subsidiary is listed on Schedule 5.12 hereto. The Borrower owns and has good title to (free and clear of all Liens), and has the unencumbered right to vote its shares of capital stock of each such Guarantor Subsidiary, all as set forth on Schedule 5.12."

4. New Schedule 5.12. A new Schedule 5.12 is attached hereto and replaces the previous Schedule 5.12 in its entirety.

5. Amendment to Section 6.1(m) (Reporting Requirements). Section 6.1(m) of the Credit Agreement is deleted and is replaced in its entirety with the following:

(m) promptly from time to time such other information regarding (1) the business, affairs, operations or condition (financial or otherwise) of the Borrower and its Subsidiaries (including but not limited to a listing of all then current Subsidiaries of the Borrower and the ownership thereof), (2) compliance by the Borrower with its obligations contained herein or in any of the other Credit Documents, and (3) the transactions contemplated hereby, in each case in such form and in such detail as the Administrative Agent may reasonably request.

6. Modification to Section 6.11 – Dividends and Distributions. Section 6.11 of the Credit Agreement is deleted and is replaced in its entirety with the following:

6.11 Dividends and Distributions. The Borrower shall not, nor shall it permit any of its Subsidiaries to, declare or pay, directly or indirectly, any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or otherwise, with respect to any shares of its capital stock or directly or indirectly redeem, purchase, retire or otherwise acquire for value any shares of any class of its capital stock or set aside any amount for any such purpose (the foregoing transactions being collectively called "Restricted Payments"); *provided, however,* that (a) the Borrower and its Subsidiaries may declare and pay dividends payable solely in shares of its common stock, (b) any Subsidiary of the Borrower may make Restricted Payments to the Borrower or to any Guarantor Subsidiary, (c) any Foreign Subsidiary may make Restricted Payments to another Foreign Subsidiary, and (d) during any fiscal quarter, the Borrower may declare and pay cash dividends, and/or redeem, purchase, retire or otherwise acquire for value any shares of any class of its capital stock or set aside any amount for any such purpose, in each case if no Default or Event of Default then exists or would result therefrom.

7. **Addition to Section 6.9 (Addition of Guarantor Subsidiary by Separate Joinder)**. The following is added as new subsection 6.9(d) to the Credit Agreement, and Exhibit I attached hereto is added as a new Exhibit to the Credit Agreement:

(d) The parties agree that a Person may become a Subsidiary Guarantor pursuant to the terms of this Section 6.9 by execution of a separate Joinder Agreement substantially in the form of Exhibit I attached hereto, executed by such Person and acknowledged by the then existing Guarantor Subsidiaries.

8. Addition of Guarantor Subsidiaries. The parties acknowledge and agree that effective as of the date of this Amendment, Cerner Property Development, Inc., a Delaware corporation, and Cerner Health Services, Inc. are each hereby added as a "Guarantor Subsidiary".

9. Reaffirmation of Credit Documents. The Borrower reaffirms its obligations under the Credit Agreement, as amended hereby, and the other Credit Documents to which it is a party or by which it is bound, and represents, warrants and covenants to the Agent and the Banks, as a material inducement to the Agent and each Bank to enter into this Amendment, that (a) the Borrower has no and in any event waives any, defense, claim or right of setoff with respect to its obligations under, or in any other way relating to, the Credit Agreement, as amended hereby, or any of the other Credit Documents to which it is a party, or the Agent's or any Bank's actions or inactions in respect of any of the foregoing, and (b) all representations and warranties made by or on behalf of the Borrower in the Credit Agreement and the other Credit Documents, as modified by this Amendment, are true and complete on the date hereof as if made on the date hereof.

