

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: **September 30, 2021**

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

(State or other jurisdiction of incorporation or organization)

**2800 Rock Creek Parkway
North Kansas City, MO**

(Address of principal executive offices)



43-1196944

(I.R.S. Employer Identification No.)

64117

(Zip Code)

(816) 221-1024

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value per share	CERN	The Nasdaq Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes No

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

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

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

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

<u>Class</u>	<u>Outstanding at October 25, 2021</u>
Common Stock, \$0.01 par value per share	294,222,760 shares

CERNER CORPORATION**TABLE OF CONTENTS**

Part I.	Financial Information:	
Item 1.	Financial Statements:	
	Condensed Consolidated Balance Sheets as of September 30, 2021 (unaudited) and December 31, 2020	1
	Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2021 and September 30, 2020 (unaudited)	2
	Condensed Consolidated Statements of Comprehensive Income for the Three and Nine Months Ended September 30, 2021 and September 30, 2020 (unaudited)	3
	Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2021 and September 30, 2020 (unaudited)	4
	Condensed Consolidated Statements of Changes in Shareholders' Equity for the Three and Nine Months Ended September 30, 2021 and September 30, 2020 (unaudited)	5
	Notes to Condensed Consolidated Financial Statements (unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	37
Item 4.	Controls and Procedures	37
Part II.	Other Information:	
Item 1.	Legal Proceedings	37
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 6.	Exhibits	39
Signatures		

Part I. Financial Information**Item 1. Financial Statements****CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS**

As of September 30, 2021 (unaudited) and December 31, 2020

(In thousands, except share data)

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 459,540	\$ 615,615
Short-term investments	322,634	442,473
Receivables, net	1,219,849	1,168,712
Inventory	25,389	23,027
Prepaid expenses and other	412,744	401,160
Total current assets	2,440,156	2,650,987
Property and equipment, net	1,717,630	1,804,083
Right-of-use assets	89,619	104,536
Software development costs, net	1,008,440	1,009,349
Goodwill	1,126,843	914,520
Intangible assets, net	476,067	329,249
Long-term investments	488,454	510,220
Other assets	195,951	198,152
Total assets	<u>\$ 7,543,160</u>	<u>\$ 7,521,096</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 311,196	\$ 235,755
Current installments of long-term debt	225,000	—
Deferred revenue	438,063	393,293
Accrued payroll and tax withholdings	344,879	309,814
Other current liabilities	232,187	229,764
Total current liabilities	1,551,325	1,168,626
Long-term debt	1,611,205	1,336,069
Deferred income taxes	389,843	376,035
Other liabilities	150,884	157,799
Total liabilities	<u>3,703,257</u>	<u>3,038,529</u>
Shareholders' Equity:		
Common stock, \$0.01 par value, 500,000,000 shares authorized, 378,558,251 shares issued at September 30, 2021 and 373,224,832 shares issued at December 31, 2020	3,785	3,732
Additional paid-in capital	2,598,853	2,288,806
Retained earnings	6,656,679	6,475,551
Treasury stock, 82,216,073 shares at September 30, 2021 and 67,371,686 shares at December 31, 2020	(5,289,718)	(4,164,718)
Accumulated other comprehensive loss, net	(129,696)	(120,804)
Total shareholders' equity	<u>3,839,903</u>	<u>4,482,567</u>
Total liabilities and shareholders' equity	<u>\$ 7,543,160</u>	<u>\$ 7,521,096</u>

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the three and nine months ended September 30, 2021 and September 30, 2020

(unaudited)

	Three Months Ended		Nine Months Ended	
	2021	2020	2021	2020
<i>(In thousands, except per share data)</i>				
Revenues	\$ 1,467,976	\$ 1,368,673	\$ 4,312,509	\$ 4,110,763
Costs and expenses:				
Costs of revenue	251,111	231,889	743,092	698,268
Sales and client service	651,010	625,402	2,004,263	1,907,138
Software development (Includes amortization of \$66,222 and \$196,319 for the three and nine months ended September 30, 2021, respectively; and \$61,578 and \$183,786 for the three and nine months ended September 30, 2020, respectively)	202,663	186,826	636,590	551,101
General and administrative	121,395	116,816	390,067	391,000
Amortization of acquisition-related intangibles	16,874	12,789	45,956	43,031
Total costs and expenses	1,243,053	1,173,722	3,819,968	3,590,538
Gain on sale of businesses	—	216,869	—	216,869
Operating earnings	224,923	411,820	492,541	737,094
Other income (loss), net	(5,070)	48,020	(5,542)	78,247
Earnings before income taxes	219,853	459,840	486,999	815,341
Income taxes	(44,058)	(103,164)	(106,245)	(176,758)
Net earnings	\$ 175,795	\$ 356,676	\$ 380,754	\$ 638,583
Basic earnings per share	\$ 0.59	\$ 1.17	\$ 1.27	\$ 2.08
Diluted earnings per share	\$ 0.59	\$ 1.16	\$ 1.25	\$ 2.07
Basic weighted average shares outstanding	296,202	305,759	300,526	306,759
Diluted weighted average shares outstanding	298,714	308,366	303,423	309,124

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

For the three and nine months ended September 30, 2021 and September 30, 2020

(unaudited)

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended	
	2021	2020	2021	2020
Net earnings	\$ 175,795	\$ 356,676	\$ 380,754	\$ 638,583
Foreign currency translation adjustment and other (net of taxes (benefit) of \$(151) and \$(580) for the three and nine months ended September 30, 2021, and \$351 and \$688 for the three and nine months ended September 30, 2020, respectively)	(13,259)	9,611	(17,764)	(1,738)
Unrealized gain (loss) on cash flow hedge (net of taxes (benefit) of \$748 and \$2,993 for the three and nine months ended September 30, 2021, and \$745 and \$(5,937) for the three and nine months ended September 30, 2020, respectively)	2,273	2,265	9,099	(18,050)
Unrealized holding gain (loss) on available-for-sale investments (net of taxes (benefit) of \$5 and \$(75) for the three and nine months ended September 30, 2021, and \$(73) and \$142 for the three and nine months ended September 30, 2020, respectively)	17	(220)	(227)	433
Comprehensive income	<u>\$ 164,826</u>	<u>\$ 368,332</u>	<u>\$ 371,862</u>	<u>\$ 619,228</u>

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2021 and September 30, 2020
(unaudited)

	Nine Months Ended	
	2021	2020
<i>(In thousands)</i>		
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 380,754	\$ 638,583
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	535,816	518,987
Share-based compensation expense	157,165	110,500
Provision for deferred income taxes	3,582	21,554
Gain on sale of businesses	—	(216,869)
Investment gains	—	(75,834)
Asset impairments	117,739	—
Changes in assets and liabilities (net of businesses acquired):		
Receivables, net	(33,948)	(78,695)
Inventory	(2,360)	8,206
Prepaid expenses and other	(2,091)	(36,664)
Accounts payable	27,467	(60,808)
Accrued income taxes	13,100	33,005
Deferred revenue	11,053	(32,071)
Other accrued liabilities	46,113	94,151
Net cash provided by operating activities	<u>1,254,390</u>	<u>924,045</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital purchases	(246,813)	(238,053)
Capitalized software development costs	(242,677)	(224,710)
Purchases of investments	(607,390)	(511,378)
Sales and maturities of investments	753,347	213,309
Purchase of other intangibles	(23,197)	(29,698)
Acquisition of businesses, net of cash acquired	(348,179)	(35,766)
Sale of businesses	—	229,471
Disposition of assets held for sale	9,349	—
Net cash used in investing activities	<u>(705,560)</u>	<u>(596,825)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt issuance	500,000	300,000
Repayment of long-term debt	—	(2,500)
Proceeds from exercise of stock options	214,577	202,680
Payments to taxing authorities in connection with shares directly withheld from associates	(62,159)	(22,623)
Treasury stock purchases	(1,125,000)	(650,000)
Dividends paid	(202,054)	(166,277)
Other	(18,441)	(6,807)
Net cash used in financing activities	<u>(693,077)</u>	<u>(345,527)</u>
Effect of exchange rate changes on cash and cash equivalents	(11,828)	(4,382)
Net decrease in cash and cash equivalents	(156,075)	(22,689)
Cash and cash equivalents at beginning of period	615,615	441,843
Cash and cash equivalents at end of period	<u>\$ 459,540</u>	<u>\$ 419,154</u>

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three and nine months ended September 30, 2021 and September 30, 2020
(unaudited)

<i>(In thousands)</i>	Common Stock		Additional Paid- in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss, Net
	Shares	Amount				
Balance at December 31, 2020	373,225	\$ 3,732	\$ 2,288,806	\$ 6,475,551	\$ (4,164,718)	\$ (120,804)
Exercise of stock options and vests of restricted shares and share units	824	8	31,471	—	—	—
Employee share-based compensation expense	—	—	47,950	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	(4,620)
Treasury stock purchases	—	—	—	—	(350,000)	—
Cash dividends declared (\$0.22 per share)	—	—	—	(67,191)	—	—
Net earnings	—	—	—	172,252	—	—
Balance at March 31, 2021	374,049	3,740	2,368,227	6,580,612	(4,514,718)	(125,424)
Exercise of stock options and vests of restricted shares and share units	2,887	29	87,377	—	—	—
Employee share-based compensation expense	—	—	53,941	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	6,697
Treasury stock purchases	—	—	—	—	(400,000)	—
Cash dividends declared (\$0.22 per share)	—	—	—	(66,704)	—	—
Net earnings	—	—	—	32,707	—	—
Balance at June 30, 2021	376,936	3,769	2,509,545	6,546,615	(4,914,718)	(118,727)
Exercise of stock options and vests of restricted shares and share units	1,622	16	34,034	—	—	—
Employee share-based compensation expense	—	—	55,274	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	(10,969)
Treasury stock purchases	—	—	—	—	(375,000)	—
Cash dividends declared (\$0.22 per share)	—	—	—	(65,731)	—	—
Net earnings	—	—	—	175,795	—	—
Balance at September 30, 2021	378,558	3,785	2,598,853	6,656,679	(5,289,718)	(129,696)

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

For the three and nine months ended September 30, 2021 and September 30, 2020

(unaudited)

<i>(In thousands)</i>	Common Stock		Additional Paid- in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss, Net
	Shares	Amount				
Balance at December 28, 2019	367,635	\$ 3,676	\$ 1,905,171	\$ 5,934,909	\$ (3,407,768)	\$ (118,660)
Exercise of stock options and vests of restricted shares and share units	2,543	26	114,050	—	—	—
Employee share-based compensation expense	—	—	35,031	—	—	—
Cumulative effect of accounting change (ASU 2016-13)	—	—	—	(4,606)	—	—
Other comprehensive income (loss)	—	—	—	—	—	(40,703)
Treasury stock purchases	—	—	—	—	(650,000)	—
Cash dividends declared (\$0.18 per share)	—	—	—	(55,206)	—	—
Net earnings	—	—	—	147,159	—	—
Balance at March 31, 2020	370,178	3,702	2,054,252	6,022,256	(4,057,768)	(159,363)
Exercise of stock options and vests of restricted shares and share units	1,009	10	28,540	—	—	—
Employee share-based compensation expense	—	—	37,549	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	9,692
Cash dividends declared (\$0.18 per share)	—	—	—	(55,602)	—	—
Net earnings	—	—	—	134,748	—	—
Balance at June 30, 2020	371,187	3,712	2,120,341	6,101,402	(4,057,768)	(149,671)
Exercise of stock options and vests of restricted shares and share units	1,086	11	37,866	—	—	—
Employee share-based compensation expense	—	—	37,920	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	11,656
Cash dividends declared (\$0.18 per share)	—	—	—	(55,858)	—	—
Net earnings	—	—	—	356,676	—	—
Balance at September 30, 2020	372,273	\$ 3,723	\$ 2,196,127	\$ 6,402,220	\$ (4,057,768)	\$ (138,015)

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(1) Interim Statement Presentation

Basis of Presentation

The condensed consolidated financial statements included herein have been prepared by Cerner Corporation ("Cerner," the "Company," "we," "us" or "our") without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in our latest annual report on Form 10-K.

In management's opinion, the accompanying unaudited condensed consolidated financial statements include all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and the results of operations and cash flows for the periods presented. Our interim results as presented in this quarterly report on Form 10-Q are not necessarily indicative of the operating results for the entire year.

The condensed consolidated financial statements were prepared using GAAP. 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.

All references to quarters or nine month periods ended 2021 and 2020 in these notes to condensed consolidated financial statements refer to the respective three and nine month periods ended September 30, 2021 and September 30, 2020, unless otherwise noted.

Employee Separation Costs

In connection with involuntary separation benefits, we recognized less than \$1 million and \$6 million of expenses in the third quarters of 2021 and 2020, respectively; and \$46 million and \$21 million of expenses during the first nine months of 2021 and 2020, respectively.

In connection with voluntary separation benefits, we recognized \$24 million and \$2 million of expenses in the third quarters of 2021 and 2020, respectively; and \$51 million and \$18 million of expenses during the first nine months of 2021 and 2020, respectively.

Such employee separation costs are included in "General and administrative" expense in our condensed consolidated statements of operations.

At September 30, 2021, a liability of \$19 million for such obligations is included in "Accrued payroll and tax withholdings" in our condensed consolidated balance sheets.

Real Estate Held For Sale

In connection with our operational improvement initiatives, during the nine months ended September 30, 2021, we made certain decisions regarding the continued use of certain of our owned real estate. As a result of those decisions, on July 9, 2021, we sold office space located in Kansas City, Missouri (known as our Oaks Campus), in April 2021 began the process of marketing office space located in Kansas City, Missouri (known as our Riverport Campus), in June 2021 began the process of marketing office space located in Kansas City, Kansas (known as our Continuous Campus), and in September 2021 began the process of marketing a portion of our office space located in Malvern, Pennsylvania. At September 30, 2021, these long-lived assets aggregating \$101 million were held for sale and presented within our condensed consolidated balance sheets in "Property and equipment, net." In connection with the designation as held for sale, during the second quarter of 2021, we recorded a pre-tax charge of \$68 million to reduce the amount of such long-lived assets to fair value, less estimated costs to sell. Such charge is included in "Sales and client service" expense in our condensed consolidated statements of operations.

Software Development Costs

In the second and third quarters of 2021, we recorded pre-tax charges of \$48 million and \$2 million, respectively, to reduce the carrying amount of certain capitalized software development costs to estimated net realizable value. Such charges are included in "Software development" expense in our condensed consolidated statements of operations.

Supplemental Disclosures of Cash Flow Information

<i>(In thousands)</i>	Nine Months Ended	
	2021	2020
Cash paid during the period for:		
Interest (including amounts capitalized of \$8,308 and \$12,040, respectively)	\$ 41,918	\$ 31,661
Income taxes, net of refunds	95,065	78,519
Non-cash items:		
Lease liabilities recorded upon the commencement of operating leases	9,062	24,499
Financed capital purchases	7,255	17,395

Recently Issued Accounting Pronouncements

Reference Rate Reform. The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting* in March 2020 and ASU 2021-01, *Reference Rate Reform (Topic 848): Scope* in January 2021. Such guidance provides optional financial reporting alternatives to reduce the cost and complexity associated with the accounting for contracts and hedging relationships affected by reference rate reform, such as the upcoming discontinuance of the London Interbank Offered Rate ("LIBOR"). The accommodations within this guidance may be applied prospectively from the beginning of our 2020 first quarter through December 31, 2022. We are currently evaluating the effect that this guidance may have on our contracts that reference LIBOR, specifically, our Third Amended and Restated Credit Agreement (as amended, the "Credit Agreement") and related interest rate swap. As of the date of this filing, we have not elected to apply any of the provisions of this guidance.

(2) Business Acquisition

On April 1, 2021, we acquired Kantar Health, a division of Kantar Group. Kantar Health provides data, analytics, commercial research, and consulting services to the life sciences industry. We believe this acquisition complements our existing Data-as-a-Service efforts as it provides a meaningful entry into the pharmaceutical market through Kantar Health's existing clients and their leadership team with important industry experience and relationships. These factors, combined with the synergies and economies of scale expected, are the basis for the acquisition and comprise the resulting goodwill recorded.

Consideration for the acquisition was a base cash purchase price of \$375 million. The base purchase price is subject to post-closing adjustments for working capital and certain other adjustments, as specified in the Securities Purchase Agreement dated December 16, 2020, as amended.

Our acquisition of Kantar Health is being treated as a purchase in accordance with Accounting Standards Codification Topic ("ASC") 805, *Business Combinations*, which requires allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed in the transaction. The allocation of purchase price is based on management's judgment after evaluating several factors, including a preliminary valuation assessment. The allocation of purchase price is preliminary and subject to changes, as appraisals of intangible assets are finalized, working capital and certain other adjustments are agreed upon, and additional information becomes available. The following is a summary of the preliminary allocation of purchase price:

<i>(In thousands)</i>	Allocation Amount
Cash and cash equivalents	\$ 14,992
Receivables, net	31,952
Prepaid expenses and other	11,776
Property and equipment, net	1,147
Right-of-use assets	1,680
Goodwill	217,608
Intangible assets, net:	
Customer relationships	143,100
Existing technologies	39,700
Trade names	10,200
Other assets	26
Accounts payable	(36,143)
Deferred revenue	(35,640)
Accrued payroll and tax withholdings	(11,031)
Other current liabilities	(3,777)
Deferred income taxes	(10,169)
Other liabilities	(10,250)
Total purchase price	<u>\$ 365,171</u>

The fair values of the acquired intangible assets were estimated by applying the income approach. Such estimations required the use of inputs that were unobservable in the marketplace (Level 3), including a discount rate that we estimated would be used by a market participant in valuing these assets, projections of revenues and cash flows, and client attrition rates, among others. The acquired intangible assets are being amortized over a weighted-average period of 13 years. Refer to Note (7) for further information about the fair value level hierarchy.

The goodwill of \$218 million was allocated among our Domestic and International operating segments, as shown below, with approximately \$160 million of such goodwill expected to be deductible for tax purposes.

The changes in the carrying amounts of goodwill for the nine months ended September 30, 2021 were as follows:

<i>(In thousands)</i>	Domestic	International	Total
Beginning balance at December 31, 2020	\$ 854,188	\$ 60,332	\$ 914,520
Goodwill recorded in connection with the Kantar Health acquisition	117,047	100,561	217,608
Foreign currency translation adjustment and other	—	(5,285)	(5,285)
Ending balance at September 30, 2021	\$ 971,235	\$ 155,608	\$ 1,126,843

Our condensed consolidated statements of operations for the three and nine months ended September 30, 2021 include revenues of \$45 million and \$90 million, respectively, attributable to the acquired business since the April 1, 2021 acquisition date. The earnings contribution from the acquired business for the three and nine months ended September 30, 2021 was not material to our condensed consolidated financial statements. Pro forma results of operations, assuming the 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.

(3) Revenue Recognition

Disaggregation of Revenue

The following tables present revenues disaggregated by our business models:

<i>(In thousands)</i>	Three Months Ended					
	2021			2020		
	Domestic Segment	International Segment	Total	Domestic Segment	International Segment	Total
Licensed software	\$ 186,106	\$ 13,073	\$ 199,179	\$ 159,327	\$ 12,367	\$ 171,694
Technology resale	35,206	2,378	37,584	45,217	1,896	47,113
Subscriptions	87,490	4,281	91,771	87,878	5,529	93,407
Professional services	472,387	79,361	551,748	433,127	46,768	479,895
Managed services	286,038	37,094	323,132	280,827	31,017	311,844
Support and maintenance	210,864	46,161	257,025	219,682	40,296	259,978
Reimbursed travel	7,397	140	7,537	4,711	31	4,742
Total revenues	\$ 1,285,488	\$ 182,488	\$ 1,467,976	\$ 1,230,769	\$ 137,904	\$ 1,368,673

<i>(In thousands)</i>	Nine Months Ended					
	2021			2020		
	Domestic Segment	International Segment	Total	Domestic Segment	International Segment	Total
Licensed software	\$ 492,847	\$ 43,109	\$ 535,956	\$ 444,774	\$ 37,114	\$ 481,888
Technology resale	124,777	15,339	140,116	126,042	14,675	140,717
Subscriptions	277,095	12,925	290,020	260,095	19,749	279,844
Professional services	1,364,450	218,798	1,583,248	1,295,759	156,564	1,452,323
Managed services	852,872	108,413	961,285	836,242	92,114	928,356
Support and maintenance	640,349	139,675	780,024	663,399	144,296	807,695
Reimbursed travel	22,117	(257)	21,860	19,086	854	19,940
Total revenues	\$ 3,774,507	\$ 538,002	\$ 4,312,509	\$ 3,645,397	\$ 465,366	\$ 4,110,763

The following tables present our revenues disaggregated by timing of revenue recognition:

	Three Months Ended					
	2021			2020		
	Domestic Segment	International Segment	Total	Domestic Segment	International Segment	Total
<i>(In thousands)</i>						
Revenue recognized over time	\$ 1,200,015	\$ 175,440	\$ 1,375,455	\$ 1,143,515	\$ 132,891	\$ 1,276,406
Revenue recognized at a point in time	85,473	7,048	92,521	87,254	5,013	92,267
Total revenues	\$ 1,285,488	\$ 182,488	\$ 1,467,976	\$ 1,230,769	\$ 137,904	\$ 1,368,673

	Nine Months Ended					
	2021			2020		
	Domestic Segment	International Segment	Total	Domestic Segment	International Segment	Total
<i>(In thousands)</i>						
Revenue recognized over time	\$ 3,542,178	\$ 507,714	\$ 4,049,892	\$ 3,410,827	\$ 437,791	\$ 3,848,618
Revenue recognized at a point in time	232,329	30,288	262,617	234,570	27,575	262,145
Total revenues	\$ 3,774,507	\$ 538,002	\$ 4,312,509	\$ 3,645,397	\$ 465,366	\$ 4,110,763

Transaction Price Allocated to Remaining Performance Obligations

As of September 30, 2021, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for executed contracts approximates \$13.12 billion of which we expect to recognize approximately 30% of the revenue over the next 12 months and the remainder thereafter.

Contract Liabilities

Customer payments received in advance of satisfaction of the related performance obligations are deferred as contract liabilities. Such amounts are classified in our condensed consolidated balance sheets as "Deferred revenue". During the nine months ended September 30, 2021, we recognized \$340 million of revenues that were included in our contract liability balance at the beginning of such period.

Significant Customers

Revenues attributable to our relationships (as the prime contractor or a subcontractor) with U.S. government agencies, within our Domestic segment, comprised 21% and 19% of our consolidated revenues for the third quarters of 2021 and 2020, respectively; and 20% and 17% for the first nine months of 2021 and 2020, respectively. Amounts due in connection with these relationships comprised 17% and 13% of client receivables as of September 30, 2021 and December 31, 2020, respectively.

(4) Receivables

A summary of net receivables is as follows:

<i>(In thousands)</i>	September 30, 2021	December 31, 2020
Client receivables	\$ 1,380,794	\$ 1,322,278
Less: Provision for expected credit losses	160,945	153,566
Total receivables, net	\$ 1,219,849	\$ 1,168,712

In addition to the client receivables presented above, at September 30, 2021 and December 31, 2020, we had \$19 million and \$17 million of non-current net client receivables, respectively, which are presented in "Other assets" in our condensed consolidated balance sheets.

A reconciliation of the beginning and ending amount of our provision for expected credit losses is as follows:

<i>(In thousands)</i>	Current	Non-current	Total
Provision for expected credit losses - balance at December 31, 2020	\$ 153,566	\$ 38,564	\$ 192,130
Additions charged to costs and expenses	20,251	—	20,251
Deductions, foreign currency and other	2,278	—	2,278
Provision for expected credit losses - balance at March 31, 2021	176,095	38,564	214,659
Additions charged to costs and expenses	5,887	—	5,887
Reclassifications to non-current	(26,480)	26,480	—
Deductions, foreign currency and other	(3,008)	—	(3,008)
Provision for expected credit losses - balance at June 30, 2021	152,494	65,044	217,538
Additions charged to costs and expenses	11,265	—	11,265
Deductions, foreign currency and other	(2,814)	(3,938)	(6,752)
Provision for expected credit losses - balance at September 30, 2021	\$ 160,945	\$ 61,106	\$ 222,051

Our estimates of expected credit losses for client receivables at both September 30, 2021 and December 31, 2020, were primarily based on historical credit loss experience and adjustments for certain asset-specific risk characteristics (i.e. known client financial hardship or bankruptcy). Exposure to credit losses may increase if our clients are adversely affected by changes in healthcare laws; changes in reimbursement or payor models; economic pressures or uncertainty associated with local or global economic recessions; disruption associated with the COVID-19 pandemic; or other client-specific factors. Although we have historically not experienced significant credit losses, it is possible that there could be an adverse impact from potential adjustments to the carrying amount of client receivables as clients' cash flows are impacted by the COVID-19 pandemic and related economic uncertainty, which may be material.

During the first nine months of 2021 and 2020, we received total client cash collections of \$4.46 billion and \$4.09 billion, respectively.

(5) Investments

Available-for-sale investments at September 30, 2021 were as follows:

<i>(In thousands)</i>	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	\$ 91,433	\$ —	\$ —	\$ 91,433
Time deposits	41,320	—	—	41,320
Total cash equivalents	132,753	—	—	132,753
Short-term investments:				
Time deposits	32,439	—	—	32,439
Commercial paper	118,300	10	(2)	118,308
Government and corporate bonds	171,866	48	(27)	171,887
Total short-term investments	322,605	58	(29)	322,634
Long-term investments:				
Government and corporate bonds	60,102	—	(41)	60,061
Total available-for-sale investments	\$ 515,460	\$ 58	\$ (70)	\$ 515,448

Available-for-sale investments at December 31, 2020 were as follows:

<i>(In thousands)</i>	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	\$ 40,027	\$ —	\$ —	\$ 40,027
Time deposits	36,756	—	—	36,756
Commercial Paper	61,000	—	—	61,000
Total cash equivalents	137,783	—	—	137,783
Short-term investments:				
Time deposits	28,302	—	—	28,302
Commercial Paper	264,000	12	(19)	263,993
Government and corporate bonds	149,975	247	(44)	150,178
Total short-term investments	442,277	259	(63)	442,473
Long-term investments:				
Government and corporate bonds	136,983	152	(57)	137,078
Total available-for-sale investments	\$ 717,043	\$ 411	\$ (120)	\$ 717,334

We sold available-for-sale investments for proceeds of \$400 million and \$5 million during the nine months ended September 30, 2021 and September 30, 2020, respectively, resulting in insignificant losses in each period.

Other Investments

At September 30, 2021 and December 31, 2020, we had investments in equity securities that do not have readily determinable fair values of \$406 million and \$361 million, respectively, accounted for in accordance with ASC 321, *Investments-Equity Securities*. Such investments are included in "Long-term investments" in our condensed consolidated balance sheets. We did not record any changes in the measurement of such investments during the nine months ended September 30, 2021 and September 30, 2020, respectively.

At September 30, 2021 and December 31, 2020, we had investments in equity securities reported under the equity method of accounting of \$22 million and \$12 million, respectively. Such investments are included in "Long-term investments" in our condensed consolidated balance sheets.

(6) Long-term Debt

The following is a summary of indebtedness outstanding:

<i>(In thousands)</i>	September 30, 2021	December 31, 2020
Credit agreement loans due May 5, 2024	\$ 600,000	\$ 600,000
Senior notes:		
Series 2021-A due March 24, 2026	100,000	—
Series 2021-B due March 24, 2031	400,000	—
Series 2020-A due March 11, 2030	300,000	300,000
Series 2015-A due February 15, 2022	225,000	225,000
Series 2015-B due February 14, 2025	200,000	200,000
Other	11,662	11,662
Total indebtedness	1,836,662	1,336,662
Less: debt issuance costs	(457)	(593)
Indebtedness, net	1,836,205	1,336,069
Less: current installments of long-term debt	(225,000)	—
Long-term debt	\$ 1,611,205	\$ 1,336,069

Credit Agreement

As of September 30, 2021, the interest rate on revolving credit loans outstanding under our Credit Agreement was 0.88% based on LIBOR plus the applicable spread.

We are exposed to market risk from fluctuations in the variable interest rates on outstanding indebtedness under our Credit Agreement. In order to manage this exposure, we have entered into an interest rate swap agreement to hedge the variability of cash flows associated with such interest obligations. The interest rate swap is designated as a cash flow hedge, which effectively fixes the interest rate on the hedged indebtedness under our Credit Agreement at 3.06%. At September 30, 2021 and December 31, 2020, this swap was in a net liability position with an aggregate fair value of \$25 million and \$37 million, respectively; which is presented in our condensed consolidated balance sheets in "Other current liabilities".

Series 2021 Senior Notes

We entered into a Master Note Agreement on November 11, 2019, and subsequently amended on October 8, 2020 (collectively and as amended, the "2019 Shelf Agreement"), pursuant to which we may issue and sell up to an aggregate principal amount of \$1.80 billion of unsecured senior promissory notes. In March 2021, we issued \$500 million aggregate principal amount of unsecured senior notes (the "Series 2021 Senior Notes"), pursuant to the 2019 Shelf Agreement. The issuance consisted of \$100 million of 2.00% Series 2021-A Notes due March 24, 2026 and \$400 million of 2.59% Series 2021-B Notes due March 24, 2031. Interest on the Series 2021 Senior Notes is payable semiannually on each March 24 and September 24, commencing September 24, 2021, and the principal balance is due at maturity. The Company may prepay at any time all, or any part of, the outstanding principal amount of the Series 2021 Senior Notes, subject to the payment of a make-whole amount. The Series 2021 Senior Notes are subject to the terms of the 2019 Shelf Agreement, which contains customary events of default and covenants related to limitations on indebtedness and transactions with affiliates and the maintenance of certain financial ratios. As of the date of this filing, \$1.00 billion remains available for sale under the 2019 Shelf Agreement, which is uncommitted and subject to participation by the purchasers.

(7) 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 investments in available-for-sale debt securities measured and recorded at fair value on a recurring basis at September 30, 2021:

<i>(In thousands)</i>		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Description	Balance Sheet Classification			
Money market funds	Cash equivalents	\$ 91,433	\$ —	\$ —
Time deposits	Cash equivalents	—	41,320	—
Time deposits	Short-term investments	—	32,439	—
Commercial paper	Short-term investments	—	118,308	—
Government and corporate bonds	Short-term investments	—	171,887	—
Government and corporate bonds	Long-term investments	—	60,061	—

The following table details our investments in available-for-sale debt securities measured and recorded at fair value on a recurring basis at December 31, 2020:

<i>(In thousands)</i>		Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Description	Balance Sheet Classification			
Money market funds	Cash equivalents	\$ 40,027	\$ —	\$ —
Time deposits	Cash equivalents	—	36,756	—
Commercial paper	Cash equivalents	—	61,000	—
Time deposits	Short-term investments	—	28,302	—
Commercial paper	Short-term investments	—	263,993	—
Government and corporate bonds	Short-term investments	—	150,178	—
Government and corporate bonds	Long-term investments	—	137,078	—

Our interest rate swap agreement is measured and recorded at fair value on a recurring basis using a Level 2 valuation. The fair value of such agreement is based on the market standard methodology of netting the discounted expected future variable cash receipts and the discounted future fixed cash payments. The variable cash receipts are based on an expectation of future interest rates derived from observed market interest rate forward curves. Since these inputs are observable in active markets over the terms that the instrument is held, the derivative is classified as Level 2 in the hierarchy.

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. We estimate the fair value of our long-term, variable rate debt using a

Level 3 discounted cash flow analysis based on LIBOR rate forward curves. The fair value of our long-term debt at September 30, 2021 and December 31, 2020 was approximately \$1.84 billion and \$1.36 billion, respectively. The carrying amount of such debt at September 30, 2021 and December 31, 2020 was \$1.83 billion and \$1.33 billion, respectively.

(8) Income Taxes

We determine the tax provision for interim periods using an estimate of our annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter we update our estimate of the annual effective tax rate, and if our estimated tax rate changes, we make a cumulative adjustment. Our effective tax rate was 21.8% and 21.7% for the first nine months of 2021 and 2020, respectively.

(9) Earnings Per Share

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

	Three Months Ended					
	2021			2020		
	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
<i>(In thousands, except per share data)</i>						
Basic earnings per share:						
Income available to common shareholders	\$ 175,795	296,202	\$ 0.59	\$ 356,676	305,759	\$ 1.17
Effect of dilutive securities:						
Stock options, non-vested shares and share units	—	2,512		—	2,607	
Diluted earnings per share:						
Income available to common shareholders including assumed conversions	\$ 175,795	298,714	\$ 0.59	\$ 356,676	308,366	\$ 1.16

For the three months ended September 30, 2021 and September 30, 2020, options to purchase 0.3 million and 3.9 million shares of common stock at per share prices ranging from \$52.32 to \$76.49 and \$55.24 to \$76.49, respectively, were outstanding but were not included in the computation of diluted earnings per share because they were anti-dilutive.

	Nine Months Ended					
	2021			2020		
	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
<i>(In thousands, except per share data)</i>						
Basic earnings per share:						
Income available to common shareholders	\$ 380,754	300,526	\$ 1.27	\$ 638,583	306,759	\$ 2.08
Effect of dilutive securities:						
Stock options, non-vested shares and share units	—	2,897		—	2,365	
Diluted earnings per share:						
Income available to common shareholders including assumed conversions	\$ 380,754	303,423	\$ 1.25	\$ 638,583	309,124	\$ 2.07

For the nine months ended September 30, 2021 and September 30, 2020, options to purchase 0.4 million and 4.4 million shares of common stock at per share prices ranging from \$52.32 to \$76.49 and \$52.32 to \$76.49, respectively, were outstanding but were not included in the computation of diluted earnings per share because they were anti-dilutive.

(10) Share-Based Compensation and Equity

Stock Options

Stock option activity for the nine months ended September 30, 2021 was as follows:

<i>(In thousands, except per share and term data)</i>	Number of Shares	Weighted- Average Exercise Price (Per Share)	Aggregate Intrinsic Value	Weighted- Average Remaining Contractual Term (Yrs)
Outstanding at beginning of year	10,204	\$ 58.59		
Exercised	(3,779)	56.92		
Forfeited and expired	(180)	56.49		
Outstanding as of September 30, 2021	<u>6,245</u>	\$ 59.66	\$ 67,999	4.48
Exercisable as of September 30, 2021	4,748	\$ 59.06	\$ 54,598	3.81

As of September 30, 2021, there was \$20 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 1.39 years.

Non-vested Shares and Share Units

Non-vested share and share unit activity for the nine months ended September 30, 2021 was as follows:

<i>(In thousands, except per share data)</i>	Number of Shares	Weighted- Average Grant Date Fair Value Per Share
Outstanding at beginning of year	4,131	\$ 68.05
Granted	2,158	77.31
Vested	(2,386)	67.94
Forfeited	(522)	72.40
Outstanding as of September 30, 2021	<u>3,381</u>	\$ 73.36

As of September 30, 2021, there was \$195 million of total unrecognized compensation cost related to non-vested share and share unit awards granted under all plans. That cost is expected to be recognized over a weighted-average period of 2.13 years.

Share-Based Compensation Cost

The following table presents total compensation expense recognized with respect to stock options, non-vested shares and share units, and our associate stock purchase plan:

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended	
	2021	2020	2021	2020
Stock option and non-vested share and share unit compensation expense	\$ 55,274	\$ 37,920	\$ 157,165	\$ 110,500
Associate stock purchase plan expense	1,300	1,367	4,461	4,195
Amounts capitalized in software development costs, net of amortization	(908)	(1,150)	(4,034)	(2,971)
Amounts charged against earnings, before income tax benefit	\$ 55,666	\$ 38,137	\$ 157,592	\$ 111,724
Amount of related income tax benefit recognized in earnings	<u>\$ 11,155</u>	<u>\$ 7,818</u>	<u>\$ 31,602</u>	<u>\$ 22,452</u>

Treasury Stock

Under one of our share repurchase programs, which was initially approved by our Board of Directors on May 23, 2017, and most recently amended on December 12, 2019 (the "2017 Share Repurchase Program"), the Company was authorized to repurchase up to \$3.70 billion of shares of our common stock, excluding transaction costs. The repurchases were to be effectuated in the open market, by block purchase, in privately negotiated transactions, or through other transactions managed by broker-dealers, or any combination thereof.

On April 23, 2021, our Board of Directors approved a new share repurchase program (the "2021 Share Repurchase Program"), which authorizes the Company to repurchase up to \$3.75 billion in the aggregate of shares of our common stock, excluding transaction costs. The 2021 Share Repurchase Program is incremental to our 2017 Share Repurchase Program. The repurchases are to be effectuated in the open market, by block purchase, in privately negotiated transactions, or through other transactions managed by broker-dealers, or any combination thereof. The 2021 Share Repurchase Program will expire on December 31, 2023.

During the nine months ended September 30, 2021, we repurchased 14.8 million shares for total consideration of \$1.12 billion under our share repurchase programs. The shares were recorded as treasury stock and accounted for under the cost method. No repurchased shares have been retired. The 2017 Share Repurchase Program was completed during the third quarter of 2021. As of September 30, 2021, an aggregate of \$3.55 billion remained available for repurchase under the 2021 Share Repurchase Program.

Dividends

On March 25, 2021, our Board of Directors declared a cash dividend of \$0.22 per share on our issued and outstanding common stock, which was paid on April 20, 2021 to shareholders of record as of April 6, 2021. On May 19, 2021, our Board of Directors declared a cash dividend of \$0.22 per share on our issued and outstanding common stock, which was paid on July 13, 2021 to shareholders of record as of June 28, 2021. On September 9, 2021, our Board of Directors declared a cash dividend of \$0.22 per share on our issued and outstanding common stock, which was paid on October 12, 2021 to shareholders of record as of September 27, 2021. In connection with the declaration of such dividends, our non-vested shares and share units are entitled to dividend equivalents, which will be payable to the holder subject to, and upon vesting of, the underlying awards. Our outstanding stock options are not entitled to dividend or dividend equivalents. At September 30, 2021 and December 31, 2020, our condensed consolidated balance sheets included liabilities for dividends payable of \$67 million and \$69 million, respectively, which are included in "Other current liabilities".

Accumulated Other Comprehensive Loss, Net (AOCI)

The components of AOCI, net of tax, were as follows:

<i>(In thousands)</i>	Foreign currency translation adjustment and other	Unrealized loss on cash flow hedge	Unrealized holding gain (loss) on available-for- sale investments	Total
Balance at December 31, 2020	\$ (93,450)	\$ (27,788)	\$ 434	\$ (120,804)
Other comprehensive income (loss) before reclassifications	(8,991)	2,061	(217)	(7,147)
Amounts reclassified from AOCI	—	2,527	—	2,527
Balance at March 31, 2021	(102,441)	(23,200)	217	(125,424)
Other comprehensive income (loss) before reclassifications	4,486	(429)	(26)	4,031
Amounts reclassified from AOCI	—	2,667	(1)	2,666
Balance at June 30, 2021	(97,955)	(20,962)	190	(118,727)
Other comprehensive income (loss) before reclassifications	(13,259)	(384)	(23)	(13,666)
Amounts reclassified from AOCI	—	2,657	40	2,697
Balance at September 30, 2021	\$ (111,214)	\$ (18,689)	\$ 207	\$ (129,696)

<i>(In thousands)</i>	Foreign currency translation adjustment and other	Unrealized loss on cash flow hedge	Unrealized holding gain (loss) on available-for- sale investments	Total
Balance at December 28, 2019	\$ (106,347)	\$ (12,578)	\$ 265	\$ (118,660)
Other comprehensive income (loss) before reclassifications	(20,546)	(20,430)	(849)	(41,825)
Amounts reclassified from AOCI	—	1,122	—	1,122
Balance at March 31, 2020	(126,893)	(31,886)	(584)	(159,363)
Other comprehensive income (loss) before reclassifications	9,197	(3,205)	1,502	7,494
Amounts reclassified from AOCI	—	2,198	—	2,198
Balance at June 30, 2020	(117,696)	(32,893)	918	(149,671)
Other comprehensive income (loss) before reclassifications	9,611	(289)	(220)	9,102
Amounts reclassified from AOCI	—	2,554	—	2,554
Balance at September 30, 2020	\$ (108,085)	\$ (30,628)	\$ 698	\$ (138,015)

The effects on net earnings of amounts reclassified from AOCI were as follows:

<i>(In thousands)</i>		Three Months Ended		Nine Months Ended	
AOCI Component	Location	2021	2020	2021	2020
Unrealized loss on cash flow hedge	Other income, net	\$ (3,322)	\$ (3,213)	\$ (9,826)	\$ (7,383)
	Income taxes	665	659	1,975	1,509
	Net of tax	(2,657)	(2,554)	(7,851)	(5,874)
Unrealized holding gain (loss) on available-for-sale investments	Other income, net	(51)	—	(49)	—
	Income taxes	11	—	10	—
	Net of tax	(40)	—	(39)	—
Total amount reclassified, net of tax		\$ (2,697)	\$ (2,554)	\$ (7,890)	\$ (5,874)

(11) Contingencies

We accrue estimates for resolution of any legal and other contingencies when losses are probable and reasonably estimable in accordance with ASC 450, *Contingencies* ("ASC 450"). No less than quarterly, and as facts and circumstances change, we review the status of each significant matter underlying a legal proceeding or claim 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, which may prove to be incomplete or inaccurate or unanticipated events and circumstances may occur that might cause us to change those estimates and assumptions. 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 one 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 business, results of operations, cash flows or financial condition.

Cerner Health Services, Inc. ("Cerner HS"), a wholly owned subsidiary of Cerner Corporation, filed a lawsuit in the Chester County, Pennsylvania, Court of Common Pleas against NextGen Healthcare Information Systems, LLC ("NextGen") relating to a dispute arising out of a supplier relationship initially established between Siemens Health

Services, Inc. and NextGen prior to the acquisition of the assets of Siemens Health Services, Inc. by Cerner HS in 2015. The parties have settled the matter, and Cerner did not incur a significant loss.

On May 16, 2019, Steward Health Care System LLC ("Steward") filed a lawsuit in the Chancery Court for Davidson County, Tennessee against the Company alleging \$210 million in damages. The Company believes Steward's allegations arise out of Steward's disinterest in following the contract between the Company and Steward's predecessor for clinical and financial software and services after Steward closed on its acquisition of the predecessor. The Company has filed a counterclaim against Steward seeking recovery of more than \$42 million in unpaid invoices owed to the Company. The Company believes the dispute is in the ordinary course of business and the damages Steward asserts lack both factual and causal support. We have not concluded that a material loss related to the Steward allegations is probable, nor have we accrued a liability related to these claims. Although we believe a loss could be reasonably possible (as defined in ASC 450), we do not have sufficient information to determine the amount or range of reasonably possible loss with respect to the potential damages given that the dispute is in the discovery process. We will continue to vigorously defend against these claims, and we continue to believe that we have valid grounds for recovery of the disputed client receivables. However, there can be no assurances as to the outcome of the dispute.

On March 22, 2021, Astria Health ("Astria") filed an adversary proceeding in the United States Bankruptcy Court, Eastern District of Washington against the Company. Astria's allegations largely arise out of the Company's provision of revenue cycle services in 2018 and 2019. The Company believes the dispute is in the ordinary course of business and the factual allegations and the damages asserted lack both factual and causal support. We have not concluded that a material loss related to the Astria allegations is probable, nor have we accrued a liability related to these claims beyond reserving certain bankruptcy-related outstanding invoices. Although we believe a loss could be reasonably possible (as defined in ASC 450), we do not have sufficient information to determine the amount or range of reasonably possible loss with respect to the potential damages given that the dispute is in the early stages of the discovery process. We will continue to vigorously defend against this claim. However, there can be no assurances as to the outcome of the dispute.

The terms of our agreements with our clients generally provide for limited indemnification of such clients against losses, expenses and liabilities arising from third party or other claims based on, among other things, alleged infringement by our solutions of an intellectual property right of third parties or damages caused by data privacy breaches or system interruptions. The terms of such indemnification often limit the scope of and remedies for such indemnification obligations and generally include, as applicable, a right to replace or modify an infringing solution. For several reasons, including the lack of a sufficient number of prior indemnification claims relating to intellectual property infringement, data privacy breaches or system interruptions, the inherent uncertainty stemming from such claims, and the lack of a monetary liability limit for such claims 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 involved in various other legal proceedings and claims that arise in the ordinary course of business, including for example, employment and client disputes and litigation alleging solution and implementation defects, personal injury, intellectual property infringement, violations of law, breaches of contract and warranties, and compliance audits by various government agencies. Many of these proceedings are at preliminary stages and many seek an indeterminate amount of damages. At this time, we do not believe the range of potential losses under any claims to be material to our consolidated financial statements.

(12) Segment Reporting

We have two operating segments, Domestic and International. Revenues are derived primarily from the sale of clinical, financial and administrative information solutions and services. 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, expenses associated with our managed services business, marketing expenses, communications expenses and unreimbursed travel expenses. "Other" includes expenses that have not been allocated to the operating segments, such as software development, general and administrative expenses, certain organizational restructuring and other expense, share-based compensation expense, and certain amortization and depreciation. Performance of the segments is assessed at the operating earnings level by our chief operating decision maker, who is our Chief Executive Officer. 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 the three and nine months ended September 30, 2021 and September 30, 2020:

<i>(In thousands)</i>	Domestic	International	Other	Total
Three Months Ended 2021				
Revenues	\$ 1,285,488	\$ 182,488	\$ —	\$ 1,467,976
Costs of revenue	222,665	28,446	—	251,111
Operating expenses	580,535	70,472	340,935	991,942
Total costs and expenses	803,200	98,918	340,935	1,243,053
Operating earnings (loss)	<u>\$ 482,288</u>	<u>\$ 83,570</u>	<u>\$ (340,935)</u>	<u>\$ 224,923</u>

<i>(In thousands)</i>	Domestic	International	Other	Total
Three Months Ended 2020				
Revenues	\$ 1,230,769	\$ 137,904	\$ —	\$ 1,368,673
Costs of revenue	219,938	11,951	—	231,889
Operating expenses	566,777	58,626	316,430	941,833
Total costs and expenses	786,715	70,577	316,430	1,173,722
Gain on sale of businesses	—	—	216,869	216,869
Operating earnings (loss)	<u>\$ 444,054</u>	<u>\$ 67,327</u>	<u>\$ (99,561)</u>	<u>\$ 411,820</u>

<i>(In thousands)</i>	Domestic	International	Other	Total
Nine Months Ended 2021				
Revenues	\$ 3,774,507	\$ 538,002	\$ —	\$ 4,312,509
Costs of revenue	660,584	82,508	—	743,092
Operating expenses	1,797,466	206,794	1,072,616	3,076,876
Total costs and expenses	2,458,050	289,302	1,072,616	3,819,968
Operating earnings (loss)	<u>\$ 1,316,457</u>	<u>\$ 248,700</u>	<u>\$ (1,072,616)</u>	<u>\$ 492,541</u>

<i>(In thousands)</i>	Domestic	International	Other	Total
Nine Months Ended 2020				
Revenues	\$ 3,645,397	\$ 465,366	\$ —	\$ 4,110,763
Costs of revenue	638,284	59,984	—	698,268
Operating expenses	1,724,545	182,594	985,131	2,892,270
Total costs and expenses	2,362,829	242,578	985,131	3,590,538
Gain on sale of businesses	—	—	216,869	216,869
Operating earnings (loss)	<u>\$ 1,282,568</u>	<u>\$ 222,788</u>	<u>\$ (768,262)</u>	<u>\$ 737,094</u>

Item 2. 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 the results of operations and financial condition of Cerner Corporation ("Cerner," the "Company," "we," "us" or "our"). This MD&A is provided as a supplement to, and should be read in conjunction with, our condensed consolidated financial statements and the accompanying notes to condensed consolidated financial statements ("Notes") found above. Certain statements in this quarterly report on Form 10-Q contain forward-looking statements within the meanings of the Private Securities Litigation Reform Act of 1995, as amended, regarding our future plans, objectives, beliefs, expectations, representations and projections. See the end of this MD&A for more information on our forward-looking statements, including a discussion of the most significant factors that could cause actual results to differ materially from those in the forward-looking statements.