10. Conditions Precedent to Amendment. Except to the extent waived in a writing signed by the Administrative Agent and delivered to the Borrower, the Administrative Agent and the Banks shall have no duties under this Amendment until the Administrative Agent shall have received fully executed originals of each of the following, each in form and substance satisfactory to the Administrative Agent:

(a) ***Amendment.*** This Amendment;

(b) ***First Amendment to Amended and Restated Guaranty Agreement***, executed by each Guarantor Subsidiary;

(c) ***Secretary's Certificate***. A certificate from the Secretary or Assistant Secretary of the Borrower certifying to the Administrative Agent that, among other things, (i) attached thereto as an exhibit is a true and correct copy of the resolutions of the board of directors of the Borrower authorizing the Borrower to enter into the transactions described in this Amendment and the execution, delivery and performance by the Borrower of any documents related to this Amendment, (ii) the articles of incorporation and by-laws of the Borrower as filed with the Securities and Exchange Commission are in full force and effect and have not been amended or otherwise modified or revoked, and (iii) attached thereto as exhibits are certificates of good standing, each of recent date, from the Secretary of State of Delaware and the Secretary of State of Missouri, certifying the good standing and authority of the Borrower in such states as of such dates; and

(d) ***Other Documents.*** Such other documents as the Administrative Agent may reasonably request to further implement the provisions of this Amendment or the transactions contemplated hereby.

11. No Other Amendments; No Waiver of Default. Except as amended hereby, the Credit Agreement and the other Credit Documents shall remain in full force and effect and be binding on the parties in accordance with their respective terms. By entering into this Amendment, the Administrative Agent and the Banks are not waiving any Default or Event of Default which may exist on the date hereof.

12. Expenses. The Borrower agrees to pay and reimburse the Administrative Agent and/or the Banks for all out-of-pocket costs and expenses incurred in connection with the negotiation, preparation, execution, delivery, operation, enforcement and administration of this Amendment, including the reasonable fees and expenses of counsel to the Administrative Agent and the Banks.

13. Counterparts; Fax Signatures. This Amendment and any documents contemplated hereby may be executed in one or more counterparts and by different parties thereto, all of which counterparts, when taken together, shall constitute but one agreement. This Amendment and any documents contemplated hereby may be executed and delivered by facsimile or other electronic transmission and any such execution or delivery shall be fully effective as if executed and delivered in person.

14. Mo. Rev. Stat. Section 432.047 Statement. The following statement is given pursuant to Mo. Rev. Stat. Section 432.047: NO ORAL AGREEMENTS; FINAL WRITTEN AGREEMENT . ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE REGARDLESS OF THE LEGAL THEORY UPON WHICH IT IS BASED THAT IS IN ANY WAY RELATED TO THE CREDIT AGREEMENT. TO PROTECT YOU (THE BORROWER) AND US (THE ADMINISTRATIVE AGENT, THE DOCUMENTATION AGENT, THE LEAD ARRANGER, THE SWINGLINE LENDER, THE ISSUING BANK AND THE BANKS) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH, TOGETHER WITH ALL OTHER WRITTEN AGREEMENTS BETWEEN US, IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

15. Governing Law. This Amendment shall be governed by the same law that governs the Credit Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

CERNER CORPORATION,
the Borrower

By: __
Marc G. Naughton
Executive Vice President and Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION,
as Administrative Agent, Lead Arranger, Sole Book Ruuner, Swingline Lender, an Issuing Bank and a Bank