All references to quarters or nine month periods ended 2021 and 2020 in this MD&A represent the respective three and nine month periods ended September 30, 2021 and September 30, 2020, unless otherwise noted.

Management Overview

Our revenues are primarily derived by selling, implementing, operating and supporting software solutions, clinical content, hardware, devices and services that give healthcare providers and other stakeholders secure access to clinical, administrative and financial data in real or near-real time, helping them to improve quality, safety and efficiency in the delivery of healthcare.

Our core strategy is to create organic growth by investing in research and development to create solutions and tech-enabled services for the healthcare industry. We expect to also supplement organic growth with acquisitions or strategic investments and collaborations.

Cerner's long history of growth has created an important strategic footprint in healthcare, with Cerner holding approximately 25 percent market share in the U.S. acute care electronic health record ("EHR") market and a leading market share in several non-U.S. regions. Foundational to our growth going forward is delivering value to this core client base, including executing effectively on our large U.S. federal contracts and cross-selling key solutions and services in areas such as revenue cycle. We are also investing in platform modernization, with a focus on delivering a software as a service platform that we expect to lower total cost of ownership, improve clinician experience and patient outcomes, and enable clients to accelerate adoption of new functionality and better leverage third-party innovations.

We also expect to continue driving growth by leveraging our *HealthIntent*[®] platform, which is the foundation for established and new offerings for both provider and non-provider markets. The EHR-agnostic *HealthIntent* platform enables Cerner to become a strategic partner with healthcare stakeholders and help them improve performance under both fee-for-service and value-based contracting. The platform, along with our *CareAware*[®] platform, also supports offerings in areas such as long-term care, home care and hospice, rehabilitation, behavioral health, community care, care team communications, health systems operations, consumer and employer, and data-as-a-service.

Beyond our strategy for driving revenue growth, we are also focused on earnings growth. After several years of margin compression related to slowing revenue growth, increased mix of low-margin services, and lower software demand due to the end of direct government incentives for EHR adoption, Cerner implemented a new operating structure and introduced other initiatives focused on cost optimization and process improvement. We have made good progress since we kicked off our transformation in 2019 and expect this progress to be reflected in improved profitability going forward. We are focused on ongoing identification of opportunities to operate more efficiently and on achieving the efficiencies without impacting the quality of our solutions and services and commitments to our clients.

We are also focused on delivering strong levels of cash flow which we expect to accomplish by continuing to grow earnings and prudently managing capital expenditures. We expect to use future cash flow and debt, as appropriate, to meet our capital allocation objectives, which include investing in our business, entering into acquisitions or other strategic investments to drive profitable growth, and returning capital to shareholders through share repurchases and dividends.

COVID-19

Our business and results of operations for the first nine months of both 2021 and 2020 were impacted by the ongoing COVID-19 pandemic. It has caused us to modify certain of our business practices, including requiring most of our associates to work remotely; restricting associate travel; mandating vaccines for associates; developing social distancing plans for our associates; and canceling or postponing in person participation in certain meetings, events and conferences. It is not possible to quantify the full financial impact that the COVID-19 pandemic has had on our results of operations, cash flows, or financial condition, due to the uncertainty surrounding the pandemic, the difficulty inherent in identifying and measuring the various impacts that have or may stem from such an event and the fact that there are no comparable recent events that provide guidance as to how to measure or predict the effect the COVID-19 pandemic may have on our business. However, we believe COVID-19 has impacted, and could continue in the near-term to impact, our business results, primarily, but not limited to, in the following areas:

- **Bookings, backlog and revenues** – A decline in new business bookings as certain client purchasing decisions and projects are delayed to focus on treating patients, procuring necessary medical supplies, administering vaccines, and managing their own organizations through this crisis. A sustained decline in bookings could reduce backlog and lower subsequent revenues.
- **Associate productivity** – A decline in associate productivity, primarily for our services personnel, as a large amount of work is typically done at client sites, which is being impacted by travel restrictions, vaccine mandates and our clients' focus on the pandemic. Our clients' focus on the pandemic has also led to pauses on existing projects and postponed start dates for others, which translates into lower professional services revenues and a lower operating margin percentage. We are mitigating this by doing more work remotely than we have in the past, but we cannot fully offset the negative impact.
- **Travel** – Associate travel restrictions reduce client-related travel, which reduces reimbursed travel revenues and lowers our costs of revenue as a percent of revenues. Such restrictions also reduce non-reimbursable travel, which lowers operating expenses.
- **Cash collections** – A delay in client cash collections due to COVID-19's impact on national reimbursement processes, and client focus on managing their own organizations' liquidity during this time. This translates to lower cash flows from operating activities, and a higher days sales outstanding metric. Lower cash flows from operating activities may impact how we execute under our capital allocation strategy.
- **Capital expenditures** – A decline in capital spending as certain capital projects are delayed or strategies evolve.

We believe the impact of COVID-19 on our results of operations for the first quarter of 2020 was limited, due to the mid-March 2020 timing of when we implemented changes to our business practices in response to COVID-19, and the nature of the industry in which we operate. We believe the most significant impact of COVID-19 on our business was in the second quarter of 2020, with the impact beginning to moderate in subsequent periods but still persisting into 2021 due to some ongoing restrictive measures and certain regions dealing with resurgences of cases.

While we expect a negative financial impact to continue for the rest of 2021, we do not expect it to be as significant as 2020. The impact will continue to be difficult to quantify as there are many factors that continue to be outside of our control, so any forward looking statements that we make regarding our projections of future financial performance; new solutions and services; capital allocation plans; cost optimization and operational improvement initiatives; and the expected benefits of our acquisitions, divestitures or other collaborations are all subject to increased risks.

Operational Improvement Initiatives

The Company has continued to focus on leveraging the impact of our new operating structure and identifying additional efficiencies in our business. We continue to be focused on reducing operating expenses and generating other efficiencies that are expected to provide longer-term operating margin expansion. We are continuing our portfolio management, which includes ongoing evaluation of our offerings, exiting certain low-margin businesses, and being more selective as we consider new business opportunities. As part of our portfolio management, we closed on the sale of certain of our business operations, primarily conducted in Germany and Spain, in July 2020, and the sale of certain of our revenue cycle outsourcing business operations in August 2020. We have also made the decision to sell certain of our owned real estate. We expect to continue to evaluate and potentially complete divestiture transactions that are strategic to our operational

improvement initiatives. We continue to be focused on ongoing identification of opportunities to operate more efficiently and on achieving the efficiencies without impacting the quality of our solutions and services and commitments to our clients.

In the near term, we expect to incur expenses in connection with these efforts. Such expenses may include, but are not limited to, consultant and other professional services fees, employee separation costs, contract termination costs, asset impairment charges, and other such related expenses. Expenses recognized in the first nine months of 2021 and 2020 primarily related to professional services fees, employee separation costs, and asset impairment charges which are included in operating expenses in our condensed consolidated statements of operations. We expect to incur additional expenses in connection with these initiatives in future periods, which may be material.

Results Overview

Bookings, which reflects the value of executed contracts for software, hardware, professional services and managed services, was \$1.81 billion in the third quarter of 2021, which is an increase of 23% compared to \$1.47 billion in the third quarter of 2020.

Revenues for the third quarter of 2021 increased 7% to \$1.47 billion, compared to \$1.37 billion in the third quarter of 2020.

Net earnings for the third quarter of 2021 decreased 51% to \$176 million, compared to \$357 million in the third quarter of 2020. Diluted earnings per share decreased 49% to \$0.59, compared to \$1.16 in the third quarter of 2020.

We had cash collections of receivables of \$1.56 billion in the third quarter of 2021, compared to \$1.43 billion in the third quarter of 2020. Days sales outstanding was 76 days in the third quarter of 2021, compared to 77 days for the second quarter of 2021 and 81 days for the third quarter of 2020. Operating cash flows for the third quarter of 2021 were \$435 million, compared to \$382 million in the third quarter of 2020.

Results of Operations

Three Months Ended September 30, 2021 Compared to Three Months Ended September 30, 2020

The following table presents a summary of our operating information for the third quarters of 2021 and 2020:

<i>(In thousands)</i>	2021	% of Revenue	2020	% of Revenue	% Change
Revenues	\$ 1,467,976	100 %	\$ 1,368,673	100 %	7 %
Costs of revenue	251,111	17 %	231,889	17 %	8 %
Margin	1,216,865	83 %	1,136,784	83 %	7 %
Operating expenses					
Sales and client service	651,010	44 %	625,402	46 %	4 %
Software development	202,663	14 %	186,826	14 %	8 %
General and administrative	121,395	8 %	116,816	9 %	4 %
Amortization of acquisition-related intangibles	16,874	1 %	12,789	1 %	32 %
Total operating expenses	991,942	68 %	941,833	69 %	5 %
Total costs and expenses	1,243,053	85 %	1,173,722	86 %	6 %
Gain on sale of businesses	—	— %	216,869	16 %	
Operating earnings	224,923	15 %	411,820	30 %	(45) %
Other income (loss), net	(5,070)		48,020		
Income taxes	(44,058)		(103,164)		
Net earnings	\$ 175,795		\$ 356,676		(51) %

Revenues & Backlog

Revenues increased 7% to \$1.47 billion in the third quarter of 2021, as compared to \$1.37 billion in the same period of 2020. The following factors impacted the year-over-year change in revenues:

- Increased implementation activity during the third quarter of 2021 within our federal business, inclusive of ongoing projects with the U.S. Department of Defense and the U.S. Department of Veterans Affairs. In the third quarter of 2021, 21% of our total revenues were attributable to our relationships (as the prime contractor or a subcontractor) with U.S. government agencies, compared to 19% in the same period of 2020.
- The third quarter of 2021 includes a \$45 million increase in revenues due to contributions from our April 1, 2021 acquisition of the Kantar Health business. We expect the acquired business to contribute approximately \$50 million of additional revenues over the remainder of 2021. Refer to Note (2) of the Notes for further information regarding the Kantar Health acquisition.

Refer to Note (3) of the Notes for further information regarding revenues disaggregated by our business models.

Backlog, which reflects contracted revenue that has not yet been recognized as revenue, was \$13.12 billion at September 30, 2021, compared to \$13.04 billion at December 31, 2020. We expect to recognize 30% of our backlog as revenue over the next 12 months.

We believe that backlog may not necessarily be a comprehensive indicator of future revenue as certain of our arrangements may be canceled (or conversely renewed) at our clients' option; thus contract consideration related to such cancellable periods has been excluded from our calculation of backlog. However, historically our experience has been that such cancellation provisions are rarely exercised. We expect to recognize approximately \$1.27 billion of revenue over the next 12 months under currently executed contracts related to such cancellable periods, which is not included in our calculation of backlog.

Costs of Revenue

Costs of revenue as a percent of revenues were 17% in the third quarter of both 2021 and 2020.

Costs of revenue include 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, and services) carrying different margin rates changes from period to period. Costs of revenue 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 5% to \$992 million in the third quarter of 2021, compared to \$942 million in the same period of 2020.

- Sales and client service expenses as a percent of revenues were 44% in the third quarter of 2021, compared to 46% in the same period of 2020. These expenses increased 4% to \$651 million in the third quarter of 2021, from \$625 million in the same period of 2020. Sales and client service expenses include salaries and benefits of sales, marketing, support, and services personnel, depreciation and other expenses associated with our managed services business, communications expenses, unreimbursed travel expenses, expense for share-based payments, and trade show and advertising costs. The increase in sales and client service expenses was primarily driven by expense contributions from the Kantar Health business, which was acquired on April 1, 2021.
- Software development expenses as a percent of revenues were 14% in the third quarter of both 2021 and 2020. Expenditures for software development include ongoing development and enhancement of the *Cerner Millennium*[®] and *HealthIntent* platforms, as well as other key initiatives such as platform modernization, with a focus on development of a software as a service platform. A summary of our total software development expense in the third quarters of 2021 and 2020 is as follows:

	Three Months Ended	
	2021	2020
<i>(In thousands)</i>		
Software development costs	\$ 210,082	\$ 198,565
Capitalized software costs	(73,773)	(71,525)
Capitalized costs related to share-based payments	(1,796)	(1,792)
Amortization of capitalized software costs	66,222	61,578
Net realizable value charges (see Note (1) of the Notes)	1,928	—
Total software development expense	<u>\$ 202,663</u>	<u>\$ 186,826</u>

- General and administrative expenses as a percent of revenues were 8% in the third quarter of 2021, compared to 9% in the same period of 2020. These expenses increased 4% to \$121 million in the third quarter of 2021, from \$117 million in the same period of 2020. General and administrative expenses include salaries and benefits 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, certain organizational restructuring and other expense. The increase in general and administrative expenses was primarily driven by increased employee separation costs, as further discussed in Note (1) of the Notes.
- Amortization of acquisition-related intangibles as a percent of revenues was 1% in the third quarter of both 2021 and 2020. These expenses increased 32% to \$17 million in the third quarter of 2021, from \$13 million in the same period in 2020. Amortization of acquisition-related intangibles includes the amortization of customer relationships, acquired technology, trade names, and non-compete agreements recorded in connection with our business acquisitions. The increase in amortization of acquisition-related intangibles is primarily due to amortization of

intangibles acquired in our April 1, 2021 acquisition of the Kantar Health business. Refer to Note (2) of the Notes for further information regarding the Kantar Health acquisition.

Gain on Sale of Businesses

On July 1, 2020, we sold certain of our business operations, primarily conducted in Germany and Spain, to affiliates of CompuGroup Medical SE & Co. KGaA ("CGM"), as a part of our portfolio management strategy. Such operations included the associates, intellectual property, client contracts, other assets, and liabilities related to our medico[®], Selene[®], Soarian Health Archive[®], and Soarian[®] Integrated Care solution offerings.

On August 3, 2020, we sold certain of our revenue cycle outsourcing business operations to affiliates of R1 RCM Inc., as a part of our portfolio management strategy. Such operations included the associates, client contracts, certain other assets, and certain liabilities related to our commercial revenue cycle outsourcing services business.

In the third quarter of 2020, we recognized a \$217 million gain in connection with these divestiture transactions.

Non-Operating Items

- Other income (loss), net was a net loss of \$5 million in the third quarter of 2021, compared to \$48 million of income in the same period of 2020. The decrease in 2021 is primarily attributable to the third quarter of 2020 including a \$49 million gain recognized on the disposition of one of our equity investments.
- Our effective tax rate was 20.0% for the third quarter of 2021, compared to 22.4% for the same period of 2020. The decrease in the effective tax rate is primarily due to the third quarter of 2020 including taxes associated with the divestiture transactions discussed above. Refer to Note (8) of the Notes for further discussion regarding our effective tax rate.

Operations by Segment

We have two operating segments: Domestic and International. The Domestic segment includes revenue contributions and expenditures associated with business activity in the United States. The International segment includes revenue contributions and expenditures linked to business activity outside the United States, primarily from Australia, Canada, Europe, and the Middle East. Refer to Note (12) of the Notes for further information regarding our reportable segments.

The following table presents a summary of our operating segment information for the third quarters of 2021 and 2020:

<i>(In thousands)</i>	2021	% of Revenue	2020	% of Revenue	% Change
Domestic Segment					
Revenues	\$ 1,285,488	100%	\$ 1,230,769	100%	4%
Costs of revenue	222,665	17%	219,938	18%	1%
Operating expenses	580,535	45%	566,777	46%	2%
Total costs and expenses	803,200	62%	786,715	64%	2%
Domestic operating earnings	482,288	38%	444,054	36%	9%
International Segment					
Revenues	182,488	100%	137,904	100%	32%
Costs of revenue	28,446	16%	11,951	9%	138%
Operating expenses	70,472	39%	58,626	43%	20%
Total costs and expenses	98,918	54%	70,577	51%	40%
International operating earnings	83,570	46%	67,327	49%	24%
Other costs and expenses, net	(340,935)		(316,430)		8%
Gain on sale of businesses	—		216,869		
Consolidated operating earnings	\$ 224,923		\$ 411,820		(45)%

Domestic Segment

- Revenues increased 4% to \$1.29 billion in the third quarter of 2021, from \$1.23 billion in the same period of 2020. The following factors impacted the year-over-year change in Domestic revenues:
 - Increased implementation activity during the third quarter of 2021 within our federal business, inclusive of ongoing projects with the U.S. Department of Defense and the U.S. Department of Veterans Affairs.
 - The third quarter of 2021 includes a \$21 million increase in revenues due to contributions from our April 1, 2021 acquisition of the Kantar Health business.

Refer to Note (3) of the Notes for further information regarding revenues disaggregated by our business models.

- Costs of revenue as a percent of revenues were 17% in the third quarter of 2021, compared to 18% in the same period of 2020. The lower costs of revenue as a percent of revenues was primarily driven by the mix of revenues for the quarters, inclusive of the third quarter of 2021 containing a higher percentage of licensed software revenues, which carries a lower cost of revenue.
- Operating expenses as a percent of revenues were 45% in the third quarter of 2021, compared to 46% in the same period of 2020. These expenses increased 2% to \$581 million in the third quarter of 2021, from \$567 million in the same period of 2020. The increase in operating expenses was primarily driven by expense contributions from the Kantar Health business, which was acquired on April 1, 2021.

International Segment

- Revenues increased 32% to \$182 million in the third quarter of 2021, compared to \$138 million in the same period of 2020. The increase in revenues is primarily due to a \$24 million increase in revenues due to contributions from our April 1, 2021 acquisition of the Kantar Health business. The remaining increase is attributable to 2021 revenue growth across the majority of our remaining International Segment operations. Refer to Note (3) of the Notes for further information regarding revenues disaggregated by our business models.

- Costs of revenue as a percent of revenues were 16% in the third quarter of 2021, compared to 9% in the same period of 2020. The higher costs of revenue as a percent of revenues was primarily driven by the impact of the Kantar Health business acquired on April 1, 2021.
- Operating expenses as a percent of revenues were 39% in the third quarter of 2021, compared to 43% in the same period of 2020. These expenses increased 20% to \$70 million in the third quarter of 2021, from \$59 million in the same period of 2020. The increase in operating expenses is primarily due to the April 1, 2021 acquisition of the Kantar Health business.

Other Costs and Expenses, Net

Operating costs and expenses not attributed to an operating segment include expenses such as software development, general and administrative expenses, share-based compensation expense, certain amortization and depreciation, certain organizational restructuring and other expense. These expenses increased 8% to \$341 million in the third quarter of 2021, from \$316 million in the same period of 2020. The increase is primarily due to increased employee separation costs, as further discussed in Note (1) of the Notes.

Nine Months Ended September 30, 2021 Compared to Nine Months Ended September 30, 2020

The following table presents a summary of our operating information for the first nine months of 2021 and 2020:

<i>(In thousands)</i>	2021	% of Revenue	2020	% of Revenue	% Change
Revenues	\$ 4,312,509	100 %	\$ 4,110,763	100 %	5 %
Costs of revenue	743,092	17 %	698,268	17 %	6 %
Margin	3,569,417	83 %	3,412,495	83 %	5 %
Operating expenses					
Sales and client service	2,004,263	46 %	1,907,138	46 %	5 %
Software development	636,590	15 %	551,101	13 %	16 %
General and administrative	390,067	9 %	391,000	10 %	— %
Amortization of acquisition-related intangibles	45,956	1 %	43,031	1 %	7 %
Total operating expenses	3,076,876	71 %	2,892,270	70 %	6 %
Total costs and expenses	3,819,968	89 %	3,590,538	87 %	6 %
Gain on sale of businesses	—	— %	216,869	5 %	
Operating earnings	492,541	11 %	737,094	18 %	(33)%
Other income (loss), net	(5,542)		78,247		
Income taxes	(106,245)		(176,758)		
Net earnings	\$ 380,754		\$ 638,583		(40)%

Revenues & Backlog

Revenues increased 5% to \$4.31 billion in the first nine months of 2021, as compared to \$4.11 billion in the same period of 2020. The following factors impacted the year-over-year change in revenues:

- Increased implementation activity during the first nine months of 2021 within our federal business, inclusive of ongoing projects with the U.S. Department of Defense and the U.S. Department of Veterans Affairs. In the first nine months of 2021, 20% of our total revenues were attributable to our relationships (as the prime contractor or a subcontractor) with U.S. government agencies, compared to 17% in the same period of 2020.

- The first nine months of 2021 includes a \$90 million increase in revenues due to contributions from our April 1, 2021 acquisition of the Kantar Health business. Refer to Note (2) of the Notes for further information regarding the Kantar Health acquisition.
- The first nine months of 2021 includes a \$44 million reduction in revenues due to the sale of certain of our revenue cycle outsourcing business operations to affiliates of R1 RCM Inc., on August 3, 2020.
- The first nine months of 2021 includes a \$40 million reduction in revenues due to the sale of certain of our business operations primarily conducted in Germany and Spain to affiliates of CompuGroup Medical SE & Co. KGaA on July 1, 2020.

Refer to Note (3) of the Notes for further information regarding revenues disaggregated by our business models.

Costs of Revenue

Costs of revenue as a percent of revenues were 17% in the first nine months of both 2021 and 2020.

Operating Expenses

Total operating expenses increased 6% to \$3.08 billion in the first nine months of 2021, compared to \$2.89 billion in the same period of 2020.

- Sales and client service expenses as a percent of revenues were 46% in the first nine months of both 2021 and 2020. These expenses increased 5% to \$2.00 billion in the first nine months of 2021, from \$1.91 billion in the same period of 2020. The increase in sales and client service expenses was primarily driven by a \$68 million pre-tax charge recorded in the first nine months of 2021 in connection with the designation of certain real estate assets as held for sale. The remaining increase was primarily driven by expense contributions from the Kantar Health business, which was acquired on April 1, 2021. Refer to Note (1) and Note (2) of the Notes for further information.
- Software development expenses as a percent of revenues were 15% in the first nine months of 2021, compared to 13% in the same period of 2020. Expenditures for software development include ongoing development and enhancement of the *Cerner Millennium* and *HealthIntent* platforms, as well as other key initiatives such as platform modernization, with a focus on development of a software as a service platform. A summary of our total software development expense in the first nine months of 2021 and 2020 is as follows:

	Nine Months Ended	
	2021	2020
<i>(In thousands)</i>		
Software development costs	\$ 633,367	\$ 592,025
Capitalized software costs	(236,234)	(219,879)
Capitalized costs related to share-based payments	(6,443)	(4,831)
Amortization of capitalized software costs	196,319	183,786
Net realizable value charges (see Note (1) of the Notes)	49,581	—
Total software development expense	<u>\$ 636,590</u>	<u>\$ 551,101</u>

- General and administrative expenses as a percent of revenues were 9% in the first nine months of 2021, compared to 10% in the same period of 2020. These expenses were relatively flat at \$390 million in the first nine months of 2021, compared to \$391 million in the same period of 2020. General and administrative expenses include certain charges incurred in connection with our operational improvement initiatives, as further discussed above, and in the Notes. We expect to incur additional expenses in connection with these efforts in future periods, which may be material.
- Amortization of acquisition-related intangibles as a percent of revenues was 1% in the first nine months of both 2021 and 2020. These expenses increased 7% to \$46 million in the first nine months of 2021, from \$43 million in the same period in 2020. The increase in amortization of acquisition-related intangibles is primarily due to

amortization of intangibles acquired in our April 1, 2021 acquisition of the Kantar Health business. Refer to Note (2) of the Notes for further information regarding the Kantar Health acquisition.

Gain on Sale of Businesses

The first nine months of 2020 includes a \$217 million gain recognized in connection with the divestiture transactions described above.

Non-Operating Items

- Other income (loss), net was a net loss of \$6 million in the first nine months of 2021, compared to \$78 million of income in the same period of 2020. The decrease in 2021 is primarily attributable to the first nine months of 2020 including a \$76 million gain recognized on the disposition of one of our equity investments. The remaining difference is primarily attributable to increased interest expense in the first nine months of 2021 from the \$300 million of Series 2020-A Notes we issued in March 2020 and the \$500 million of Series 2021 Senior Notes we issued in March 2021.
- Our effective tax rate was relatively flat at 21.8% for the first nine months of 2021, compared to 21.7% for the same period of 2020. Refer to Note (8) of the Notes for further discussion regarding our effective tax rate.

Operations by Segment

The following table presents a summary of our operating segment information for the first nine months of 2021 and 2020:

<i>(In thousands)</i>	2021	% of Revenue	2020	% of Revenue	% Change
Domestic Segment					
Revenues	\$ 3,774,507	100%	\$ 3,645,397	100%	4%
Costs of revenue	660,584	18%	638,284	18%	3%
Operating expenses	1,797,466	48%	1,724,545	47%	4%
Total costs and expenses	2,458,050	65%	2,362,829	65%	4%
Domestic operating earnings	1,316,457	35%	1,282,568	35%	3%
International Segment					
Revenues	538,002	100%	465,366	100%	16%
Costs of revenue	82,508	15%	59,984	13%	38%
Operating expenses	206,794	38%	182,594	39%	13%
Total costs and expenses	289,302	54%	242,578	52%	19%
International operating earnings	248,700	46%	222,788	48%	12%
Other costs and expenses, net	(1,072,616)		(985,131)		9%
Gain on sale of businesses	—		216,869		
Consolidated operating earnings	\$ 492,541		\$ 737,094		(33)%

Domestic Segment

- Revenues increased 4% to \$3.77 billion in the first nine months of 2021, from \$3.65 billion in the same period of 2020. The following factors impacted the year-over-year change in Domestic revenues:
 - Increased implementation activity during the first nine months of 2021 within our federal business, inclusive of ongoing projects with the U.S. Department of Defense and the U.S. Department of Veterans Affairs.

- The first nine months of 2021 includes a \$42 million increase in revenues due to contributions from our April 1, 2021 acquisition of the Kantar Health business.
- The first nine months of 2021 includes a \$44 million reduction in revenues due to the sale of certain of our revenue cycle outsourcing business operations to affiliates of R1 RCM Inc., on August 3, 2020.

Refer to Note (3) of the Notes for further information regarding revenues disaggregated by our business models.

- Costs of revenue as a percent of revenues were 18% in the first nine months of both 2021 and 2020.
- Operating expenses as a percent of revenues were 48% in the first nine months of 2021, compared to 47% in the same period of 2020. These expenses increased 4% to \$1.80 billion in the first nine months of 2021, from \$1.72 billion in the same period of 2020. The increase in operating expenses was primarily driven by a \$68 million pre-tax charge recorded in the first nine months of 2021 in connection with the designation of certain real estate assets as held for sale. The remaining increase was primarily driven by expense contributions from the Kantar Health business, which was acquired on April 1, 2021. Refer to Note (1) and Note (2) of the Notes for further information.

International Segment

- Revenues increased 16% to \$538 million in the first nine months of 2021, from \$465 million in the same period of 2020. The following factors impacted the year-over-year change in International revenues:
 - The first nine months of 2021 includes a \$48 million increase in revenues due to contributions from our April 1, 2021 acquisition of the Kantar Health business.
 - The first nine months of 2021 includes a \$40 million reduction in revenues due to the sale of certain of our business operations primarily conducted in Germany and Spain to affiliates of CompuGroup Medical SE & Co. KGaA on July 1, 2020.
 - The remaining difference is attributable to 2021 revenue growth across the majority of our remaining International Segment operations.

Refer to Note (3) of the Notes for further information regarding revenues disaggregated by our business models.

- Costs of revenue as a percent of revenues were 15% in the first nine months of 2021, compared to 13% in the same period of 2020. The higher costs of revenue as a percent of revenues was primarily driven by the impact of the Kantar Health business acquired on April 1, 2021.
- Operating expenses as a percent of revenues were 38% in the first nine months of 2021, compared to 39% in the same period of 2020. These expenses increased 13% to \$207 million in the first nine months of 2021, from \$183 million in the same period of 2020. The increase in operating expenses is primarily due to the April 1, 2021 acquisition of the Kantar Health business.

Other Costs and Expenses, Net

These expenses increased 9% to \$1.07 billion in the first nine months of 2021, from \$985 million in the same period of 2020. The increase is primarily due to pre-tax charges of \$50 million recorded in the first nine months of 2021 to reduce the carrying amount of certain capitalized software development costs to estimated net realizable value, as further discussed in Note (1) of the Notes.

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, collaborations, capital expenditures, and our share repurchase and dividend programs.

Our principal sources of liquidity are our cash, cash equivalents (which primarily consist of money market funds, time deposits and commercial paper with original maturities of less than 90 days), short-term investments, borrowings under our Credit Agreement and other sources of debt financing. At September 30, 2021, we had cash and cash equivalents of \$460 million and short-term investments of \$323 million, as compared to cash and cash equivalents of \$616 million and short-term investments of \$442 million at December 31, 2020.

We have entered into a Credit Agreement with a syndicate of lenders that provides for an unsecured \$1.00 billion revolving credit loan facility, along with a letter of credit facility up to \$100 million (which is a sub-facility of the \$1.00 billion revolving credit loan facility). We have the ability to increase the maximum capacity to \$1.20 billion at any time during the Credit Agreement's term, subject to lender participation and the satisfaction of specified conditions. The Credit Agreement expires in May 2024. As of September 30, 2021, we had outstanding revolving credit loans and letters of credit of \$600 million and \$30 million, respectively; which reduced our available borrowing capacity to \$370 million under the Credit Agreement.

We have also entered into note purchase agreements pursuant to which we may issue and sell unsecured senior promissory notes to those purchasers electing to purchase. See Note (6) of the Notes for further information.

We believe that our present cash position, together with cash generated from operations, short-term investments and, as appropriate, remaining availability under our Credit Agreement and other sources of debt financing, will be sufficient to meet anticipated cash requirements for the next 12 months.

The following table summarizes our cash flows in the first nine months of 2021 and 2020:

	Nine Months Ended	
	2021	2020
<i>(In thousands)</i>		
Cash flows from operating activities	\$ 1,254,390	\$ 924,045
Cash flows from investing activities	(705,560)	(596,825)
Cash flows from financing activities	(693,077)	(345,527)
Effect of exchange rate changes on cash	(11,828)	(4,382)
Total change in cash and cash equivalents	(156,075)	(22,689)
Cash and cash equivalents at beginning of period	615,615	441,843
Cash and cash equivalents at end of period	<u>\$ 459,540</u>	<u>\$ 419,154</u>
Free cash flow (non-GAAP)	<u>\$ 764,900</u>	<u>\$ 461,282</u>

Cash from Operating Activities

	Nine Months Ended	
	2021	2020
<i>(In thousands)</i>		
Cash collections from clients	\$ 4,464,651	\$ 4,085,527
Cash paid to employees and suppliers and other	(3,073,278)	(3,051,302)
Cash paid for interest	(41,918)	(31,661)
Cash paid for taxes, net of refunds	(95,065)	(78,519)
Total cash from operations	<u>\$ 1,254,390</u>	<u>\$ 924,045</u>

Cash flows from operations increased \$330 million in the first nine months of 2021 when compared to the same period of 2020, due primarily to increased collections of client receivables. Days sales outstanding was 76 days in the third quarter of 2021, compared to 77 days for the second quarter of 2021 and 81 days for the third quarter of 2020.

Cash from Investing Activities

<i>(In thousands)</i>	Nine Months Ended	
	2021	2020
Capital purchases	\$ (246,813)	\$ (238,053)
Capitalized software development costs	(242,677)	(224,710)
Sales and maturities of investments, net of purchases	145,957	(298,069)
Purchases of other intangibles	(23,197)	(29,698)
Acquisition of businesses, net of cash acquired	(348,179)	(35,766)
Sale of businesses	—	229,471
Disposition of assets held for sale	9,349	—
Total cash flows from investing activities	\$ (705,560)	\$ (596,825)

Cash flows from investing activities consist primarily of capital spending, investment, acquisition, and divestiture activities.

Our capital spending in the first nine months of 2021 was driven by capitalized equipment purchases primarily to support growth in our managed services business and capitalized spending to support our ongoing software development initiatives. Capital purchases for the full year 2021 are expected to approximate 2020 levels.

Short-term investment activity historically consists of the investment of cash generated by our business in excess of what is necessary to fund operations. Both the 2021 and 2020 activity is impacted by excess cash primarily being used to execute on our capital allocation strategy, including the acquisition of businesses, share repurchases and cash dividends, as discussed below. The 2020 activity includes the investment of proceeds from the sale of certain business operations in the third quarter of 2020, as discussed below.

During the first nine months of 2021, we paid \$363 million of purchase price consideration in connection with our acquisition of Kantar Health, as further discussed in Note (2) of the Notes. We expect to continue seeking and completing strategic business acquisitions, investments, and relationships that are complementary to our business.

During the first nine months of 2020, we received proceeds of \$229 million in connection with certain business divestitures discussed above. We expect to continue to evaluate and complete divestiture transactions that are strategic to our operational improvement initiatives discussed above.

During the first nine months of 2021, we received proceeds of \$9 million in connection with the sale of our Oaks Campus. We expect future proceeds from the disposition of real estate held for sale, however, the amount and timing of such proceeds are dependent upon economic and market conditions which are not within our control. Refer to Note (1) of the Notes for further information regarding real estate held for sale.

Cash from Financing Activities

<i>(In thousands)</i>	Nine Months Ended	
	2021	2020
Long-term debt issuance	\$ 500,000	\$ 300,000
Repayment of long-term debt	—	(2,500)
Cash from option exercises (net of taxes paid in connection with shares surrendered by associates)	152,418	180,057
Treasury stock purchases	(1,125,000)	(650,000)
Dividends paid	(202,054)	(166,277)
Other	(18,441)	(6,807)
Total cash flows from financing activities	\$ (693,077)	\$ (345,527)

In March 2021, we issued \$500 million aggregate principal amount of Series 2021 Senior Notes. In March 2020, we issued \$300 million aggregate principal amount of Series 2020-A notes. Refer to Note (6) of the Notes for further information regarding these, as well as our other debt obligations.

We may incur additional indebtedness in the next 12 months, which will primarily be dependent on cash flows from operations, market interest rates, and the timing of business acquisition and capital allocation activity. The proceeds from such indebtedness would be deployed in accordance with our capital allocation strategy, which may include share repurchases and dividend payments (as discussed further below), as well as for general corporate purposes, including acquisitions and investments. The terms and availability of any such debt financing may be impacted by economic and financial market conditions, as well as our financial condition and results of operations at the time we seek such financing, and there can be no assurances that we would be able to obtain such financing on terms that will be acceptable or advantageous to us.

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 net cash inflows from stock option exercises to continue throughout 2021 based on the number of exercisable options as of September 30, 2021 and our current stock price.

During the first nine months of 2021 and 2020, we repurchased 14.8 million shares of our common stock for total consideration of \$1.12 billion and 9.2 million shares of our common stock for total consideration of \$650 million, respectively. As of September 30, 2021, an aggregate of \$3.55 billion remained available for repurchase under our share repurchase program. We will continue to repurchase shares under our share repurchase program, but the amount and timing of such repurchases will be dependent on a number of factors, including the price of our common stock and other cash flow needs. There is no assurance that we will repurchase up to the full amount remaining under our program. Refer to Note (10) of the Notes for further information regarding our share repurchase program.

During the first nine months of both 2021 and 2020, we declared and paid quarterly cash dividends. Subject to declaration by our Board of Directors, we expect to continue paying quarterly cash dividends as a part of our current capital allocation strategy. Future dividends will be subject to the determination, declaration and discretion of our Board of Directors and compliance with covenants under our outstanding debt agreements. Refer to Note (10) of the Notes for further information regarding our cash dividend activity.

The source of funds for such repurchases and dividends may include cash generated from operations, liquidation of investment holdings and other dispositions of assets, and the incurrence of indebtedness.

Free Cash Flow (Non-GAAP)

<i>(In thousands)</i>	Three Months Ended		Nine Months Ended	
	2021	2020	2021	2020
Cash flows from operating activities (GAAP)	\$ 434,821	\$ 381,949	\$ 1,254,390	\$ 924,045
Capital purchases	(47,532)	(71,757)	(246,813)	(238,053)
Capitalized software development costs	(75,569)	(73,317)	(242,677)	(224,710)
Free cash flow (non-GAAP)	\$ 311,720	\$ 236,875	\$ 764,900	\$ 461,282

Free cash flow increased \$304 million in the first nine months of 2021 compared to the same period in 2020, primarily due to increased cash from operations, partially offset by an increase in capital spending. 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, and for management compensation purposes. We define free cash flow as cash flows from operating activities reduced by capital purchases and capitalized software development costs. The table above sets forth a reconciliation of free cash flow to cash flows from operating activities, which we believe is the GAAP financial measure most directly comparable to free cash flow. 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 and understanding of our overall financial, operational and economic performance, because free cash flow takes into account certain capital expenditures necessary to operate our business.

Forward-Looking Statements

All statements contained in this quarterly report on Form 10-Q that do not directly and exclusively relate to historical facts constitute forward-looking statements. Forward-looking statements are based on the current beliefs, expectations and assumptions of Cerner's management with respect to future events and are subject to a number of significant risks and uncertainties. It is important to note that Cerner's performance, and actual results, financial condition or business could differ materially from those expressed in such forward-looking statements. The words "will," "believe," "plans," "may," "expect," "expected," "anticipated," "strategy," "opportunities," "future," "estimated," "objectives", or the negative of these words, variations thereof or similar expressions are intended to identify such forward-looking statements. For example, our forward-looking statements include statements regarding our expectations, opportunities or plans for growth; our operational improvement initiatives and the results expected to be realized from those initiatives; our expectations with respect to realizing revenue from backlog; our anticipated expenses, cash requirements and sources of liquidity; the expected impact of the COVID-19 pandemic on our results of operations, financial condition, business and operations; the expected revenue contributions of acquired businesses; and our capital allocation strategies and plans. These statements involve a number of risks, uncertainties and other factors that could cause or contribute to actual results differing materially, including without limitation: the extent to which the COVID-19 pandemic and measures taken in response thereto could adversely affect our financial condition, future bookings and results of operations; the possibility of interruption at our data centers or client support facilities, or those of third parties with whom we have contracted (such as public cloud providers), that could expose us to significant costs and reputational harm; the possibility of increased expenses, exposure to legal claims and regulatory actions and reputational harm associated with a cyberattack or other breach in our IT security or the IT security of third parties on which we rely; potential claims for system errors and warranties or significant costs and reputational harm related to product and service-related liabilities; 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, or subject to claims related to open source licenses; material adverse resolution of legal proceedings or other claims or reputational harm stemming from negative publicity related to such claims or legal proceedings; risks associated with our global operations, including without limitation greater difficulty in collecting accounts receivable; significant competition and our ability to anticipate or respond quickly to market changes, changing technologies and evolving pricing and deployment methods and to bring competitive new solutions, devices, features and services to market in a timely fashion; risks inherent with business acquisitions, strategic investments, collaborations and the failure to achieve projected synergies, or divestitures; managing growth in the new markets in which we offer solutions, healthcare devices or services; long sales cycles for our solutions and services; risks related to our dependence on strategic relationships and third party suppliers, including any impact to such supplier's business resulting from the COVID-19 pandemic; risks associated with the loss or recruitment and retention of key personnel or the failure to successfully develop and execute succession planning to assure transitions of key associates and their knowledge, relationships and expertise; inability to achieve expected operating efficiencies and sustain or improve operating expense reductions or business disruptions or adverse tax consequences associated with restructuring, realignment and costs reduction activities; changing political, economic and regulatory influences, which could impact the purchasing practices and operations of our clients and increase costs to deliver compliant solutions and services; non-compliance with laws, regulations or certain industry initiatives or failure to deliver solutions or services that enable our clients to comply with laws or regulations applicable to their businesses; risks inherent in contracting with government clients, including without limitation, complying with strict compliance and disclosure obligations, navigating complex procurement rules and processes, and defending against bid protests; volatility and disruption resulting from global economic or market conditions, including the impact from the COVID-19 pandemic; risks associated with our outstanding and future indebtedness, such as compliance with restrictive covenants, which may limit our flexibility to operate our business; risk that our capital allocation strategy will not be fully implemented or enhance long-term shareholder value; changes in tax laws, regulations or guidance that could adversely affect our tax position and/or challenges to our tax positions in the U.S. and non-U.S. countries; the potential for losses resulting from asset impairment charges; potential variations in our sales forecasts compared to actual sales; risks that our revenue growth may be lower than anticipated and/or that the mix of revenue shifts to low margin revenue; variations in our quarterly operating results; volatility in the trading price of our common stock and the timing and volume of market activity; risks associated with fluctuations in foreign currency exchange rates; and our directors' authority to issue preferred stock and the anti-takeover provisions in our corporate governance documents. Additional discussion of these and other risks, uncertainties and factors affecting Cerner's business is contained in our filings with the Securities and Exchange Commission, including those under the caption "Risk Factors" in our latest annual report on Form 10-K, or in materials incorporated herein or therein by reference. Forward-looking statements are not guarantees of future performance or results. The reader should not place undue reliance on forward-looking statements since the statements speak only as of the date that they are made. Except as required by law, we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in our business, results of operations or financial condition over time.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

No material changes.

Item 4. Controls and Procedures

a) Evaluation of Disclosure Controls and Procedures.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities and Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this quarterly report on Form 10-Q (the "Evaluation Date"). Based upon that evaluation, our CEO and CFO have concluded that, as of the Evaluation Date, our disclosure controls and procedures were designed, and were effective, to provide reasonable assurance that the information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time period specified in SEC rules and forms and is accumulated and communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

b) Changes in Internal Control over Financial Reporting.

There were no changes in our internal controls over financial reporting during the fiscal quarter ended September 30, 2021, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. On April 1, 2021, we completed the acquisition of Kantar Health. As permitted by Securities and Exchange Commission staff interpretative guidance that an assessment of a recently acquired business may be omitted from the scope of an assessment for a period not to exceed one year from the date of acquisition, the scope of our assessment of our internal controls over financial reporting at September 30, 2021 does not include Kantar Health.

c) Limitations on Controls.

Our 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.

Part II. Other Information

Item 1. Legal Proceedings

From time to time, we are involved in litigation which is incidental to our business. In our opinion, no litigation to which we are currently a party is likely to have a material adverse effect on our consolidated financial condition, results of operations, or cash flows.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**(c) Issuer Purchases of Equity Securities**

The table below provides information with respect to Common Stock purchases by the Company during the third fiscal quarter of 2021.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (a)	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (a)
July 1, 2021 - July 31, 2021	4,760,503	\$ 78.75	4,760,503	\$ 3,552,109,673
August 1, 2021 - August 31, 2021	—	—	—	3,552,109,673
September 1, 2021 - September 30, 2021	—	—	—	3,552,109,673
Total	4,760,503	\$ 78.75	4,760,503	

- (a) Under our share repurchase program, which was initially approved by our Board of Directors on May 23, 2017 (and announced May 25, 2017) and most recently amended on December 12, 2019 (as announced on December 13, 2019), (the "2017 Share Repurchase Program") the Company was authorized to repurchase up to \$3.70 billion of shares of our common stock, excluding transaction costs. The repurchases were to be effectuated in the open market, by block purchase, in privately negotiated transactions, or through other transactions managed by broker-dealers, or any combination thereof. This program was completed in the third quarter of 2021.

On April 23, 2021, our Board of Directors approved (and announced on May 5, 2021) a new share repurchase program (as amended, the "2021 Share Repurchase Program"), which authorizes the Company to repurchase up to \$3.75 billion in the aggregate of shares of our common stock, excluding transaction costs. The 2021 Share Repurchase Program is incremental to our 2017 Share Repurchase Program. The repurchases are to be effectuated in the open market, by block purchase, in privately negotiated transactions, or through other transactions managed by broker-dealers, or any combination thereof. The 2021 Share Repurchase Program will expire on December 31, 2023.

During the nine months ended September 30, 2021, we repurchased 14.8 million shares for total consideration of \$1.12 billion under our share repurchase programs pursuant to Rule 10b5-1 plans. As of September 30, 2021, an aggregate of \$3.55 billion remained available for repurchase under the 2021 Share Repurchase Program.

Item 6. Exhibits

(a) Exhibits

10.1*	Executive Employment Agreement between Cerner Corporation and David T. Feinberg
10.2*	Time Sharing Agreement between Cerner Corporation and David T. Feinberg
10.3*	Separation Agreement between Cerner Corporation and Donald Trigg
31.1	Certification of David T. Feinberg pursuant to Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of Mark J. Erceg pursuant to Section 302 of Sarbanes-Oxley Act of 2002
32.1	Certification of David T. Feinberg pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002
32.2	Certification of Mark J. Erceg pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File - formatted in Inline XBRL and contained in Exhibit 101.

*Indicates a management contract or compensatory plan or arrangement.

SIGNATURES

Pursuant to the requirements 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

Registrant

Date: October 29, 2021

By: /s/ Mark J. Erceg

Mark J. Erceg

Executive Vice President and Chief

Financial Officer (duly authorized
officer and principal financial officer)

CERNER EXECUTIVE EMPLOYMENT AGREEMENT

This Cerner Executive Employment Agreement (this “Agreement”), executed as of August 16, 2021, describes the formal employment relationship between David T. Feinberg, M.D. (“you”/“your”) and Cerner Corporation, a Delaware corporation (“Cerner”).

AGREEMENT

In consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree as follows:

- A. Your employment will commence on a date on or prior to October 1, 2021, that is mutually agreeable to the parties (the “Effective Date”).
- B. By accepting the offer of employment and executing this Agreement, you represent that every material fact contained in your resume, application for employment, and other related documents that you supplied to Heidrick & Struggles International, Inc., is true and accurate. Misrepresentation or omission of a material fact or falsification in such resume and related documents are grounds for immediate termination for Cause.
- C. Definitions of capitalized terms used but not otherwise defined herein can be found in Appendix A.

1. EMPLOYMENT RELATIONSHIP.

- A. Type. To the extent permitted by law, your employment relationship with Cerner is “at will,” which means that you may resign from Cerner at any time, for any reason or for no reason at all, and without advance notice (except as described below). It also means that Cerner may terminate your employment at any time - for any legally permitted reason or for no reason at all and without advance notice, subject to Cerner’s potential obligations to you under Paragraph 3 below.
- B. Compensation. You will be paid a base salary, specified use of Cerner’s airplanes and you may receive a bonus, all as determined by Cerner’s Board of Directors from time to time, and initially as set forth in the Offer Terms attached hereto as Appendix B. You will be entitled to receive the benefits generally provided to other Cerner Associates, and such other benefits as determined by Cerner’s Board of Directors from time to time. In addition, Cerner shall reimburse you for your reasonable travel, meals, entertainment, and other similar expenses reasonably incurred in the performance of your duties, as long as such expenses are accompanied by valid receipts and any other documentation required pursuant to any applicable Cerner policy. The Cerner Board of Directors will have the ability

to review the expenses presented, and any expenses that are reasonably rejected by the Board of Directors shall not be reimbursed by Cerner.

- C. Duties. You are being employed as Cerner's President and Chief Executive Officer to perform the duties and responsibilities normally attendant with such positions and as assigned to you from time to time by Cerner's Board of Directors. You shall report directly to Cerner's Board of Directors. During your employment, you will devote your full time, attention and energies to the business of Cerner. Notwithstanding the foregoing, you are not precluded from engaging in other business activities outside normal business hours so long as such other business activities do not detract from your activities on behalf of Cerner and are in compliance with applicable Cerner policies, including, without limitation, Cerner's Conflict of Interest Policy (as amended from time to time). In connection with your appointment as President and Chief Executive Officer, you will also be appointed on the Effective Date to serve as a member of Class I of Cerner's Board of Directors.