By: __
Shelly Ungles
Vice President

COMMERCE BANK
as a Bank

By: __
Pamela T. Hill
Vice President

UMB BANK, N.A.,
as a Bank

By: __
Mark D. Nuss
Vice President

BANK OF AMERICA, N.A.,
as Documentation Agent, an Issuing Bank and a Bank

By: __
Michael Bruening
AVP | Portfolio Management Officer

RBS CITIZENS, N.A.
as a Bank

By: __
Darran Wee
Vice President

CONSENT OF GUARANTOR SUBSIDIARIES

Reference is made to the Amended and Restated Guaranty dated as of February 10, 2012, given by (1) CERNER PROPERTIES, INC., (2) CERNER INTERNATIONAL, INC., (3) CERNER MULTUM, INC., (4) CERNER HEALTH CONNECTIONS, INC., (5) CERNER HEALTHCARE SOLUTIONS, INC., (6) THE HEALTH EXCHANGE, INC., (7) CERNER INNOVATION, INC., and (8) by Joinder dated as of the date hereof, CERNER PROPERTY DEVELOPMENT, INC. and CERNER HEALTH SERVICES, INC. (each a "Guarantor Subsidiary" and, collectively, the "Guarantors Subsidiaries") in favor of the Bank Parties (as such term is defined in the Credit Agreement referred to in the above Amendment, as so amended (the "Bank Parties") (with respect to each Guarantor Subsidiary, such Guarantor Subsidiaries' "Guaranty"). Capitalized terms used and not defined in this Consent of Guarantors shall have the meanings given to them in the Credit Agreement referred to in the above Amendment, as so amended. To induce the Bank Parties to enter into the above Amendment, the Subsidiary Guarantors jointly and severally (a) consent to the Bank Parties and the Borrower entering into the Amendment, (b) agree that the execution, delivery and performance of the Amendment shall not discharge, limit or otherwise impair the obligations of each Guarantor Subsidiary under the Guaranty to which such Guarantor Subsidiary is a party, (c) agree that each Guaranty is and remains in full force and effect and is enforceable against the Guarantor Subsidiary thereto in accordance with its terms, (d) waive any defense, claim or right of setoff that any of the Guarantor Subsidiaries may have in respect of the above Amendment and confirm that the Guarantor Subsidiaries are not aware of any defense, claim or right of setoff that any of the Guarantor Subsidiaries may have in respect of any Guaranty, the Credit Agreement, any other Credit Document or the Bank Parties' actions or inactions in respect of any of the foregoing, and (e) agree that the Bank Parties have no duty to give any Guarantor Subsidiary notice of or obtain any Guarantor Subsidiaries' consent to the transactions described in the Amendment, and that any Bank Party's giving of notice to the Guarantor Subsidiaries and the obtainment of their consent in this instance shall not impose any similar or other duty upon the Bank Parties in any future matter or transaction. This Consent of Guarantor Subsidiaries shall, as to each Guarantor Subsidiary, be governed by the same law that governs such Guarantor Subsidiary's Guaranty, and may be validly executed and delivered by fax or other electronic transmission and by use of one or more counterpart signature pages.

[signature pages to follow]

GUARANTOR SUBSIDIARIES:

CERNER PROPERTIES, INC.,
a Delaware corporation

By:__________
Name: Marc G. Naughton
Title: President

CERNER INTERNATIONAL, INC.,
a Delaware corporation

By:__________
Name: Marc G. Naughton
Title: President

CERNER MULTUM, INC.,
a Delaware corporation

By:__________
Name: Marc G. Naughton
Title: President

CERNER HEALTH CONNECTIONS, INC.,
a Delaware corporation

By:__________
Name: Marc G. Naughton
Title: President

CERNER HEALTHCARE SOLUTIONS, INC.,
a Delaware corporation

By:__________
Name: Marc G. Naughton
Title: President

CERNER INNOVATION, INC.,
a Delaware corporation

By:__________
Name: Marc G. Naughton
Title: President

CERNER PROPERTY DEVELOPMENT, INC.,
a Delaware corporation

By:____________________________________
Name: Marc G. Naughton
Title: President

THE HEALTH EXCHANGE, INC.
a Missouri corporation

By:__________
Name: Marc G. Naughton
Title: President and Treasurer

CERNER HEALTH SERVICES, INC.,
a Delaware corporation

By:____________________________________
Name: Marc G. Naughton
Title: President

SCHEDULE 5.1
Schedule of Changes to Bylaws and Articles of Incorporation of
Cerner Corporation and its U.S. Subsidiaries
Since November 12, 2009