2. RESIGNATION AND TERMINATION.

- A. Termination by Cerner. Cerner may terminate your employment (i) at any time with or without Cause, or (ii) upon your Disability. Your employment with Cerner shall be deemed automatically terminated upon your death. Upon a termination of your employment by Cerner with Cause, due to your death or on account of Disability (each an "Ineligible Severance Event"), Cerner shall pay you within thirty (30) days following your last day of employment (x) any accrued but unpaid base salary, (y) any owed reimbursements for unreimbursed business expenses properly incurred by you prior to your termination date, which shall be subject to and paid in accordance with Cerner's expense reimbursement policy; and (z) such employee benefits (including equity compensation or cash bonuses earned (i.e., when all vesting conditions have been met) as of the termination date but not yet paid), if any, to which you may be entitled under Cerner's employee benefit plans as of your termination date; provided that, in no event shall you be entitled to any payments in the nature of any other severance or termination payments (such as under Cerner's Associate Severance Pay Plan effective July 1, 2021, or any successor thereto). Those amounts described in this Paragraph 2.A (x), (y) and (z) are referred to herein collectively as the "Accrued Amounts." Payment upon termination of your employment by Cerner for any reason other than an Ineligible Severance Event is covered by Paragraph 3.
- B. Termination by You. You may resign from your employment with Cerner at any time upon written notice to Cerner of your intention to resign from employment. Any resignation notice must be submitted to Cerner at least thirty (30) days prior to your intended last day of employment. Cerner, however, reserves the right either to accelerate your last day of employment or to allow your intended last day of employment to stand. If you resign with fewer than thirty (30) days' notice, or

if you actually leave Cerner's employ prior to expiration of the notice period without the permission of Cerner, then you agree that (to the extent permitted by law) no Accrued Amounts from the date you submitted your resignation notice to your last day of employment will be owed or paid to you by Cerner. All other Accrued Amounts will be paid. You may also terminate your employment hereunder upon written notice to Cerner in the event of a Constructive Termination (before a Change in Control) or for Good Reason (after a Change in Control) and, subject to you satisfying your obligations under Paragraph 3.C. (Severance Agreement and Release), be entitled to certain severance and benefit compensation as provided in Paragraph 3.

You agree to report to Cerner the identity of your new employer (if any) and the nature of your proposed duties for that employer.

3. SEVERANCE AND BENEFITS.

A. Non-Change in Control - Termination by Cerner for other than an Ineligible Severance Event or Resignation following Constructive Termination. Subject to you satisfying your obligations under Paragraph 3.C. (Severance Agreement and Release), if, prior to a Change in Control or at any time after twelve (12) months following a Change in Control, (i) Cerner terminates your employment other than in connection with an Ineligible Severance Event or (ii) you resign from employment following a Constructive Termination, Cerner will within sixty (60) days (or later if required by Code Section 409A) of your termination of employment (unless such sixty (60) day period begins in one taxable year and ends in another taxable year, in which case the following payments will not be made until the beginning of the second taxable year):

1. Pay you your Accrued Amounts; and
2. Commence severance payments to you equal to two (2) times the sum of (i) your then current annual base salary, plus (ii) the average of the annual cash bonus you received from Cerner during the three (3) years preceding the termination of your employment (or, if you have not been employed by Cerner for three (3) years, then such lesser number of years that you have been employed at Cerner), or if your termination of employment occurs before any annual cash bonus has been paid to you, your target annual bonus amount as set forth in Appendix B, less (iii) normal tax and payroll deductions. The severance payments contemplated by the immediately preceding clause (i) will be based on your annual base salary at the time of your termination; provided, however, that if you resign from employment following a Constructive Termination because of a material reduction in your total target compensation, such severance payments will be based on your annual base salary in effect immediately prior to such

reduction. Such severance pay will be payable pro rata during the twenty-four (24) month severance term on Cerner's regular paydays; and

3. Commence payments to you having an aggregate value equal to twenty-four (24) times the difference between the monthly COBRA continuation premium cost to cover you and your dependents (to the extent covered under Cerner's health, vision and dental the plans on the date of your termination of employment) under Cerner's health, vision and dental plans in effect as of the date of your termination and the monthly amount you were paying for such coverage at the effective date of your termination. Such payments will be payable pro rata during the twenty-four (24) month severance term on Cerner's regular paydays. Notwithstanding the foregoing, if Cerner making payments under this Paragraph 3.A.3 would violate the nondiscrimination rules applicable to non-grandfathered plans under the Affordable Care Act or result in the imposition of penalties under the Affordable Care Act, the parties agree to reform this Paragraph 3.A.3 in a manner as is necessary to comply with the Affordable Care Act; and
4. With respect to all outstanding unvested equity:
 - (i) fully vest and, if applicable pay or deliver immediately, or a later date in conformity with Code Section 409A, any shares or other property relating to the time-based restricted stock unit award granted to you on the Effective Date, that were awarded to replace the potential equity value you might have earned if you remained with your prior employer (referred to in the Offer Terms as the "One-Time Equity Grant");
 - (ii) cause the performance-based restricted stock unit award granted to you on the Effective Date, to replace the potential equity value you might have earned if you remained with your prior employer (referred to in the Offer Terms as the "One-Time Equity Grant"), to remain outstanding and vest or be forfeited in accordance with the terms of the applicable award agreement, based upon the level of attainment with respect to the 2021-2023 PSU Performance Metrics;
 - (iii) except as provided in Paragraph 3.A.4.i above, fully vest and, if applicable pay or deliver immediately, or a later date in conformity with Code Section 409A, any shares or other property relating to time-based restricted stock or time-based restricted stock unit awards having a "date of grant"

or “grant date” (as listed in such awards) that is at least twelve (12) months before the effective date of your termination and that were originally, ignoring the application of this Paragraph 3.A.4.iii. and assuming continuous employment, scheduled to vest by the second anniversary of the effective date of your termination;

- (iv) except as provided in Paragraph 3.A.4.ii. above, forfeit all performance-based equity awards that have not settled (regardless of whether the original performance-based vesting criteria may have been satisfied) by the effective date of your termination;
- (v) except as provided in Paragraph 3.A.4.i above, forfeit all time-based restricted stock or time-based restricted stock unit awards having a “date of grant” or “grant date” (as listed in such awards) that is less than twelve (12) months before the effective date of your termination; and
- (vi) forfeit all shares subject to stock options that have not vested as of the effective date of your termination.

B. Change in Control - Termination by Cerner for other than an Ineligible Severance Event or Resignation for Good Reason. Subject to you satisfying your obligations under Paragraph 3.C. (Severance Agreement and Release), if there is a Change in Control of Cerner and within twelve (12) months following the date such Change in Control becomes effective Cerner terminates your employment for any reason other than on account of an Ineligible Severance Event or you resign from employment with Good Reason, then Cerner will, or will cause its successor to, within sixty (60) days (or later if required by Code Section 409A) of your termination of employment (unless such sixty (60) day period begins in one taxable year and ends in another taxable year, in which case the following payments will not be made until the beginning of the second taxable year):

1. Pay you your Accrued Amounts; and
2. Pay you in a lump sum, within sixty (60) days of the effective date of the termination of your employment, severance payments equal to two (2) times the sum of (i) your then current annual base salary, plus (ii) the average annual cash bonus you received from Cerner during the three (3) years preceding the termination or resignation of your employment (or, if you have not been employed by Cerner for three (3) years, then such lesser number of years that you have been employed at Cerner), less (iii) normal tax and payroll deductions. The severance payments contemplated by the immediately preceding clause (i) will be based on your annual base salary

at the time of your termination; provided, however, that if you resign from employment for Good Reason within twelve (12) months following the date a Change in Control of Cerner becomes effective because of a material reduction in your total target compensation, such severance payments will be based on your annual base salary in effect immediately prior to such reduction; and

3. Commence payments to you having an aggregate value equal to twenty-four (24) times the difference between the monthly COBRA continuation premium cost to cover you and your dependents (to the extent covered under Cerner's health, vision and dental plans on the date of your termination of employment) under Cerner's health, vision and dental plans in effect as of the date of your termination and the monthly amount you were paying for such coverage at the effective date of your termination. Such payments will be payable pro rata during the twenty-four (24) month severance term on Cerner's regular paydays. Notwithstanding the foregoing, if Cerner's making payments under this Paragraph 3.B.3 would violate the nondiscrimination rules applicable to non-grandfathered plans under the Affordable Care Act or result in the imposition of penalties under the Affordable Care Act, the parties agree to reform this Paragraph 3.B.3 in a manner as is necessary to comply with the Affordable Care Act; and
4. Fully vest all outstanding unvested equity incentive awards granted to you under any Cerner equity incentive plans (or any successor equity incentive plans). For purposes of this Paragraph 3.B.4, any performance-based award shall become vested or settled assuming the greater of (i) actual level of achievement if the performance period was concluded at the time of Change in Control or where shares are banked based on achievement of incremental performance metrics but have not yet fully vested at the time of the Change in Control, or (ii) "at-target" levels (assuming the "at-target" levels of goal achievement had been attained).

- C. Severance Agreement and Release. As a condition to your receiving severance in accordance with this Paragraph 3, upon your resignation or the termination of your employment, you agree to promptly execute and not revoke the Severance Agreement and Release substantially in the form attached hereto as Appendix C.
- D. Forfeiture and Reimbursement. Further, notwithstanding anything to the contrary in this Agreement, if you breach any confidentiality, non-competition or other material provision of this Agreement following the termination of your employment with Cerner, Cerner's obligation, if applicable, to deliver severance payments and benefits to you under this Paragraph 3, and the vesting of any equity incentive awards described in this Paragraph 3, will cease immediately, you will reimburse Cerner the amount of severance payments delivered to you by

Cerner prior to such breach by you, and you will forfeit to Cerner all equity incentive awards (or the proceeds of exercised awards) that vested based on or after such termination of your employment and prior to your breach.

- E. ERISA Claims Review Procedures. To the extent any severance payments described in this Paragraph 3 are covered by the Employee Retirement Income Security Act of 1974, as amended, Claims Review Procedures are available from Cerner.

- F. Compliance with Section 409A.
 - 1. General Compliance. This Agreement and any severance payments contemplated to be made hereunder is intended to comply with Section 409A or an exemption thereunder and shall be construed and administered in accordance with Section 409A. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. Any payments under this Agreement that may be excluded from Section 409A either as separation pay due to an involuntary separation from service or as a short-term deferral shall be excluded from Section 409A to the maximum extent possible. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement upon a termination of employment shall only be made upon a “separation from service” under Section 409A. Notwithstanding the foregoing, Cerner makes no representations that the payments and benefits provided under this Agreement comply with Section 409A, and in no event shall Cerner be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A.

 - 2. Specified Employees. Notwithstanding any other provision of this Agreement, if any payment or benefit provided to you in connection with your termination of employment is determined to constitute “nonqualified deferred compensation” within the meaning of Section 409A and you are determined to be a “specified employee” as defined in Section 409A(a)(2)(b)(i), then solely to the extent necessary to prevent the imposition of additional income tax under Section 409A, such payment or benefit shall not be paid until the first payroll date to occur following the six-month anniversary of the your termination date or, if earlier, on your death (the “Specified Employee Payment Date”). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date shall be paid to you in a lump sum on the Specified Employee Payment Date and thereafter, any remaining

payments shall be paid without delay in accordance with their original schedule.

3. Reimbursements. To the extent required by Section 409A, each reimbursement or in-kind benefit provided under this Agreement shall be provided in accordance with the following:
 - a. the amount of expenses eligible for reimbursement, or in-kind benefits provided, during each calendar year cannot affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year;
 - b. any reimbursement of an eligible expense shall be paid to you on or before the last day of the calendar year following the calendar year in which the expense was incurred; and
 - c. any right to reimbursements or in-kind benefits under this Agreement shall not be subject to liquidation or exchange for another benefit.

4. CONFIDENTIALITY.

You understand that the business of Cerner and the nature of your employment may require you to have access to Confidential Information of and about Cerner, Cerner solutions, and Clients and Suppliers. You agree that you will forever maintain the confidentiality of Confidential Information. You will never disclose Confidential Information except to persons who have both the right and need to know it, and then only for the purpose and in the course of performing Cerner duties and in accordance with Cerner policies. You will also never use Confidential Information or remove from Cerner any records containing Confidential Information except for the sole purpose of conducting business on behalf of Cerner and in accordance with Cerner policies. If your employment with Cerner terminates (voluntarily or involuntarily), you will promptly deliver to Cerner all Confidential Information, including any Confidential Information on any laptop, computer, mobile phone, or other communication equipment used by you to conduct Cerner business.

Notwithstanding the foregoing, if your employment is governed by the laws of California, with respect to Confidential Information that does not constitute a “trade secret” (as that term is defined under applicable law), the obligations in this Paragraph 4 will remain in full force and effect both during your employment by Cerner and for a period of two (2) years after the voluntary or involuntary termination of your employment with Cerner.

You agree to abide by Cerner’s internal security and privacy policies as well as all client security and privacy policies that are relevant to your position. As an associate of a

healthcare information technology provider, you may have access to confidential patient information that may be protected by international, federal, state and/or local laws. You agree to maintain the confidentiality of all confidential patient information, including, but not limited to, health, medical, financial or personal information (in any form), and you agree not to use any confidential patient information in any manner other than as expressly permitted by all applicable rules and regulations.

You acknowledge, understand and agree that Confidential Information does not lose its status as Confidential Information merely because you commit it to, or create it from, memory.

You understand and agree that Cerner does not expect nor does it want you to disclose Trade Secrets or other confidential information of any of your former employers, and you acknowledge that it is your responsibility not to disclose to Cerner any information in the nature of a trade secret which would violate your legal obligation to others.

Nothing in this Agreement will (i) prohibit you from using or disclosing Confidential Information in connection with reporting possible violations of law or regulation to any governmental agency or entity or attorney in accordance with any whistleblower protection provisions of applicable law or regulation including 18 U.S.C. § 1833 or (ii) require notification or prior approval by Cerner of any reporting described in clause (i). However, any disclosure must be made in accordance with the applicable law or regulation and in a manner that limits—to the furthest extent possible—disclosure of Confidential Information.

5. WORK PRODUCT.

With respect to Work Product that you develop, author, conceive, or reduce to practice—in whole or in part while employed at Cerner—you agree to keep accurate, complete, and timely records of the Work Product and will promptly disclose and fully describe the Work Product in writing to Cerner. You agree to maintain all information respecting any Work Product as Confidential Information and will not disclose the information to any party outside of Cerner, except to persons who have both the right and need to know it and then only for the purpose and in the course of performing Cerner duties.

In consideration of your employment with Cerner, the potential severance payments and potential acceleration of the vesting of outstanding equity incentive awards described herein, and the potential benefits to you in the event of a Change in Control of Cerner (the sufficiency of such consideration you hereby acknowledge), you agree and hereby assign and transfer to Cerner, without further consideration, your entire right, title and interest in and to all Work Product, including any patents, copyrights, Trade Secrets, trademarks, and other intellectual property rights in the same. If for any reason any Work Product would not be considered a work made for hire under applicable law, you hereby assign and transfer to Cerner the entire right, title, and interest in and to the Work Product and all intellectual property rights in the Work Product. You hereby waive any and all

moral rights and similar rights of copyright holders in other countries – including, but not limited to, rights of attribution and integrity or equivalent rights - which you would otherwise have in any Work Product.

You agree to execute promptly, at Cerner’s expense, a written assignment of title to Cerner and all letters (and applications for letters) of patent, copyright, trademark or other intellectual property right, in all countries, for any Work Product assigned by this Agreement. You also agree to assist Cerner or its nominee in every reasonable way, both during and after your time of employment at Cerner, in vesting and defending title to the Work Product in and for Cerner, in any and all countries, including the obtainment and preservation of patents, copyrights, Trade Secrets, trademarks, and other intellectual property rights.

If California law applies per the terms of this Agreement, this Paragraph 5 will not apply to any Work Product that fully qualifies under Section 2870 of the California Labor Code.

This Paragraph 5 does not apply to your solutions and ideas that are developed entirely on your own time and do not relate directly to the business of Cerner or to Cerner’s actual or demonstrably anticipated research or development.

6. PRIOR INVENTIONS.

Any and all patented and unpatented inventions, new solutions, and ideas that you made prior to your employment by Cerner are excluded from the scope of this Agreement and are documented on Appendix D.

7. NON-COMPETITION, NON-SOLICITATION AND NON-DISPARAGEMENT.

If during the course of your employment by Cerner, you relocate to a state other than California or to another country and Cerner reimburses you for any relocation expenses, you agree that your continued employment after your relocation will be governed by this entire Agreement, including the terms of this Paragraph 7. This Paragraph 7 will be of no force or effect if you are not reimbursed for any relocation expenses from California. Notwithstanding anything to the contrary, if Cerner does reimburse you for a relocation from California, you will not be obligated to repay Cerner the reimbursed amount. Your agreement to abide by the terms of this Paragraph 7 is in exchange for Cerner’s reimbursement of any relocation expenses, your employment with Cerner, the potential severance payments and potential acceleration of the vesting of outstanding equity incentive awards described herein, and the potential benefits to be provided to you in the event of a Change in Control of Cerner (the sufficiency of such consideration you hereby acknowledge). During the term of this Agreement and for a period of two (2) years after the voluntary or involuntary termination of your employment with Cerner (with or without Cause or Good Reason):

- A. You will tell any prospective new employer, prior to accepting employment that this Agreement exists.
- B. You will not, directly or indirectly for yourself or for any other person, entity or organization, provide services directly or indirectly of a type similar to those related to or involved with your employment at Cerner to any Conflicting Organization in the United States or any other country in which Cerner has a business presence.
- C. You agree not to, directly or indirectly on behalf of yourself or on behalf of any other person, entity or organization, employ, solicit for employment, or otherwise seek to employ or retain any Cerner Associate or independent contractor to leave his or her employment or engagement with Cerner.
- D. You agree that both during your employment with Cerner and after termination of your employment with Cerner you will never make recklessly or maliciously false accusations or remarks in any form—including written, oral, or electronic form—for the purpose of disparaging Cerner’s solutions or services, and Cerner agrees that both during your employment with Cerner and after termination of your employment with Cerner that it shall instruct its directors and officers not to make recklessly or maliciously false accusations or remarks in any form—including written, oral, or electronic form—for the purpose of disparaging you.

You have carefully read and considered the provisions of this Paragraph 7 and agree that (i) the restrictions set forth herein are fair and reasonable and are reasonably required for the protection of Cerner’s interests, and (ii) your experience, capabilities and personal assets are such that the restrictive provisions of this Paragraph 7 would not deprive you from either earning a livelihood in the unrestricted business activities that remain open to you or from otherwise adequately supporting yourself and your family.

8. UNFAIR COMPETITION, MISAPPROPRIATION OF TRADE SECRETS, AND NON-SOLICITATION OF CLIENTS.

Both during your employment by Cerner and after, you agree that you will neither: (i) engage in unfair competition against Cerner; nor (ii) use any of Cerner’s Trade Secrets to (a) identify existing Cerner clients for your own benefit or the benefit of any other firm or entity, (b) to facilitate the solicitation for your own personal benefit or the benefit of any other firm or entity of any existing Cerner client whom you serviced or about whom you otherwise gained Confidential Information during your employment with Cerner.

9. PUBLICITY.

You consent to the use of your name, voice and picture (including, but not limited to, use in still photographs, videotape and film formats) during your employment with Cerner for advertising, promotional, public relations, and other business purposes including use in

web sites, online communication forums, newspapers, brochures, magazines, journals and films or videotapes by Cerner and Cerner Clients. Notwithstanding the foregoing, Cerner will not use your name, voice, signature, photograph or likeness after termination of your employment for the purpose of advertising, selling or soliciting Cerner products and services whether as part of a campaign or direct client engagement, without your advance approval, which you agree you will not unreasonably withhold.

10. CERNER PROPERTY.

When physical Cerner Property is formally issued to you, you will acknowledge receipt of it when requested to do so and will take all reasonable precautions and actions necessary to safeguard and maintain it in normal operating condition. You will notify Cerner immediately of any damage or loss. If your employment with Cerner terminates (for any reason), you will immediately return to Cerner all Cerner Property issued, delivered, accessed or which otherwise belongs to Cerner. You agree to reimburse Cerner for any reasonable attorneys' fees and other collection charges incurred by Cerner in the event it becomes necessary to file a replevin or other legal action to recover the Cerner Property from you.

11. CERNER POLICIES.

You agree that your employment is subject to the policies and procedures of Cerner as amended from time to time and that you will comply with and assist in the vigorous enforcement of all policies, practices, and procedures. You understand that a material violation of Cerner policies, practices, and procedures may result in termination of your employment for Cause.

12. NO RESTRICTIONS.

By accepting the offer of employment and executing this Agreement, you represent and warrant that to the best of your knowledge you are not subject to any noncompetition, non-solicitation or confidentiality agreements that your employment by Cerner, or contemplated work activities at Cerner, would violate. You also represent and agree that you will not disclose to Cerner, or induce Cerner to use, any proprietary, confidential or Trade Secret information belonging to any previous employer or other third parties. If it is determined that a valid and enforceable agreement exists that, in Cerner's sole discretion, would prevent or materially restrict your ability to perform your duties under this Agreement (a "Restrictive Agreement"), Cerner shall have the option to terminate this Agreement immediately and such termination shall be considered an Ineligible Severance Event. In the event that Cerner terminates this Agreement pursuant to the immediately preceding sentence, all other agreements entered into by and between you and Cerner (including any equity grants or bonus payments that have not yet vested or been paid, respectively) shall also terminate, and, notwithstanding Paragraph 13 below, neither party shall be liable to the other party hereto for any damages (including reasonable attorneys' fees), indemnification obligations, liability, actions, suits or other

claims arising out of or relating to the existence of a Restrictive Agreement or the enforcement of any provisions or remedies thereunder.

13. REMEDIES.

By signing this Agreement, you agree that the promises you have made in it are of a special nature, and that any breach, violation or evasion by you of the terms of this Agreement will result in immediate and irreparable harm to Cerner. It will also cause damage to Cerner in amounts difficult to ascertain. Accordingly, Cerner will be entitled to the remedies of injunction and specific performance, as well as to all other legal and equitable remedies that may be available to Cerner. You and Cerner hereby waive the posting of any bond or surety required prior to the issuance of an injunction hereunder. However, in the event that a court refuses to honor the waiver of bond, you and Cerner agree to a bond of \$500. In addition, unless otherwise prohibited by law, you and Cerner waive the award of consequential and/or punitive damages in any action related to this Agreement or your employment with Cerner.

14. INDEMNIFICATION.

You agree to indemnify, defend and hold Cerner harmless from and against any damages (including reasonable attorneys' fees), liability, actions, suits or other claims arising out of your breach of this Agreement. Cerner agrees to indemnify, defend and hold you harmless from and against any damages (including reasonable attorneys' fees), liability, actions, suits or other claims arising out of Cerner's breach of this Agreement.

15. MODIFIED 280G CARVE-BACK.

Notwithstanding anything contained in this Agreement to the contrary, if on an after-tax basis the aggregate payments and benefits paid pursuant to Paragraph 3.B would be larger if the portion of such payments and benefits constituting "parachute payments" under Code Section 280G were reduced by the minimum amount necessary to avoid the imposition of the excise tax under Code Section 4999, then such payments and benefits shall be reduced by the minimum amount necessary to avoid such excise tax. Any such reduction shall occur in a manner that maximizes your economic position. In applying this principle, the reduction shall be made in a manner consistent with the requirements of Section 409A, and where two economically equivalent amounts are subject to reduction but payable at different times, such amounts shall be reduced on a pro rata basis but not below zero. Any determination required under this Paragraph 15 shall be made in writing in good faith by an accounting firm selected by Cerner, which is reasonably acceptable to you (the "Accountants"). Cerner and you shall provide the Accountants with such information and documents as the Accountants may reasonably request in order to make a determination under this Paragraph 15. Cerner shall be responsible for all fees and expenses of the Accountants.

16. 409A MODIFICATION.

Cerner may modify this Agreement from time to time without your consent if Cerner's legal counsel deems doing so to be advisable to comply with Section 409A of the Code and you agree that any such modifications shall be binding upon you.

17. NOTICES.

Any notice required or permitted to be given pursuant to the terms of the Agreement shall be sufficient if given in writing and if personally delivered by receipted hand delivery to you or to Cerner, or if deposited in the United States mail, postage prepaid, first class or certified mail, to you at your residence address or to Cerner's corporate headquarters address or to such other addresses as each party may give the other party notice in accordance with this Agreement.

18. SURVIVING PROVISIONS.

Notwithstanding the termination of the employment relationship underlying this Agreement, the rights and obligations set forth in this Agreement with respect to both parties will survive such termination as necessary to permit the intent of the provisions to be carried out.

19. GOVERNING LAW.

If you are working or residing in California, this Agreement will be governed by, construed, interpreted, and its validity determined, under the laws of the State of California, without regard to its conflict of law principles. For claims that are not covered by the Cerner Mutual Arbitration Agreement, Cerner and you each irrevocably and unconditionally submit to the exclusive jurisdiction of any California state court or federal court of the United States of America sitting in California, in any action or proceeding arising out of or relating to this Agreement. If you relocate outside the state of California and Cerner pays your relocation costs, you agree that after your relocation, this Agreement will be governed by, construed, interpreted, and its validity determined, under the laws of the State of Missouri, without regard to its conflict of law principles. In such case, for claims that are not covered by the Cerner Mutual Arbitration Agreement, Cerner and you each irrevocably and unconditionally submit to the exclusive jurisdiction of any Missouri state court or federal court of the United States of America sitting in Kansas City, Missouri, in any action or proceeding arising out of or relating to this Agreement. In any such action or proceeding, the non-prevailing party shall pay the reasonable attorneys' fees and costs of the prevailing party.

20. SEVERABILITY.

If any provision of this Agreement is held to be unenforceable, then this Agreement will be deemed amended to the extent necessary to render the otherwise unenforceable provision - and the rest of this Agreement - valid and enforceable. In the event that any

provisions of Paragraphs 7 or 8 of this Agreement relating to time period and/or areas of restrictions shall be declared by a court of competent jurisdiction to exceed the maximum time period or areas such court deems reasonable and enforceable, said time period and/or areas of restriction shall be deemed to become and thereafter be the maximum time period and/or areas that such court deems reasonable and enforceable. If a court declines to amend this Agreement as provided in this Paragraph 20, the invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of the remaining provisions, which must be enforced as if the offending provision had not been included in this Agreement.

21. CLAWBACK.

The right to receive severance and benefits in accordance with Paragraph 3 is subject to rescission, forfeiture, cancellation or recoupment, in whole or in part, if and to the extent so provided under the Cerner Corporation Incentive Awards and Severance Payment Clawback Policy for Executive Officers and Applicable Persons, as in effect from time to time with respect to severance, or any other applicable clawback, adjustment or similar policy in effect on or established subsequent to, the Effective Date (the “Clawback Policy”). The terms of the Clawback Policy are incorporated herein by reference.

22. ENTIRE AGREEMENT.

You hereby acknowledge receipt of a signed counterpart of this Agreement. You agree that this Agreement, together with the Cerner Mutual Arbitration Agreement (which is being entered into by you and Cerner contemporaneously and in conjunction with this Agreement as a condition to and in consideration of your employment by Cerner), is your entire agreement with Cerner concerning the subject matter hereof, and this Agreement cancels, terminates and supersedes any of your previous oral or written understandings or agreements with Cerner or with any director, officer or representative of Cerner with respect to your employment with Cerner (other than said Cerner Mutual Arbitration Agreement). Without limitation, the severance benefits and payments eligible to be provided under this Agreement supersede and replace any benefits or payments you might otherwise be eligible to receive under the Cerner Associate Severance Pay Plan effective July 1, 2021, any successor thereto, or any other broad-based Cerner severance plan or policy which otherwise would be applicable to you. The terms of this Agreement may not be modified except in a writing signed by an authorized representative of Cerner’s Board of Directors and you. No waiver of the terms of this Agreement will be effective unless made in writing and signed by an authorized representative of Cerner’s Board of Directors. No failure to exercise and no delay in exercising any right, remedy or power under this Agreement will operate as a waiver thereof. No single or partial exercise of any right, remedy or power under this Agreement will preclude any other or further exercise thereof or the exercise of any other right, remedy or power under this Agreement or by law or equity. You agree that you are bound by the terms of the Cerner Mutual Arbitration Agreement except that, in addition to the claims identified in the Cerner Mutual Arbitration Agreement as “Claims Not Covered by this Agreement,” the

parties agree that any claims for indemnification by you arising out of the Indemnification Agreement (which is being entered into by you and Cerner contemporaneously and in conjunction with this Agreement as a condition to and in consideration of your employment by Cerner) or under Cerner's certificate of incorporation, as amended or restated, or bylaws, as amended or restated, shall not be subject to the Cerner Mutual Arbitration Agreement.

23. ASSIGNMENT AND SUCCESSORS.

Cerner may assign this Agreement to any of its subsidiaries, affiliates, parent companies, other related entities or to the acquiring entity in a Change of Control transaction without written notice or your prior consent. This Agreement shall be binding upon Cerner's successors and assigns. You agree that, should Cerner be acquired by, merge with, or otherwise combine with another corporation or business entity, the surviving entity will have all rights to enforce the terms of this Agreement as if it were Cerner itself enforcing the Agreement. This Agreement shall also be binding upon your heirs, spouse, assigns and legal representatives. You, however, agree that you may not delegate the performance of any of your obligations or duties hereunder, or assign any rights hereunder, without the prior written consent of Cerner. Any such reported delegation or assignment in the absence of any such written consent shall be void.

This Agreement is executed as of the date first set forth above.

/s/ David T Feinberg, M.D.
David T. Feinberg, M.D.

Cerner Corporation

By: /s/ William D. Zollars
Name: William D. Zollars

Title: Lead Independent Director

APPENDIX A

DEFINITION OF TERMS

2021-2023 PSU PERFORMANCE METRICS has the meaning ascribed to such term in the Offer Terms.

ASSOCIATE means a Cerner employee.

CAUSE means your material breach of this Agreement, fraud against Cerner, misappropriation of Cerner's assets, willful dishonesty that is injurious to Cerner, embezzlement from Cerner, theft from Cerner, willful and material neglect of your duties and responsibilities hereunder, your arrest and indictment for a crime involving drug abuse, violence, dishonesty or theft, your taking any action or omitting to take any action that results in a violation of the Sarbanes-Oxley Act of 2002, or any related statutes, laws or regulations or material breach of Cerner's policies, practices and procedures.

CERNER CORPORATION and CERNER mean Cerner Corporation, a Delaware corporation. Where applicable the terms may also cover all of Cerner Corporation's parent, subsidiary and affiliate corporations and business enterprises, both presently existing and subsequently created or acquired. Subsidiary and affiliate corporations may be directly or indirectly controlled by Cerner or related to Cerner by equity ownership.

CERNER PROPERTY means the various items of Cerner property and equipment assigned to you to help you carry out your Cerner responsibilities, including, but not limited to, keys, credit cards, access cards, parking passes, Cerner Confidential Information, laptops, computer related and other office equipment, mobile telephone, pagers and/or other computer or communication devices.

CHANGE IN CONTROL means:

(i) The acquisition by any individual, entity or group (a "Person") within the meaning of Section 12(d)(3) or 13(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either: (A) the then outstanding shares of common stock of Cerner (the "Outstanding Cerner Common Stock"), or (B) the combined voting power of the then outstanding voting securities of Cerner entitled to vote generally in the election of 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 employee benefit plan (or related trust) sponsored or maintained by Cerner or any corporation controlled by Cerner; or

(ii) Individuals who, as of the date hereof, constitute Cerner's Board of Directors (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided,

however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Cerner's shareholders, was approved by a vote of at least a majority of the 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 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 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 employee 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 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 of Directors of Cerner 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 of a complete liquidation or dissolution of Cerner.

CLIENT means any actual or potential customer or licensee of Cerner.

CODE means the Internal Revenue Code of 1986, as from time to time amended.

CONFIDENTIAL INFORMATION means Cerner, Client and Supplier Trade Secrets and proprietary information, Cerner, Cerner Associate, Client and Supplier information which is not generally known, and is proprietary or confidential to Cerner, Cerner Associates, Clients or Suppliers. It includes, but is not limited to, research, design, development, installation, purchasing, accounting, marketing, selling, servicing, finance, business systems, business practices, documentation, methodology, procedures, manuals (both internal and user), program listings, computer software in source code, object or other form, working papers, Client and

Supplier lists, marketing and sales materials not otherwise available to the general public, sales activity information, computer programs and software, compensation plans (specifically, no Associate may disclose Cerner compensation structures or bonus programs with Conflicting Organizations), patient information and other client-related data, and all other non-public information of Cerner and its Associates, Clients and Suppliers. CONFIDENTIAL INFORMATION will not include any information that has been voluntarily disclosed to the public by Cerner (except where such public disclosure has been made by you without authorization) or that has been independently developed and disclosed by others, or that otherwise enters the public domain through lawful means.

CONFLICTING ORGANIZATION means Allscripts Healthcare Solutions, Inc., athenahealth, Inc., Computer Programs and Systems, Inc., eClinicalWorks, LLC, Epic Systems Corporation, InterSystems Corporation, Medical Information Technology, Inc. (MEDITECH), and their respective affiliates.

CONFLICTING SOLUTION means any solution, product, process or service which is the same as, similar to, or competes with any Cerner solution, product, process or service with which you worked or supervised, directly or indirectly, during the last three (3) years of your employment by Cerner, or about which you have acquired Confidential Information or which you developed, authored or conceived, in whole or in part, at any time during your employment by Cerner.

CONSTRUCTIVE TERMINATION means the occurrence of any of the following without your consent: (1) a material, adverse change in your authority, position, duties, or responsibilities (other than temporarily while you are physically or mentally incapacitated or as required by applicable law) or reporting structure such that you are required to report to any person(s) other than Cerner's Board of Directors, (2) a material reduction in your total target compensation (which equals the sum of your annual base salary, target annual bonus and ongoing annual equity grant), excluding any reduction related to a broader compensation reduction or redesign by Cerner that is not limited to you, (3) a relocation of the principal location at which you are required to perform your duties to more than twenty-five (25) miles from the Kansas City metropolitan area and which is adverse to you, or (4) any other action or inaction that constitutes a material breach by Cerner of this Agreement. You cannot terminate your employment on account of a Constructive Termination unless you have provided written notice to Cerner of the existence of the circumstances providing grounds for termination on account of a Constructive Termination within thirty (30) days of the initial existence of such grounds and Cerner has had at least thirty (30) days from the date on which such notice is provided to cure such circumstances. If you do not terminate your employment on account of a Constructive Termination within ninety (90) days after the first occurrence of the applicable grounds, then you will be deemed to have waived your right to terminate on account of a Constructive Termination with respect to such grounds.

DISABILITY means a physical or mental illness, as determined by an accredited physician, which causes you to be unable to perform your duties hereunder for ninety (90) consecutive days, or for an aggregate of ninety (90) days during any period of twelve (12) consecutive months.

GOOD REASON means the occurrence of any of the following, without your consent: (1) a material, adverse change in your authority, duties, position or responsibilities (other than temporarily while you are physically or mentally incapacitated or as required by applicable law) or reporting structure such that you are required to report to any person(s) other than Cerner's Board of Directors, (2) a material reduction in your total target compensation (which equals the sum of your annual base salary, target annual bonus and ongoing annual equity grant), excluding any reduction related to a broader compensation reduction or redesign by Cerner that is not limited to you, (3) a relocation of the principal location at which you are required to perform your duties to more than twenty-five (25) miles from the Kansas City metropolitan area and which is adverse to you, or (4) any other action or inaction that constitutes a material breach by Cerner of this Agreement. You cannot terminate your employment on account of a Good Reason unless you have provided written notice to Cerner of the existence of the circumstances providing grounds for termination on account of a Good Reason within thirty (30) days of the initial existence of such grounds and Cerner has had at least thirty (30) days from the date on which such notice is provided to cure such circumstances. If you do not terminate your employment on account of a Good Reason within ninety (90) days after the first occurrence of the applicable grounds, then you will be deemed to have waived your right to terminate on account of a Good Reason with respect to such grounds.

SUPPLIER means any actual or potential licensor, vendor, supplier, contractor, agent, consultant or other purveyor of *Cerner*[®] solutions, products, processes or services.

TRADE SECRET means information, including, but not limited to, technical or nontechnical data, a formula, pattern, compilation, program, device, method, technique, or process, that: (a) derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

WORK PRODUCT means discoveries, inventions, computer programs, improvements, data, works of authorship, designs, methods, ideas, solutions and other work product (whether or not they are described in writing, reduced to practice, patentable or copyrightable) which results from any work performed by you for Cerner, or involves the use of any Cerner equipment, supplies, facilities or Confidential Information, or relate directly to the business of Cerner, or relate to Cerner's actual or demonstrably anticipated research or development.

APPENDIX B

OFFER TERMS

Name: David T. Feinberg, M.D.

Position: President and Chief Executive Officer

Annual Cash Compensation

Annual Base Salary: \$900,000 to be reviewed annually by the Cerner Board of Directors

Cerner Performance Plan: \$1,350,000 annual target bonus level—150% of Annual Base Salary

The Cerner Performance Plan (CPP) provides additional, performance-based compensation opportunities tied to the attainment of organization performance goals. The specifics of your plan and metrics will be defined and approved by the Cerner Board of Directors (“Board”) annually. You are eligible to participate in the plan immediately upon employment.

Long Term Incentive Equity Compensation

Your first annual equity grant will be valued at \$13,500,000 and be made in conjunction with the executive annual performance and compensation cycle during the first half of 2022. This grant will be made 50% as time-based restricted stock units (“RSUs”) vesting ratably over three years and 50% as performance-based restricted stock units (“PSUs”), which vest after three years, based upon the level of attainment with respect to performance metrics that will be approved by the Board prior to the grant date.

Assuming a start date on or before October 1, 2021, you will receive an additional equity grant with a grant date value of \$3,375,000—one quarter of the value of your 2022 annual equity grant. The grant will be made 50% as time-based RSUs vesting ratably over three years from your start date and 50% as PSUs, which vest on May 7, 2024, based upon the level of attainment with respect to performance metrics set by the Board during the 2021 compensation cycle for 3-Year CAGR Revenue Growth, 2023 Adjusted Earnings Per Share and Relative Total Shareholder Return (“the 2021-2023 PSU Performance Metrics”). The equity will be granted on your start date if within our open trading period or the first day within the next open trading period immediately following your start date.

Subject to approval by the Board, you will be eligible to receive annual equity grants beginning in 2023. Starting in 2023, each annual equity grant will be made in such form and amounts and on such terms and conditions as determined by the Board in its sole discretion taking into consideration a number of factors including the target value granted in the prior year. For avoidance of doubt, the amount of each annual equity grant starting in 2023 is not guaranteed and may be greater or less than value of the annual equity grant in the prior year.

Sign-on Bonus and One-time Equity Grant

You will receive a sign-on bonus of \$375,000 generally to replace your accrued annual incentive with your current employer. You will also receive a one-time equity grant on your start date if

within our open trading period, or on the first day within the next open period immediately following your start date, to replace the potential equity value you might have earned if you remained with your current employer (“One-Time Equity Grant”). The One-Time Equity Grant will have a grant date value of \$15,000,000 and will be made 50% as RSUs and 50% as PSUs. The RSUs will vest over three years on the following schedule: half of the RSUs (\$3,750,000 of RSU grant date value) after one year, one-quarter of the RSUs (\$1,875,000 of RSU grant date value) after two years, and the remaining one-quarter of the RSUs (\$1,875,000 of RSU grant date value) after three years. The PSUs will vest on May 7, 2024, based upon the level of attainment with respect to the 2021-2023 PSU Performance Metrics.

Personal Use of Corporate Aircraft

You will have access to Cerner’s corporate aircraft for personal use with a value not to exceed \$100,000 annually. The value of any unused personal use will be paid to you on an annual basis.

Benefits

Cerner offers a comprehensive set of benefits to address your physical, financial and emotional health. A benefits overview will be provided in a separate communication. Cerner Executives do not accrue paid time off and instead are encouraged to take time off on an as-needed basis while meeting business accountabilities and responsibilities.

Relocation Assistance

Cerner will provide relocation assistance for your move to Kansas City in accordance with Cerner’s Platinum Relocation Guideline. Your relocation benefits include the following:

- Shipment of personal goods and final move trip
- Reimbursement for commissions on a home sale and/or home purchase, and/or expenses incurred in connection with breaking a lease, as applicable
- Temporary accommodations
- Other relocation allowances as appropriate

Conditions

This term sheet summarizes the offer for the position of President and Chief Executive Officer of Cerner Corporation. However, this term sheet is not intended to constitute a complete statement of the terms and conditions of such offer or constitute a legally binding agreement between the parties. The specific terms and conditions governing your employment will be set forth in Cerner’s Executive Employment Agreement, Cerner’s Mutual Arbitration Agreement and the equity grant instruments. This offer of employment is further contingent upon successful completion of a background check and acceptance of your Executive Employment Agreement and Mutual Arbitration Agreement.

APPENDIX C

SEVERANCE AGREEMENT AND RELEASE

This SEVERANCE AND RELEASE AGREEMENT (this “**Agreement**”), is entered into by and between Cerner Corporation, a Delaware corporation (the “**Company**”) and David T. Feinberg, M.D. (“**Executive**”).

WHEREAS, the Company and Executive are parties to that certain Cerner Executive Employment Agreement executed as of August 16, 2021 (the “**Employment Agreement**”) and a Mutual Arbitration Agreement with the Company dated [•], 2021 (the “**Arbitration Agreement**”);

WHEREAS, the parties agree that Executive will cease to serve as President and Chief Executive Officer of the Company and that Executive’s employment with the Company will terminate;

WHEREAS, the Company and Executive acknowledge that they at all times have maintained an at-will employment relationship, subject to the terms of the Employment Agreement; and

WHEREAS, Executive and the Company desire to end the employment relationship amicably and to resolve and settle any and all claims that Executive has or may have against the Company, including claims arising from any aspect of Executive’s employment with the Company or the termination of the employment relationship.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, including the foregoing recitals, Executive and the Company, each intending to be legally held bound, agree as follows:

1. Termination Date. Executive’s employment with the Company (and any of its subsidiaries or affiliates) will terminate effective [•] (the “**Separation Date**”). Executive shall not be entitled to any further salary, bonuses, cash awards under the Cerner Corporation 2018 Performance Compensation Plan, as amended, or any successor plan (“**CPP**”), wages, benefits, regular equity vesting, reimbursement of expenses, retirement benefits, insurance, or other compensation or benefits of any type from the Company, its subsidiaries or its affiliates after the Separation Date. Effective as of the Separation Date, Executive hereby resigns from all positions Executive holds as an officer, director or otherwise with respect to the Company, its subsidiaries and its affiliates.
2. Payments and Benefits.
 - (a) The Company will continue to pay Executive’s salary through the Separation Date on Cerner’s regular paydays. Additionally, Executive shall receive the compensation and benefits listed on Schedule 1.A, hereto.
 - (b) Provided that this Agreement becomes effective in accordance with the terms herein and Executive complies with Executive’s obligations under this Agreement, Executive shall receive the consideration listed on (i) Schedule 1.B, hereto if the circumstances underlying Executive’s termination trigger severance in accordance with Paragraph 3.A of the Employment Agreement; or (ii) Schedule 1.C, hereto if the circumstances underlying Executive’s termination trigger severance in accordance with Paragraph 3.B of the Employment Agreement.
 - (c) In the event of Executive’s death before the completion of the payout of any of the benefits described in Section 2(b) and Schedule 1, Cerner will pay the remaining benefits described in Section 2(b) and Schedule 1 in a lump sum to

Executive's designated Beneficiary separately communicated to Cerner provided that Beneficiary completes and delivers a Form W-9 to Cerner. Executive may revoke or change this Beneficiary designation at any time by delivering to Cerner a written document signed by Executive with the attestation of a notary stating that Executive is revoking or changing the designation, provided that such document is delivered while Executive is still alive and of sound mind. If Executive's designated Beneficiary does not survive him or if the deaths are simultaneous, this paragraph and designation shall be void and of no effect, and any payments due under Section 2(b) and Schedule 1 shall be made to Executive's estate.

(d) Executive agrees that amounts paid pursuant to this Agreement shall be in full and final satisfaction of any amounts or other benefits that could be owed to Executive under any other agreement he may have entered into with Cerner or, except as required by law or specifically provided herein, any other Cerner benefit plan or arrangement.

3. Responsibility for Taxes. Executive shall be solely responsible for the reporting and payment of any federal, state and/or local income or employment taxes and/or any other withholdings, if any, on all compensation and benefits provided to Executive under this Agreement, except for the amounts actually withheld by the Company in compliance with this Agreement. Executive shall indemnify, hold harmless and defend the Company, its officers, directors and shareholders from any and all taxes, penalties, interest, claims, costs and fees (including attorneys' fees and costs), damages or actions based upon or arising out of or related to the foregoing.

4. Release.

(a) Executive, for and on behalf of himself and his executors, administrators, successors, assigns, agents, heirs and descendants, voluntarily, knowingly and willingly releases and forever discharges the Company, together with its parents, subsidiaries, co-venturers and affiliates, and each of their respective predecessors, successors and assigns, and all of those entities' current and former partners, shareholders, members, owners, heirs, assigns, employees, agents, officers, directors, attorneys, and insurers, but only in their capacities as such (collectively, "**Releasees**") from any and all rights, claims, charges, actions, causes of action, complaints, sums of money, suits, debts, covenants, contracts, agreements, promises, obligations, damages, demands or liabilities of every kind whatsoever, in law or in equity, whether known or unknown, suspected or unsuspected (collectively, "**Claims**") which Executive or his heirs, executors, administrators, successors or assigns ever had, now has or may hereafter claim to have by reason of any matter, cause or thing whatsoever: (i) arising from the beginning of time through the date upon which Executive signs this Agreement, including, but not limited to, (A) any such Claims relating in any way to Executive's employment relationship with the Company or any other Releasees, and (B) any such Claims arising under any federal, local or state statute or regulation, including, without limitation, the Age Discrimination in Employment Act of 1967, as amended by the Older Workers Benefit Protection Act ("**ADEA**"), Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Equal Pay Act, the Executive Retirement Income Security Act of 1974, the California Fair Employment and Housing Act, the

California Family Rights Act, the California Constitution and the California Labor, Government, Civil and Business and Professions Codes, Workmen's Compensation laws, Consolidated Omnibus Budget Reconciliation Act, the Worker Adjustment and Retraining Notification Act, Executive Order 11246, all as amended and including all of their respective implementing regulations, veterans' laws, all federal, state and local laws related to libel, slander, defamation, invasion of privacy, breach of contract, outrageous conduct, intentional or negligent infliction of emotional distress, respondent superior, negligent hiring or retention, and all other laws and ordinances which are meant to protect workers in their employment relationships and under which you might have rights and claims, and/or any other federal, state, local or foreign law (statutory, regulatory or otherwise) that may be legally waived and released; (ii) relating to wrongful employment termination; or (iii) arising under or relating to any policy, agreement, understanding or promise, written or oral, formal or informal, between the Company or any of the other Releasees and Executive, including, but not limited to, the Employment Agreement; provided, however, that notwithstanding the foregoing, nothing contained in this Section 4 shall in any way diminish or impair: (I) any rights Executive may have to vested benefits under employee benefit plans; (II) Executive's ability to bring proceedings to enforce this Agreement; (III) any Claims Executive may have that cannot be waived under applicable law, such as unemployment benefits, workers' compensation and disability benefits, or (IV) any rights Executive may have to bring any Claim for indemnification under any applicable directors and officers liability insurance policy or applicable state or federal law.