	Articles	Bylaws
Cerner Corporation	Certificate of Amendment #1 to 2nd Restated Certificate dated 5/27/2011	Amendment No. 1 to the Bylaws, effective 3/10/2010
Cerner Corporation	Certificate of Amendment #2 to 2nd Restated Certificate dated 5/27/2011	Amendment No. 2 to the Bylaws, effective 3/9/2011
Cerner Corporation	Third Restated Certificate of Incorporation dated 9/12/2013	Amendment No. 3 to the Bylaws, effective 12/23/13

SCHEDULE 5.12-- Ownership of Guarantor Subsidiaries

Cerner Subsidiaries		
Name	**Jurisdiction of Organization**	**Ownership**
Cerner Health Connections, Inc.	Delaware	Cerner Corporation 100%
Cerner Health Services, Inc.	Delaware	Cerner Corporation 100%
Cerner Healthcare Solutions, Inc.	Delaware	Cerner Corporation 100%
Cerner Multum, Inc.	Delaware	Cerner Corporation 100%
Cerner Property Development, Inc.	Delaware	Cerner Corporation 100%
Cerner Properties, Inc.	Delaware	Cerner Corporation 100%
Cerner Innovation, Inc.	Delaware	Cerner Corporation 100%
Cerner International, Inc.	Delaware	Cerner Corporation 100%

EXHIBIT I

JOINDER AGREEMENT

THIS JOINDER AGREEMENT (the "Agreement") is made as of ______, 201_, by each of the entities that is a party to this Agreement (each, a "Joining Party" and, collectively, the "Joining Parties"), in favor of U.S. BANK NATIONAL ASSOCIATION, a national banking association, in its capacity as Administrative Agent for itself and for the other Banks (as such terms are defined in the Credit Agreement referred to below), and is consented to by the other persons and entities whose signatures appear under the included Consent and Agreement of the Loan Parties.

Preliminary Statements

(a) Cerner Corporation, a Delaware corporation (the "Borrower"), has entered into an Amended and Restated Credit Agreement dated as of February 10, 2012 (as amended and in effect from time to time, the "Credit Agreement") with the Banks, pursuant to which the Banks, subject to the terms and conditions therein, agreed to make loans or otherwise extend credit to the Borrower.

(b) Each of the entities initially a signatory thereto and each of those entities subsequently executing and delivering a Joinder Agreement (as defined in the Credit Agreement) (each a "Guarantor Subsidiary" and collectively, the "Guarantor Subsidiarys") has entered into or become a party to an Amended and Restated Guaranty dated as of February 10, 2012 (as amended and in effect from time to time, the "Guaranty") in favor of the Administrative Agent for the benefit of the Banks.

(c) It is a condition to the obligations of the Banks under the Credit Agreement and the other Credit Documents that each Joining Party enter into this Agreement, which each Joining Party is willing to do.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Joining Party agrees as follows:

1. Definitions. All capitalized terms used but not defined in this Agreement have the meanings given to them in the Guaranty or, as applicable, the Credit Agreement (as the same have been or may hereafter be amended, restated, supplemented or otherwise modified from time to time).

2. Status and Obligations. Each Joining Party acknowledges, agrees and confirms to the Administrative Agent (for its benefit and for the benefit of each of the Banks) that:

(a) Credit Agreement. Such Joining Party hereby (i) joins in and will hereafter be deemed to be a "Guarantor Subsidiary" and a "Subsidiary" for all purposes of (and as those terms are defined in) the Credit Agreement as if it had existed at the Closing Date (as defined in the Credit Agreement), (ii) assumes all of the obligations of a Guarantor Subsidiary under the Credit Agreement, (iii) makes and confirms all of the representations and warranties set forth in the Credit Agreement relating or applicable to a Subsidiary and/or Guarantor Subsidiary, and (iv) agrees to be bound by all of the covenants, waivers, releases, indemnifications and all other terms and provisions of the Credit Agreement given by, agreed to, binding on, or otherwise applicable to, a Subsidiary and/or Guarantor Subsidiary.