- (b) Executive acknowledges and agrees that the Company and the Releasees have fully satisfied any and all obligations owed to Executive arising out of or relating to Executive's employment with the Company, and no further sums, payments or benefits are owed to Executive by the Company or any of the Releasees arising out of or relating to Executive's employment with the Company, except as expressly provided in this Agreement.
- (c) This Agreement is intended to be effective as a general release of and bar to all claims as stated in this Section 4. Accordingly, Executive expressly waives all rights under Section 1542 of the California Civil Code ("**Section 1542**") or any similar statute or common law doctrine under applicable law in any other jurisdiction. Section 1542 states as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, AND THAT IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY." Executive acknowledges that Executive may later discover claims or facts in addition to or different from those that Executive now knows or believes to exist with regard to the subject matter of this Agreement, and that, if known or suspected at the time of executing this Agreement, may have materially affected its terms. Nevertheless, Executive waives any and all claims that might arise as a result of such different or additional claims or facts.

5. Continuing Obligations. Executive acknowledges and agrees that the covenants in Paragraphs 7 and 8 of the Employment Agreement remain in full force and effect and shall survive the execution, delivery and performance of this Agreement.
6. No Assistance. Executive shall not assist in the presentation or prosecution of any disputes, differences, grievances, claims, charges or complaints on behalf of any private third party against any of the Releasees, unless under a lawful subpoena or other court order to do so.
7. Confidentiality. Other than as may be required by law, and subject to Section 9, Executive acknowledges and agrees that all confidentiality obligations and covenants set forth in the Employment Agreement shall continue in full force and effect.
8. Cooperation. Executive agrees to cooperate voluntarily with the Company, to provide truthful information, to memorialize any information provided in the course of interviews with representatives of the Company or its affiliates, regarding any actual or threatened litigation involving the Company or its affiliates, and to cooperate in the defense of any legal matters about which Executive has material knowledge. Executive further agrees that Executive will cooperate with the Company and its affiliates in a professional manner in the transition of Executive's job duties and provide the Company or its affiliates with truthful information regarding the work that Executive has done for the Company or its affiliates, including the location and contents of all files, including electronic files, relating to such work.
9. Permitted Disclosures.
 - (a) Pursuant to 18 U.S.C. § 1833(b), Executive hereby acknowledges that Executive shall not have criminal or civil liability under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive understands that if Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, he may disclose the trade secret to Executive's attorney and use the trade secret information in the court proceeding if Executive (x) files any document containing the trade secret under seal, and (y) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or any other agreement by and between the Company and Executive is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets expressly allowed by such section.
 - (b) Further, nothing in this Agreement or any other agreement by and between the Company and Executive shall prohibit or restrict Executive from (i) voluntarily communicating with an attorney retained by Executive, (ii) voluntarily communicating with any law enforcement, government agency, including the Securities and Exchange Commission ("SEC"), the Equal Employment Opportunity Commission, a local commission on human rights, or any self-regulatory organization regarding possible violations of law, in each case without advance notice to the Company, or otherwise initiating, testifying, assisting, complying with a subpoena from, or participating in any manner with an investigation conducted by such government agency, (iii) recovering a SEC whistleblower award as provided under Section 21F of the Securities Exchange

Act of 1934, (iv) disclosing any confidential information to a court or other administrative or legislative body in response to a subpoena, provided that Executive first promptly notifies and provides the Company with the opportunity to seek, and join in its efforts at the sole expense of the Company, to challenge the subpoena or obtain a protective order limiting its disclosure, or other appropriate remedy, or (v) filing or disclosing any facts necessary to receive unemployment insurance, Medicaid or other public benefits to which Executive is entitled; and provided further, that any such disclosures are made in accordance with applicable law or regulation and in a manner that limits, to the furthest extent possible, disclosure of confidential information.

10. Return of Property. Executive represents that Executive has returned to the Company all property of the Company in Executive's possession, custody or control, including, without limitation, any and all materials and equipment supplied by the Company, such as credit cards, computers, phones, tablets, other electronic equipment and keys, and any and all documents, contracts, agreements, plans, books, notes, instructional and policy manuals, mailing lists, computer software, financial and accounting records, reports and files, including, without limitation, any such documents or other materials which contain confidential information, and any copies of any of the foregoing. To the extent Executive has any of the foregoing property of the Company in Executive's possession, custody or control in electronic form (for example, in Executive's personal cloud storage or email account or on a personal computer), Executive has identified such documents to the Company, delivered identical copies of such documents to the Company, and followed the Company's instructions regarding the permanent deletion or retention of such documents. Executive acknowledges and agrees that no copies of any Cerner property, manuals or other intellectual property, confidential information or materials containing trade secrets will be retained by Executive or on Executive's behalf by any third party after the Separation Date. The property which must have been returned to the Company pursuant to this Section 10 must have been returned whether in Executive's possession, work area, home, vehicle or in the wrongful possession of any third party with Executive's knowledge or acquiescence, and whether prepared by Executive or any other person or entity.

11. Consultation With Counsel/Time To Review Agreement.

- (a) Executive acknowledges that (i) the Company has advised Executive to consult with an attorney of Executive's own choosing before signing this Agreement, (ii) Executive has been given the opportunity to seek the advice of counsel, (iii) Executive has carefully read and fully understands all of the provisions of this Agreement, (iv) the release provided herein specifically applies to any rights or claims Executive may have against the Releasees pursuant to the ADEA, (v) Executive is entering into this Agreement knowingly, freely and voluntarily in exchange for good and valuable consideration to which Executive is not otherwise entitled, and (vi) Executive has the full power, capacity and authority to enter into this Agreement. Executive intends that this Agreement shall not be subject to any claim for duress.
- (b) Executive understands and agrees that Executive has twenty-one (21) calendar days following Executive's receipt of this Agreement to consider whether to sign this Agreement, although Executive may sign it sooner. For a period of seven (7) days after the date on which Executive signs the Agreement, Executive may, in

Executive's sole discretion, rescind this Agreement by delivering a written notice of rescission to the Company and delivered, by email, by hand or overnight courier service or mailed by certified or registered mail, to Cerner Corporation, Attn: Chief Legal Officer, 2800 Rock Creek Parkway, North Kansas City, Missouri 64117 by no later than 5:00 p.m. CT of the seventh (7th) day following Executive's execution of this Agreement. If Executive timely and properly revokes his consent within such seven (7) calendar day period, the Company's offer of the payments and benefits set forth in Section 2(b) above shall be null and void, and the release in Section 4 above shall be of no force or effect. If Executive does not rescind this Agreement pursuant to this Section 11(b), this Agreement shall become final and binding and shall be irrevocable on the eighth (8th) calendar day following the date of Executive's execution of this Agreement (the "**Effective Date**"). Changes to this Agreement, whether material or immaterial, shall not restart the running of the twenty-one (21) calendar day period.

12. Non-Admission. Executive understands and agrees that neither this Agreement nor anything in it shall be considered as any admission by the Company or any other Releasee of any improper conduct whatsoever.
13. Fees and Costs. The parties shall bear their own attorney's fees and costs, if any.
14. Governing Law. This Agreement shall be construed in accordance with, and governed by, the laws of Missouri without regard to the conflict of law principles of any jurisdiction. Any court of competent jurisdiction within the State of Missouri shall have jurisdiction to hear and decide any controversy or claim between the Company and Executive arising under or relating to this Agreement.
15. Amendments; Waivers. No provision of this Agreement may be changed, extended, waived, modified, discharged or terminated, except by a written instrument executed by the parties hereto which expressly states it is an amendment.
16. Entire Agreement. This Agreement sets forth the entire understanding between the Company and Executive, and supersedes all prior agreements, representations, discussions and understandings concerning the subject matter addressed herein. The Company and Executive represent that, in executing this Agreement, each party has not relied upon any representation or statement made by the other party, other than those set forth herein, with regard to the subject matter, basis or effect of this Agreement. For the avoidance of doubt, the Arbitration Agreement shall survive this Agreement and be applicable with respect to disputes arising under this Agreement, to the extent so provided in the Arbitration Agreement.
17. Titles and Headings. Titles and headings to sections, subsections and sub-subsections of this Agreement are for the purposes of reference only and shall not affect the interpretation of this Agreement.
18. Interpretation. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning, and not strictly for or against either party. Capitalized terms used but not defined in this Agreement or the Schedules shall have the meaning ascribed to such terms in the Employment Agreement.
19. Legally Binding. The terms of this Agreement contained herein are contractual, and not a mere recital.

20. Severability. In the event that any provision (or portion thereof) of this Agreement shall be held void, voidable or unenforceable, (a) such provision (or portion thereof) shall be deemed amended to provide the parties, to the maximum extent permitted by applicable law, the intent of such provision (or portion thereof), and (b) the remaining provisions hereof shall remain in full force and effect.
21. Counterparts. This Agreement may be executed and delivered in counterparts, each of which when so executed and delivered shall be the original, but such counterparts together shall constitute but one and the same instrument. Signature pages delivered by facsimile or as a PDF attachment to electronic mail shall be binding to the same extent as an original.
22. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Company and any successor organization which shall succeed to the Company by merger or consolidation or operation of law, or by acquisition of assets of the Company. Executive may not assign his duties or obligations under this Agreement.
23. Section 409A. The intent of Executive and the Company is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and authoritative guidance promulgated thereunder (“**Section 409A**”), to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered to be exempt from or in compliance therewith, as applicable. To the extent required to comply with the requirements of Section 409A, a termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement until Executive would be considered to have incurred a “separation from service” from the Company within the meaning of Section 409A. For such purposes, references to a “termination,” “termination of employment” or like terms shall mean “separation from service.” Notwithstanding any provision to the contrary in this Agreement, if Executive is deemed by the Company at the time of Executive’s separation from service to be a “specified employee” for purposes of Code Section 409A(a)(2)(B)(i), and if any of the payments upon separation from service set forth herein and/or under any other agreement with the Company are deemed to be deferred compensation, then to the extent delayed commencement of any portion of such payments is required in order to avoid a prohibited distribution under Code Section 409A(a)(2)(B)(i) and the related adverse taxation under Code Section 409A, such payments shall not be provided to Executive prior to the earliest of (a) the expiration of the six-month period measured from the date of Executive’s separation from service with the Company, (b) the date of Executive’s death or (c) such earlier date as permitted under Code Section 409A without the imposition of adverse taxation. Upon the first business day following the expiration of such applicable Code Section 409A(a)(2)(B)(i) period, all payments deferred pursuant to this paragraph shall be paid in a lump sum to Executive, and any remaining payments due shall be paid as otherwise provided herein or in the applicable agreement. No interest shall be due on any amounts so deferred. For purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A, and any payments described herein that are due within the “short term deferral period” within the meaning of Section 409A shall not be treated as deferred compensation unless applicable law requires otherwise. In no event shall the timing of Executive’s execution of a release result, directly or indirectly, in Executive designating the calendar year of any payment hereunder, and, to the extent required by Section 409A, if a payment hereunder that is subject to execution of a release could be made in more

than one (1) taxable year, payment shall be made in the later taxable year. The Company makes no representation that any or all of the payments or benefits to be provided pursuant to this Agreement will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment or benefit. Executive shall be solely responsible for the payment of any taxes or penalties incurred under Section 409A.

24. Clawback. The right to receive severance and benefits in accordance with this Agreement is subject to rescission, forfeiture, cancellation or recoupment, in whole or in part, if and to the extent so provided under the Cerner Corporation Incentive Awards and Severance Payment Clawback Policy for Executive Officers and Applicable Persons, as in effect from time to time with respect to severance, or any other applicable clawback, adjustment or similar policy in effect on or established subsequent to, the Effective Date (the “**Clawback Policy**”). The terms of the Clawback Policy are incorporated herein by reference. You agree to provide all assistance necessary to Cerner to recover or recoup any of the severance or other value pursuant to this Agreement which is subject to recovery or recoupment pursuant to the Clawback Policy.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this instrument on the dates indicated below.

David T. Feinberg, M.D.

DATED:

CERNER CORPORATION
a Delaware corporation

DATED:

By:

Name:

Title:

Schedule 1

A. Accrued Amounts

1. Cerner shall pay Executive within thirty (30) days following the Separation Date (x) any accrued but unpaid base salary, (y) any owed reimbursements for unreimbursed business expenses properly incurred by Executive prior to Executive's termination date, which shall be subject to and paid in accordance with Cerner's expense reimbursement policy and (z) such employee benefits (including equity compensation or cash bonuses earned (i.e., when all vesting conditions have been met) as of the Separation Date but not yet paid), if any, to which Executive may be entitled under Cerner's employee benefit plans as of Executive's Separation Date; provided that, in no event shall Executive be entitled to any payments in the nature of any other severance or termination payments (such as under Cerner's Associate Severance Pay Plan, effective July 1, 2021, or any successor thereto).

B. Non-Change in Control - Termination by Cerner for other than an Ineligible Severance Event or Resignation following Constructive Termination

1. Cerner will provide you with separation payments of \$_____, less applicable deductions required by law, on a biweekly basis on Cerner's regular paydays during the twenty-four (24) month period following the Separation Date, commencing on the first regular payday after the Effective Date of this Agreement. Such biweekly separation payments are based on of (i) Executive's then current annual base salary, plus (ii) the average of the annual cash bonus Executive received from Cerner during the three (3) years preceding the termination of Executive's employment (or, if Executive has not been employed by Cerner for three (3) years, then such lesser number of years that Executive has been employed at Cerner), or if Executive's Separation Date occurs before any annual cash bonus has been paid to Executive, Executive's target annual bonus amount as set forth in Appendix B of the Employment Agreement; plus (iii) subject to compliance with the Affordable Care Act, the difference between the monthly COBRA continuation premium for Executive and his partner, spouse or dependents under Cerner's health, vision and dental plans in effect as of the Separation Date and the monthly amount Executive was paying for such coverage as of the Separation Date. The severance payments contemplated by the immediately preceding clause (i) will be based on Executive's annual base salary at the time of Executive's termination; provided, however, that if Executive resigns from employment following a Constructive Termination because of a material reduction in Executive's total target compensation, such severance payments will be based on Executive's annual base salary in effect immediately prior to such reduction.
2. As of the Effective Date of this Agreement, Cerner shall, with respect to all outstanding unvested equity:
 - (i) fully vest and, if applicable pay or deliver immediately, or a later date in conformity with Code Section 409A, any shares or other property relating to the time-based restricted stock unit award granted to Executive on [•], 2021, that were awarded to replace the potential equity value Executive might have earned if Executive remained with Executive's prior employer;

- (ii) cause the performance-based restricted stock unit award granted to Executive on [•], 2021, to replace the potential equity value Executive might have earned if Executive remained with Executive's prior employer, to remain outstanding and vest or be forfeited in accordance with the terms of the applicable award agreement, based upon the level of attainment with respect to the 2021-2023 PSU Performance Metrics;
- (iii) except as provided in clause (i) above, fully vest and, if applicable pay or deliver immediately, or a later date in conformity with Code Section 409A, any shares or other property relating to time-based restricted stock or time-based restricted stock unit awards having a "date of grant" or "grant date" (as listed in such awards) that is at least twelve (12) months before the effective date of Executive's termination and that were originally, ignoring the application of this clause (iii) and assuming continuous employment, scheduled to vest by the second anniversary of the effective date of Executive's termination;
- (iv) except as provided in clause (ii) above, forfeit all performance-based equity awards that have not settled (regardless of whether the original performance-based vesting criteria may have been satisfied) by the effective date of Executive's termination;
- (v) except as provided in clause (i) above, forfeit all time-based restricted stock or time-based restricted stock unit awards having a "date of grant" or "grant date" (as listed in such awards), within twelve (12) months of the effective date of Executive's termination; and
- (vi) forfeit all shares subject to stock options that have not vested as of the effective date of Executive's termination.

C. Change in Control - Termination by Cerner for other than an Ineligible Severance Event or Resignation for Good Reason

1. Cerner (or any successor thereto) shall pay Executive in a lump sum, within sixty (60) days of the Separation Date, severance payments equal to two (2) times the sum of (i) Executive's then current annual base salary, plus (ii) the average annual cash bonus Executive received from Cerner during the three (3) years preceding the termination or resignation of Executive's employment (or, if Executive has not been employed by Cerner for three (3) years, then such lesser number of years that Executive has been employed at Cerner), less (iii) normal tax and payroll deductions. The severance payments contemplated by the immediately preceding clause (i) will be based on Executive's annual base salary at the time of termination; provided, however, that if Executive resigns from employment for Good Reason within twelve

(12) months following the date a Change in Control of Cerner becomes effective because of a material reduction in Executive's total target compensation, such severance payments will be based on Executive's annual base salary in effect immediately prior to such reduction.

2. Cerner will provide you with additional severance payments of \$_____, less applicable deductions required by law, on a biweekly basis on Cerner's regular paydays during the twenty-four (24) month period following the Separation Date, commencing on the first regular payday after the Effective Date of this Agreement. Such biweekly severance payments represent twenty-four (24) times the difference between the monthly COBRA continuation premium cost to cover Executive and Executive's dependents (to the extent covered under Cerner's health, vision and dental plans on the Separation Date) under Cerner's health, vision and dental plans in effect as of the Separation Date and the monthly amount Executive was paying for such coverage at the Separation Date.
3. As of the Effective Date of this Agreement, Cerner (or any successor thereto) shall fully vest all outstanding unvested equity incentive awards granted to Executive under any Cerner equity incentive plans (or any successor equity incentive plans). For purposes of this Paragraph C.3, any performance-based award shall become vested or settled at the greater of (i) actual level of achievement, if the performance period was concluded at the time of Change in Control or where shares are banked based on achievement of incremental performance metrics but have not yet fully vested at the time of the Change in Control, or (ii) or "at-target" levels (assuming the "at-target" levels of goal achievement had been attained).

APPENDIX D

PRIOR INVENTION INVENTORY

None.

Platinum Relocation Guideline



The Platinum Relocation Guideline (this “Guideline”) is a guide for associates of Cerner Corporation and its affiliated entities (“Cerner”) who are considering or have accepted a position in which relocation is required. Cerner’s approach to relocations aims to meet Cerner’s business needs, offer career and personal development opportunities, and ensure a cost-effective approach for you and Cerner. Specific decisions may be made to address unique needs or business requirements.

This Guideline applies to newly hired or current associates who have been approved for a platinum relocation. The distance between your former residence and new place of employment must be 50 miles more than the distance between your former residence and former place of employment. Additionally, your move must be made within 12 months from the hire date, although you are expected to begin working in the new work location on the agreed upon hire date. If a move has not taken place within 12 months from the hire or transfer date, all relocation benefits will be forfeited and any relocation benefits already distributed may be 100% recoverable according to the Repayment Provision of this Guideline.

Relocation Assistance

Relocations are unique and based on your home and destination location and family size. Various types of assistance may be offered based on the circumstances of the relocation. The specific details of your assistance will be outlined in the employment agreement, relocation agreement and/or offer letter.

Time Off

Cerner may provide up to 5 days of administrative paid time off for internal associates. This time should be taken prior to departure from the home location or upon arrival to the destination location. Time off must be used within 30 days of your transfer date and is non-transferable. Time off must be coordinated with your manager(s) to ensure business needs are not negatively impacted.

Shipment of Personal Goods

Cerner will pay the expenses for a full-service move from the current location to the destination location, including packing, valuation and transit. SIRVA will make arrangements for a moving company to contact you to begin this process. Please see the table below for specific services that Cerner will provide as a part of this benefit. **The final shipment invoice amount may be recoverable per the Repayment Provision of this Guideline.**

Cerner will provide	Cerner will NOT provide
Packing, loading, transporting and unloading goods, including crating and uncrating of all televisions (plasma, LCD, or any other HDTV that requires crating)	Overtime charges on nights and weekends
30 days of storage (household goods only)	Storage greater than 30 days or storage of autos
3rd party services for: washer, dryer or refrigerator hook ups, piano, grandfather clock, waterbed, and/or pool table (as long as these items are being utilized at origin)	3 rd party services for: hot tub, basketball goal, swing sets, additional wiring for washer, dryer or refrigerator, exercise equipment, computer/audio systems, light fixtures, fireplace doors, satellite dishes
Transportation of automobiles – 1 car or 2 cars if move is greater than 500 miles	Transportation of hot tubs, boats and other recreational vehicles
Elevator charges, stair carry or shuttle service (if necessary)	Transportation of the following items: firewood, lumber, flammable items, guns, ammunition, pets, plants, collections (i.e., jewelry, stamps, wine, etc.)

Discard and Donate

Cerner may offer you the Discard and Donate program, a pre-move service designed to assist you with determining what to move to your new location. A professional organizer will help you sort through your belongings to allocate what can be given to friends, donated to charity or discarded. They will arrange a dumpster for those items you choose to discard. The organizer will arrange for the pick-up of charitable donations and dumpster removal. This service is available to you once your household goods move has been initiated, in order to reduce any unnecessary costs for moving unneeded or unwanted items.

Your Discard and Donate program also provides an unpacking service upon arrival, which will assist with setting up approximately 25% of the shipment, including getting the highest priority boxes unpacked and put away, such as setting up the kitchen, children's bedrooms, etc.

Full Replacement Coverage Valuation

Your shipment will have a replacement coverage to repair, replace or reimburse for the current full value of your household good items up to a maximum of \$120,000. The shipment is released at \$6.00/lb (example: 10,000lb shipment X \$6.00/lb = \$60,000). Should the shipment valuation exceed \$120,000, additional valuation coverage can be purchased at \$.50 per additional one hundred dollars of valuation.

Extraordinary items of value must be claimed on a "High Value Inventory Form" to be provided by the moving company and completed prior to pack date. Examples include but are not limited to expensive paintings, antiques, collectibles, designer clothing, other items exceeding \$3,000 in value and items having a value greater than \$100 per pound.

Pets

Cerner assumes no financial responsibility associated with the transportation or handling of pets to the destination location and does not provide reimbursement for care of pets at the home location.

Final Move Trip

Cerner will reimburse one-way economy-class airfare, direct-route mileage, or alternate mode of transportation, along with en route hotel (as applicable) for you and accompanying legal dependents to the destination location. Travel arrangements must be made through Cerner's approved travel provider and follow the appropriate Cerner Travel Policy. Cerner will also reimburse excess baggage fees up to \$250.

Lease Break Assistance

If you have a rental agreement on a primary residence in the sending location and are subject to a lease termination penalty or fee, Cerner will reimburse you for actual costs up to a maximum of two months' rent. You must submit appropriate documentation, including the original lease agreement in your name, written documentation of lease termination date and penalties from the landlord. Cerner may also request proof of payment, as applicable. You are expected to make every effort to minimize all expenses related to the relocation. **The lease break assistance benefit is recoverable per the Repayment Provision of this Guideline.**

Temporary Accommodations & Transportation Reimbursement

Cerner may provide assistance with up to 30 nights of temporary living and transportation prior to securing permanent housing or transportation in the destination location, if necessary. You are responsible for meals and incidentals. Temporary accommodations and/or transportation may be booked through a Cerner travel provider or SIRVA Relocation. The duration of these benefits will be determined at Cerner's discretion and communicated in the offer letter and/or employment agreement.

Home Sale Assistance

Cerner may provide Home Marketing and Home Sale Assistance through SIRVA. The Home Marketing and Home Sale Assistance through SIRVA must be utilized in order to receive home sale benefits from Cerner. If your property is not eligible, Cerner may provide alternative home sale assistance. **You must not list the home for sale until a SIRVA consultation has taken place and realtor compliance confirmed. The home sale assistance benefit is recoverable per the Repayment Provision of this Guideline.**

Home Purchase Assistance

Included in your benefits is a no closing cost loan program through SIRVA Mortgage, which eliminates normal and customary closing costs normally paid by a buyer when purchasing a new home. Program requirements include that:

- You are a homeowner in the departure location and sell your home through SIRVA's Home Sale Assistance program.
- The residence purchased will be the permanent residence for you and your family.
- The home purchased is not a mobile home or boat.
- The home purchase is within 12 months of the effective date of the relocation.