(b) Guaranty. Such Joining Party hereby (i) joins in and will hereafter be deemed to be a party to the Guaranty and a "Guarantor Subsidiary" for all purposes of (and as that term is defined in) the Guaranty as if it had executed the same, (ii) assumes all of the obligations of a Guarantor Subsidiary under the Guaranty and, without limiting the generality of the foregoing, joins in the guaranty of the “Obligations” (as defined in the Guaranty) provided for in Section 2.1 thereof on a joint and several basis with all of the Guarantor Subsidiaries thereunder, (iii) makes all of the representations and warranties set forth in the Guaranty applicable to a Guarantor Subsidiary, and (iv) agrees to be bound by all of the covenants, waivers, releases, indemnifications and all other terms and provisions of the Guaranty given by, agreed to, binding on, or otherwise applicable to, a Guarantor Subsidiary.

3. Representations and Warranties. Each Joining Party hereby represents and warrants to the Administrative Agent (for its benefit and for the benefit of each of the Banks) that:

(a) such Joining Party is a duly organized and validly existing corporation or other organization and has full corporate or other organizational power and authority to enter into this Agreement and to pay and perform its obligations under this Agreement and the other Credit Documents to which it is a party;

(b) this Agreement has been duly authorized, executed and delivered by such Joining Party and this Agreement and each of the other Credit Documents to which it is a party constitutes a legal, valid and binding obligation of such Joining Party, enforceable against such Joining Party in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting the enforceability of creditors’ rights generally and subject to the discretion of the courts in applying equitable remedies;

(c) neither the execution or delivery of this Agreement by such Joining Party, nor the performance by such Joining Party of its obligations under this Agreement or any of the Credit Documents to which it is a party contravenes any provision of such Joining Party’s constituent documents (including, without limitation and as applicable, its certificate or articles of incorporation, by-laws and any other agreements or documents relating to such Joining Party’s formation, existence or authority to act) or any contractual or legal restriction binding on such Joining Party or its assets, gives rise to any default under any agreement binding on such Joining Party or its assets, or results in any lien or other rights in favor of any person (other than the Administrative Agent or a Lender);

(d) no Default or Event of Default (as each such term is defined in the Credit Agreement) has occurred and is continuing; and

(e) as of the date of execution of this Agreement by such Joining Party, such Joining Party is an “eligible contract participant” as defined in the Commodity Exchange Act (as such term is defined in the Credit Agreement).

4. Additional Deliveries. Each Joining Party hereby agrees to deliver to the Administrative Agent the following (in each case in form and substance reasonably satisfactory to the Administrative Agent):

(a) such certificates of resolutions or other action, incumbency certificates and/or other certificates of duly authorized officers of such Joining Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each duly authorized officer authorized to act on behalf of such Joining Party in connection with this Agreement or any of the Credit Documents to which it is a party;

(b) such documents and certifications as the Administrative Agent may reasonably require to evidence that such Joining Party is duly organized or formed, validly existing and in good standing in its jurisdiction of organization, including, certified copies of its constituent documents and certificates of good standing;

(c) such other approvals, certificate, instruments or documents as the Administrative Agent reasonably may require.

5. Miscellaneous.

(a) Integration; Confirmation. On and after the date hereof, the applicable Credit Documents shall be supplemented as expressly set forth herein; and all other terms and provisions of the applicable Credit Documents continue in full force and effect and unchanged and are hereby confirmed in all respects.

(b) Credit Document. This Agreement is a Credit Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

(c) Section Captions. Section captions used in this Agreement are for convenience of reference only, and shall not affect the construction of this Agreement.

(d) Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable, (i) the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected or impaired thereby, and (ii) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(e) Simultaneous Joinder. To the extent any other person or entity is entering into a similar joinder agreement on or about the date of this Agreement, then those similar joinder agreements will be deemed to have been executed and delivered simultaneously with this Agreement. Notwithstanding the foregoing, if it is ever determined that this Agreement was executed and delivered prior to any other similar joinder agreement, then the Joining Party will be deemed to have given each consent and agreement with respect to that other similar joinder agreement that the Borrower and Guarantor Subsidiaries have given with respect to this Agreement.

(f) Counterparts. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of this Agreement.

(g) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MISSOURI WITHOUT REGARD TO ANY CHOICE OF LAW RULE THEREOF.

[Signature pages follow]

IN WITNESS WHEREOF, each Joining Party has caused this Agreement to be duly executed by its authorized officer as of the day and year first written above.

____

BY: _____________
NAME: _____________
TITLE: _____________
ORGANIZATIONAL IDENTIFICATION NUMBER:
____
CHIEF EXECUTIVE OFFICE:
____
____

Accepted as of ______, 201_:

U.S. BANK NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT

BY: _____________
NAME:
TITLE:

CONSENT AND AGREEMENT OF THE LOAN PARTIES

Each of the undersigned (each, a "Loan Party"): (a) consents to the foregoing, (b) agrees that each reference to a "Subsidiary" or a "Guarantor Subsidiary" in any of the Credit Documents includes each Joining Party, (c) agrees that each reference to a "Guarantor Subsidiary" in the Guaranty includes each Joining Party, (d) agrees that nothing in the foregoing Agreement shall act to discharge, limit or otherwise impair the obligations or liabilities of such Loan Party under any of the Credit Documents to which such Loan Party is a party or by which it is bound, (e) ratifies and reaffirms such Loan Party's obligations under the Credit Documents to which such Loan Party is a party or by which such Loan Party is bound, in each case as supplemented by the foregoing Agreement, (f) agrees that, insofar as the foregoing Agreement acts to give notice to or obtain the consent of any entity who is a Guarantor Subsidiary, hypothecator or similar obligor, the Administrative Agent's election to give notice to or obtain the consent of such entity in this instance shall not impose any similar or other duty on the Administrative Agent or any Bank with respect to any future consent, waiver or other concession made by the Administrative Agent or any Bank, and (g) agrees that its obligations under the Credit Documents to which such Loan Party is a party or by which it is bound are not discharged, limited or otherwise impaired in any way by the failure of any other person or entity to execute the foregoing Agreement or this Consent and Agreement of the Loan Parties.

Each of the undersigned also represents, warrants and covenants to the Administrative Agent and the Banks that the execution of this Agreement by the undersigned is a material inducement to the Administrative Agent and the Banks to enter into the foregoing Agreement and the transactions contemplated thereby.

[Signature blocks for Borrower and each entity that was a Guarantor Subsidiary prior to date of the Agreement.]

SUBSIDIARIES OF REGISTRANT

Name	State/Country of Incorporation
1. Cerner Belgium BVBA	Belgium
2. Cerner Campus Redevelopment Corporation	Missouri
3. Cerner Canada Limited LLC	Delaware
4. Cerner Canada ULC	Canada
5. Cerner Capital, Inc.	Delaware
6. Cerner Chile Limitada	Chile
7. Cerner Chouteau Data Center, Inc.	Delaware
8. Cerner Corporation PTY Limited	New South Wales (Australia)
9. Cerner Deutschland GmbH	Germany
10. Cerner Egypt L.L.C	Egypt
11. Cerner Finland Oy	Finland
12. Cerner France SAS	France
13. Cerner Galt, Inc.	Delaware
14. Cerner Healthcare Sales India Private Limited	India
15. Cerner Health Services, Inc.	Delaware
16. Cerner Health Services Deutschland GmbH	Germany
17. Cerner Healthcare Solutions, Inc.	Delaware
18. Cerner Healthcare Solutions Private Limited	India
19. Cerner Health Connections, Inc.	Delaware
20. Cerner Iberia, S.L.	Spain
21. Cerner India Health Services Private Limited	India
22. Cerner India Sales Private Limited	India
23. Cerner Innovation, Inc.	Delaware
24. Cerner International, Inc.	Delaware
25. Cerner Ireland Limited	Ireland
26. Cerner Limited	United Kingdom
27. Cerner Lingologix, Inc.	Delaware
28. Cerner Math, Inc.	Delaware
29. Cerner México, S. de R. L. de C.V.	Mexico
30. Cerner Middle East FZ-LLC	Emirate of Dubai, UAE
31. Cerner Middle East, Ltd.	Cayman Islands
32. Cerner Multum, Inc.	Delaware
33. Cerner Nederland B.V.	Netherlands
34. Cerner Netherlands B.V.	Netherlands
35. Cerner Norge AS	Norway
36. Cerner Österreich GmbH	Austria
37. Cerner Portugal Unipessoal, Lda.	Portugal
38. Cerner Properties, Inc.	Delaware
39. Cerner Property Development, Inc.	Delaware
40. Cerner RevWorks, LLC	Delaware
41. Cerner România S.R.L	Romania
42. Cerner Singapore Limited LLC	Delaware
43. Cerner Slovensko s.r.o.	Slovakia
44. Cerner Soluções para a Saúde Ltda.	Brazil
45. Cerner Sverige AB	Sweden
46. Cerner (Malaysia) SDN BHD	Malaysia
47. The Health Exchange, Inc.	Missouri
48. Rockcreek Aviation, Inc.	Delaware

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Cerner Corporation:

We consent to the incorporation by reference in the Registration Statements (No. 333-180016, No. 333-174568, No. 333-125492, No. 333-77029, No. 333-93379, No. 333-24899, No. 333-24909, No. 333-75308, No. 333-70170, No. 33-63226, No. 33-56868, No. 33-55082, No. 33-41580, No. 33-39777, No. 33-39776, No. 33-20155, No. 33-15156, and No. 333-40156) on Form S-8 and (No. 333-72024 and No. 333-40156) on Form S-4 of Cerner Corporation of our reports dated February 11, 2015, with respect to the consolidated balance sheets of Cerner Corporation and subsidiaries as of January 3, 2015 and December 28, 2013, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in shareholders' equity for each of the years in the three-year period ended January 3, 2015, and the related consolidated financial statement schedule, and the effectiveness of internal control over financial reporting as of January 3, 2015, which reports appear in the 2014 Annual Report on Form 10-K of Cerner Corporation.

/s/ KPMG LLP
Kansas City, Missouri
February 11, 2015

Exhibit 31.1

CERTIFICATION

I, Neal L. Patterson, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended January 3, 2015 of Cerner Corporation;

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 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 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.

Date: February 11, 2015

/s/Neal L. Patterson
Neal L. Patterson
Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Marc G. Naughton, certify that:

1. I have reviewed this annual report on Form 10-K for the year ended January 3, 2015 of Cerner Corporation;

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 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 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.

Date: February 11, 2015

/s/Marc G. Naughton
Marc G. Naughton
Chief Financial Officer

Exhibit 32.1

CERTIFICATION FURNISHED PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Annual Report on Form 10-K for the fiscal year ended January 3, 2015 (the Report) by Cerner Corporation (the Company), the undersigned Chief Executive Officer of the Company hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Neal L. Patterson
Neal L. Patterson, Chairman of the Board
and Chief Executive Officer
Date: February 11, 2015

A signed original of this written statement required by Section 906 has been provided to Cerner Corporation and will be retained by Cerner Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION FURNISHED PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Annual Report on Form 10-K for the fiscal year ended January 3, 2015 (the Report) by Cerner Corporation (the Company), the undersigned Chief Financial Officer of the Company hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Marc G. Naughton

Marc G. Naughton, Executive Vice President
and Chief Financial Officer
Date: February 11, 2015

A signed original of this written statement required by Section 906 has been provided to Cerner Corporation and will be retained by Cerner Corporation and furnished to the Securities and Exchange Commission or its staff upon request.