The no closing cost loan program will not cover:

- A charge made by a lending agency as inducement for it to take a mortgage.
- Any arrangement that reduces the mortgage interest rate.
- Funds required in escrow accounts, such as prorated real estate taxes and insurance premiums.
- Recurring costs such as prepaid interest, real estate taxes, or private mortgage insurance (PMI).
- Additional seller's costs you agree to in the purchase agreement/negotiations

If your departure home is ineligible for the home sale program through SIRVA, and therefore, you are ineligible for the no closing cost loan program or if you choose not to participate in the no closing cost loan program, the Company may reimburse normal and customary non-recurring buyer's closing costs. **The home purchase assistance benefit is recoverable per the Repayment Provision of this Guideline.**

Relocation Allowance

Cerner will provide a \$2,500 relocation allowance to assist with any additional miscellaneous expenses associated with the relocation not otherwise covered in this relocation package. SIRVA will issue the relocation allowance within 30 days of your final move trip. **This benefit is recoverable per the Repayment Provision of this Guideline.**

Tax Considerations

Certain relocation-related payments, including the relocation allowance, represent taxable income. The total relocation expense includes the additional taxes you owe as a result. This is reflected on your form W2 at the conclusion of the tax year. Cerner pays and withholds the taxes on your behalf so the net relocation allowance is received at the time of relocation. Cerner pays the taxes at the IRS published supplemental rate. The relocation allowance amount and the additional tax payment make up the total relocation allowance expense, and you will be responsible for repayment of the entire amount per the Repayment Provision of this Guideline, as applicable.

Tax Disclaimer: Cerner Corporation and its affiliates are not in the business of providing personal tax advice. You should seek assistance of a professional tax advisor if there are any questions regarding any of the tax related items in this Guideline or Agreement. Any tax opinions expressed by Cerner, its affiliates or its associates are made without

warranty as to their completeness or accuracy. Cerner, its affiliates and its associates are not liable for any tax advice offered or omitted to any associate under any circumstances.

Expense Reporting

All relocation-related expenses, as outlined in the Guideline, Offer Letter and/or Agreement must be submitted to SIRVA with a copy of the receipt **within 30 days of incurring the expense**.

SIRVA provides a website: SIRVA Connect : www.sirva.com/connect for entering and submitting your relocation expenses. Your Relocation Consultant will provide instructions regarding the expense submission process.

Repayment Provision

In the event employment with Cerner terminates voluntarily or involuntarily for cause within one year from the date any recoverable mobility benefits were received, the associated relocation benefits are recoverable on a 12-month prorated basis. If you do not relocate to the new location within one year of your hire or transfer date, all recoverable mobility benefits will be 100% recoverable. Recoverable benefits are explicitly noted as such in this Guideline and/or your Agreement. Cerner reserves the right to offset such amounts owed to Cerner against all salary, bonuses, accrued time off pay, expense reimbursements and other Cerner monies owed to you. Cerner also reserves the right to collect such amounts through legal means if necessary.

Amendment or Termination

Cerner has the right, in its sole discretion to amend this Guideline or to terminate it at any time, for any reason or no reason at all. This Guideline shall not be considered or construed as an employment contract. Furthermore, this Guideline does not confer upon you any right to continued employment, nor does it supersede your individual employment agreement, contract of employment or Cerner's administrative practices.

Miscellaneous

Cerner considers the terms and conditions of your relocation to be confidential. Cerner shall decide disputes related to the rights under this Guideline with respect to any and all parties. In deciding such disputes, Cerner shall have full and complete discretionary authority to (i) construe and interpret the provisions of this Guideline and to determine the right of any person to any interest in or eligibility for any pay, reimbursement or other benefit under this Guideline, and (ii) make any and all factual determinations necessary to determine the right of any person to any interest in or eligibility for any pay, reimbursement or other benefit under this Guideline, and no person shall be entitled to any pay, reimbursement or other benefit under this Guideline if Cerner decides in its discretion that there is no entitlement to that pay, reimbursement or other benefit. Unless otherwise prohibited by applicable state law, this Guideline shall be governed in accordance with the laws of the state of Missouri.

CERNER CORPORATION

AIRCRAFT TIME SHARING AGREEMENT

This Aircraft Time Sharing Agreement (the Agreement), is made and entered into this 1st day of October, 2021, by and between Cerner Corporation, with a principal address of 2800 Rock Creek Parkway, North Kansas City, Missouri 64117 (Operator), and David Feinberg, M.D. (User).

WITNESSETH, that

WHEREAS, Operator operates the aircraft more particularly described on Exhibit A attached hereto, which exhibit may be updated by Operator from time to time by providing User notice (each, an "Aircraft");

WHEREAS, Operator employs a fully qualified flight crew to operate the Aircraft; and

WHEREAS, Operator desires to lease said Aircraft with flight crew to User and User desires to lease said Aircraft and flight crew from Operator on a time sharing basis pursuant to Section 91.501(c)(1) of the Federal Aviation Regulations ("FARs").

NOW THEREFORE, Operator and User declaring their intention to enter into and be bound by this Agreement, and for the good and valuable consideration set forth below, hereby covenant and agree as follows:

1. Operator agrees to lease the Aircraft to User pursuant to the provisions of FAR 91.501(c)(1) and to provide a fully qualified flight crew for all operations on a non-continuous basis commencing on the first date set forth hereinabove and continuing unless and until terminated. Either party may terminate this Agreement by giving thirty (30) days written notice to the other party. Operator shall have the right to add or substitute aircraft of similar type, quality and equipment, and to remove aircraft from the fleet, from time to time during the term of this Agreement.

2. User shall pay Operator for each flight conducted under this Agreement a mutually agreeable amount, not to exceed the actual expenses of each specific flight, as authorized by FAR Part 91.501(d), including the actual expense of any "deadhead" flights made for User, as authorized by FAR Part 91.501(d). The expenses authorized by FAR Part 91.501(d) include:

- (a) Fuel, oil, lubricants and other additives.
- (b) Travel expenses of the crew, including food, lodging, and ground transportation.

- (c) Hangar and tie-down costs away from the Aircraft's base of operations.
- (d) Insurance obtained for the specific flight.
- (e) Landing fees, airport taxes, and similar assessments.
- (f) Customs, foreign permit, and similar fees directly related to the flight.
- (g) In flight food and beverages.
- (h) Passenger ground transportation.
- (i) Flight planning and weather contract services.
- (j) An additional charge equal to 100% of the expenses listed in subparagraph (a) of this paragraph.

3. Operator will pay all expenses related to the operation of the Aircraft when incurred, and will provide an invoice and bill User for the expenses enumerated in paragraph 2 above on the last day of the month in which any flight or flights for the account of User occur. User shall pay Operator for said expenses within fifteen (15) days of receipt of the invoice and bill therefore.

User shall include with each payment any federal transportation excise tax due with respect to such payment, and Operator shall be responsible for collecting, reporting and remitting such tax to the U.S. Internal Revenue Service.

4. User will provide Operator with requests for flight time and proposed flight schedules as far in advance of any given flight as possible. Requests for flight time and proposed flight schedules shall be made in compliance with Operator's scheduling procedures and aircraft use policies. In addition to proposed schedules and flight times, User shall provide at least the following information for each proposed flight at some time prior to scheduled departure as required by the Operator or Operator's flight crew:

- (a) proposed departure point;
- (b) destination;
- (c) date and time of flight;
- (d) the number of anticipated passengers;
- (e) the nature and extent of unusual luggage and/or cargo to be carried;

- (f) the date and time of a return flight, if any; and
- (g) any other information concerning the proposed flight that may be pertinent or required by Operator or Operators flight crew.

5. Operator shall pay all expenses related to the ownership and operation of the Aircraft and shall employ, pay for and provide to User a qualified flight crew for each flight undertaken under this Agreement.

6. Operator shall be solely responsible for securing maintenance, preventive maintenance and required or otherwise necessary inspections on the Aircraft, and shall take such requirements into account in scheduling the Aircraft. No period of maintenance, preventive maintenance or inspection shall be delayed or postponed for the purpose of scheduling the Aircraft, unless said maintenance or inspection can be safely conducted at a later time in compliance with all applicable laws and regulations, and within the sound discretion of the pilot in command. The pilot in command shall have final and complete authority to cancel any flight for any reason or condition which in his/her judgment would compromise the safety of the flight.

7. In accordance with applicable Federal Aviation Regulations, the flight crew will exercise all of its duties and responsibilities in regard to the safety of each flight conducted hereunder. User specifically agrees that the pilot in command, in his/her sole discretion, may terminate any flight, refuse to commence any flight, or take other action which in the considered judgment of the pilot in command is necessitated by considerations of safety. The parties agree that Operator shall not be liable for delay or failure to furnish the Aircraft and crew member pursuant to this Agreement when such failure is caused by government regulation or authority, mechanical difficulty, war, civil commotion, strikes or labor disputes, weather conditions, or acts of God. Operator shall have sole and exclusive authority over the scheduling of the Aircraft.

8. Operator will use reasonable efforts to provide additional insurance coverage as User shall request, provided, however: i) Operator is not required to provide such requested coverage, and ii) that the cost of such additional insurance shall be borne by User as set forth in paragraph 2(d) hereof.

9. Each party hereto agrees to indemnify and hold harmless the other against all losses, including costs, attorneys' fees and expenses by reason of claims by third parties for injury to or death of persons and loss of or damage to property arising out of or in any manner connected with the performance of such party's responsibilities under this Agreement or any breach by such party of any covenant or warranty made herein. Operator and User agree that in the event either party shall be liable to the other for any reason relating to this Agreement, that under no circumstances shall the damaged party be entitled to any special or consequential damages, including but not limited to damages for lost profits, incurred by the damaged party.

10. The Operator and User agree that Operator shall not be liable to User or any other person for loss, injury, or damage occasioned by the delay or failure to furnish the Aircraft and crew pursuant to this Agreement for any reason.

11. The risk of loss during the period when any Aircraft is operated on behalf of User under this Agreement shall remain with Operator, and Operator will retain all rights and benefits with respect to the proceeds payable under policies of hull insurance maintained by Operator that may be payable as a result of any incident or occurrence while an Aircraft is being operated on behalf of User under this Agreement. User shall be named as an additional insured on liability insurance policies maintained by Operator on the Aircraft with respect to flights conducted pursuant to this Agreement. The liability insurance policies on which User is named an additional insured shall provide that as to User coverage shall not be invalidated or adversely affected by any action or inaction, omission or misrepresentation by Operator or any other person (other than User). Any hull insurance policies maintained by Operator on any Aircraft used by User under this Agreement shall include a waiver of any rights of subrogation of the insurers against User.

12. A copy of this Agreement shall be carried in the Aircraft and available for review upon the request of the FAA on all flights conducted pursuant to this Agreement.

13. User warrants that:

- (a) He will use the Aircraft for and on account of his own business only, and will not use the Aircraft for the purposes of providing transportation for passengers or cargo in air commerce for compensation or hire;
- (b) During the term of this Agreement, he will abide by and conform to all such laws, governmental and airport orders, rules and regulations, as shall from time to time be in effect relating in any way to their operation and use of the Aircraft by a time sharing User;
- (c) He shall refrain from incurring any mechanics or other lien in connection with inspection, preventative maintenance, maintenance or storage of the Aircraft, whether permissible or impermissible under this Agreement, and he shall not attempt to convey, mortgage, assign, lease or any way alienate the Aircraft or create any kind of lien or security interest involving the Aircraft or do anything or take any action that might mature into such a lien.

14. Neither this Agreement nor any party's interest herein shall be assignable to any other party. This Agreement shall inure to the benefit of and be binding upon the parties hereto, their heirs, representatives and successors.

15. Nothing herein shall be construed to create a partnership, joint venture, franchise, employer-employee relationship or to create any relationship of principal and agent.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of Missouri (excluding the conflicts of law rules thereof).

17. Neither Operator (nor its affiliates) makes, has made or shall be deemed to make or have made, and Operator (for itself and its affiliates) hereby disclaims, any warranty or representation, either express or implied, written or oral, with respect to any aircraft to be used hereunder or any engine or component thereof including, without limitation, any warranty as to design, compliance with specifications, quality of materials or workmanship, merchantability, fitness for any purpose, use or operation, airworthiness, safety, patent, trademark or copyright infringement or title.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused the signatures of their authorized representatives to be affixed below on the day and year first above written. The persons signing below warrant their authority to sign.

TRUTH IN LEASING STATEMENT UNDER SECTION 91.23 (FORMERLY 91.54) OF THE FEDERAL AVIATION REGULATIONS.

(A) CERNER CORPORATION (“OPERATOR”) HEREBY CERTIFIES THAT THE AIRCRAFT HAS BEEN INSPECTED AND MAINTAINED WITHIN THE 12 MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT IN ACCORDANCE WITH THE PROVISIONS OF FAR PART 91 AND ALL APPLICABLE REQUIREMENTS FOR THE MAINTENANCE AND INSPECTION THEREUNDER HAVE BEEN MET.

(B) CERNER CORPORATION (“OPERATOR”) AGREES, CERTIFIES AND KNOWINGLY ACKNOWLEDGES THAT WHEN THE AIRCRAFT IS OPERATED UNDER THIS AGREEMENT, IT SHALL BE KNOWN AS, CONSIDERED, AND SHALL IN FACT BE THE OPERATOR OF THE AIRCRAFT.

(C) THE PARTIES UNDERSTAND THAT AN EXPLANATION OF FACTORS AND PERTINENT FEDERAL AVIATION REGULATIONS BEARING ON OPERATIONAL CONTROL CAN BE OBTAINED FROM THE LOCAL FLIGHT STANDARDS DISTRICT OFFICE. OPERATOR FURTHER CERTIFIES THAT IT WILL SEND A TRUE COPY OF THIS EXECUTED AGREEMENT TO: FEDERAL AVIATION ADMINISTRATION, AIRCRAFT REGISTRATION BRANCH, ATTN: TECHNICAL SECTION, P. O. BOX 25724, OKLAHOMA CITY, OKLAHOMA, 73125, WITHIN 24 HOURS OF ITS EXECUTION, AS PROVIDED BY FAR 91.23(c)(1).

Operator: /s/ Daniel P. Devers
By: Cerner Corporation
Name: Daniel P. Devers
Title: EVP & CLO

User: /s/ David Feinberg, M.D.
By: David Feinberg, M.D.

A copy of this Agreement must be carried in the Aircraft while being operated hereunder.

EXHIBIT A

Registration Number	Serial Number	Aircraft Description
N979CF	HA-195	Hawker 900XP
N411TF	RC-74	Hawker 4000
N979KC	20610	Bombardier Inc. BD-100-1A10 (Challenger 350)
N219TF	4292	Gulfstream G450

SEPARATION AGREEMENT

This Separation Agreement (“Separation Agreement”), is made by and between Cerner Corporation (together with its subsidiaries and affiliates, “Cerner”) and Donald D. Trigg (“you” or “your” and, together with Cerner, the “parties”).

RECITALS

WHEREAS, you are currently, and have been since February 18, 2020, the President of Cerner and have been employed by Cerner since November 30, 2012;

WHEREAS, you entered into an employment agreement with Cerner dated November 30, 2012 (your “EA”), as amended by that certain Cerner Executive Severance Agreement dated September 11, 2017, which was amended by letter agreement dated effective as of February 19, 2021 (your “Severance Agreement” and together with your EA, your “Employment Agreement”), and a Mutual Arbitration Agreement with Cerner dated January 10, 2018 (your “Arbitration Agreement”);

WHEREAS, your employment was terminated without Cause by Cerner on August 19, 2021, and the parties have mutually agreed to the separation benefits described herein;

WHEREAS, your last day of employment for salary, cash awards under the Cerner Corporation 2018 Performance Compensation Plan (“CPP”), benefits, regular equity vesting and departure purposes was August 19, 2021; and

WHEREAS, in consideration for Cerner’s release and agreement to perform the covenants provided herein, the modification of your existing non-competition, confidentiality and non-solicitation obligations, the separation payments and acceleration of the vesting of outstanding equity-based compensation awards described herein, your agreement to perform the covenants provided herein and other good and valuable consideration, the receipt and sufficiency of which you and Cerner hereby acknowledge, you agree to the terms contained herein and, as described below, agree to release Cerner and the Cerner Released Parties (as defined in this Separation Agreement) from matters arising out of or related to your employment with Cerner, and Cerner agrees to the terms contained herein and, as described below, to release you from certain matters arising out of or related to your employment with Cerner.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and obligations set forth herein, the parties agree as follows:

1. **SEPARATION BENEFITS.** Subject to your acceptance and timely return of this Separation Agreement to Cerner, without revocation, Cerner agrees to the following:
 - A. Your last day of employment for salary, CPP, benefits, reimbursement of expenses, and regular equity vesting purposes was August 19, 2021, and Cerner will continue to pay your salary through August 19, 2021 on Cerner’s regular paydays.

- B. Cerner will provide you with separation payments of \$49,739.69, less applicable deductions required by law, on a biweekly basis on Cerner's regular paydays during the twenty-four (24) month period following the Effective Date, commencing on the first regular payday after the Effective Date, which is expected to be September 17, 2021. Such biweekly separation payments are based upon (i) your current annual base salary (\$700,000); (ii) the average of the annual cash bonus you received for fiscal years 2018, 2019 and 2020; plus (iii) the difference between the monthly COBRA continuation premium for you and your partner, spouse or dependents under Cerner's health, vision and dental plans in effect as of the date of your termination and the monthly amount you were paying for such coverage. Notwithstanding the foregoing, in the event of a Change in Control (as defined in the Severance Agreement) of Cerner prior to the full satisfaction by Cerner of the separation payments provided for in this Paragraph 1.B, Cerner agrees that payment of all of the unpaid amounts shall be accelerated and paid in a single lump sum payment to you concurrently with the effective time of such Change in Control.
- C. As of the Effective Date of this Separation Agreement, Cerner will, with respect to each of your outstanding equity awards granted by Cerner to you prior to August 19, 2021 pursuant to an equity compensation plan approved by Cerner's shareholders and relating to Cerner common stock (each a "Cerner Equity Award") (i) fully vest each Cerner Equity Award that is an outstanding unvested stock option (and you shall have the earlier of August 19, 2022 and the balance of the original option term to exercise such option); (ii) fully vest each Cerner Equity Award that is an outstanding unvested time-based Restricted Stock Unit ("RSU"); and (iii) fully vest each Cerner Equity Award that is an outstanding unvested Performance-based Restricted Stock Unit ("PSU"), assuming a 100% of target level of achievement. Each of the grant instruments for any Cerner Equity Award the vesting or exercise of which is adjusted by this Paragraph 1.C. is hereby deemed amended as of the Effective Date of this Separation Agreement.
- D. Cerner agrees that it will cause to be paid to you no later than two weeks after the Effective Date all other "Accrued Amounts" (as defined in your Severance Agreement) owed to you in respect of your service to Cerner through August 19, 2021.
2. In the event of your death before the completion of the payout of any of the benefits described in Paragraph 1, Cerner will pay the remaining benefits described in Paragraph 1 in a lump sum to your designated Beneficiary separately communicated to Cerner provided that Beneficiary completes and delivers a Form W-9 to Cerner. You may revoke or change this Beneficiary designation at any time by delivering to Cerner a written document signed by you with the attestation of a notary stating that you are revoking or changing the designation, provided that such document is delivered while you are still alive and of sound mind. If your designated Beneficiary does not survive you or if your deaths are simultaneous, this paragraph and designation shall be void and of no effect, and any payments due under Paragraph 1 shall be made to your estate.

3. **YOUR RELEASE OF CLAIMS.** On behalf of yourself and your successors, assigns, agents, heirs and descendants, you hereby acquit, release and forever discharge Cerner and its affiliates and subsidiaries, and all of their successors, assigns, officers, directors, agents, servants, employees, shareholders, fiduciaries, attorneys and representatives, whether past or present for all of the foregoing (collectively, the “Cerner Released Parties”) from any and all manner of claims, debts, damages, injuries, judgments, awards, executions, demands, liabilities, obligations, suits, actions and causes of action, whether known or unknown, fixed or contingent, accrued or to accrue, direct or indirect, and whether at law or in equity, which you may have against the Cerner Released Parties, including, but not limited to, those arising out of or by reason of your employment by Cerner, or with respect to your departure from employment with Cerner and/or its subsidiaries, or with respect to claims for expenses, salary, incentive payments or equity grants against Cerner.

Without in any way limiting the generality of the foregoing, you acknowledge and agree that you are hereby releasing and discharging Cerner and all other Cerner Released Parties from any and all manner of claims, debts, damages, injuries, judgments, awards, executions, demands, liabilities, obligations, suits, actions and causes of action that may be asserted under any local, state, federal, statutory or common law relating to discrimination in employment including, without limitation, discrimination relating to race, ethnicity, religion, sex, pregnancy, disability, equal pay, age, veteran status, national origin, creed, color, and retaliation, and including claims under Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Americans with Disabilities Act, the Equal Pay Act, the Age Discrimination in Employment Act, Family and Medical Leave Act, 42 U.S.C. Sections 1981, 1983 and 1985, the Employee Retirement Income Security Act (“ERISA”), Workmen’s Compensation laws, Consolidated Omnibus Budget Reconciliation Act, the Worker Adjustment and Retraining Notification Act, Executive Order 11246, the Rehabilitation Act, veterans’ laws, all federal, state and local laws related to libel, slander, defamation, invasion of privacy, breach of contract, outrageous conduct, intentional or negligent infliction of emotional distress, respondent superior, negligent hiring or retention, and all other laws and ordinances which are meant to protect workers in their employment relationships and under which you might have rights and claims.

- A. **Includes Release of ADEA Claims.** You understand and agree that you are releasing Cerner and all other Cerner Released Parties from all rights and claims of discrimination relating to age, including all rights and claims under the Age Discrimination in Employment Act of 1967, as amended (hereinafter referred to as “ADEA”).
- B. Nothing in this Separation Agreement is intended to, or shall, interfere with your rights under federal, state, or local civil rights or employment discrimination laws to file or otherwise institute a charge of discrimination, to participate in a proceeding with any appropriate federal, state, or local government agency enforcing discrimination laws, or to cooperate with any such agency in its investigation, none of which shall constitute a breach of this Separation Agreement. You shall not, however, be entitled to any relief, recovery, or monies

in connection with any such action or investigation brought against Cerner, regardless of who filed or initiated any such complaint, charge, or proceeding. Nothing in this Separation Agreement is intended to, or shall, interfere with your right to file a claim for unemployment benefits (if any), or to file a claim asserting any causes of action which by law you may not legally waive.

- C. Nothing in this Separation Agreement is intended to, or shall, interfere with (1) your rights to indemnification under Cerner's bylaws and your January 2019 Indemnification Agreement (and Cerner agrees to keep in force sufficient directors' and officers' insurance to protect you against such potential liabilities for a period of six years from the Effective Date); (2) your rights to vested ERISA benefits; and (3) your rights under this Separation Agreement.
4. **CERNER'S RELEASE OF CLAIMS.** Cerner, its affiliates and subsidiaries and all of their successors and assigns (collectively, the "**Cerner Parties**") hereby acquit, release and forever discharge you and your successors, assigns, agents, heirs and descendants, from any and all manner of claims, debts, damages, injuries, judgments, awards, executions, demands, liabilities, obligations, suits, actions and causes of action that have accrued as of and are known to Cerner on your termination date, whether direct or indirect and whether at law or in equity, which the Cerner Parties may have against you arising out of your employment with Cerner. The Cerner Parties' release of claims does apply to any and all employment claims brought by Cerner associates or third parties, whether known or unknown to Cerner on your termination date. The Cerner Parties' release of claims does not apply to claims related to the enforcement of or your failure to comply with this Separation Agreement or your violation of your noncompetition, confidentiality, and non-solicitation obligations.
5. **RETURN OF CERNER PROPERTY.** You acknowledge that you will return all Cerner-issued equipment, including, but not limited to, your security card/office key to the building(s). Cerner agrees you will not be required to return your laptop, ipad and cell phone and you may retain those devices as personal property; however, you agree that you will first work with Cerner to ensure that corporate data is appropriately transferred to Cerner information systems and wiped from the devices and to allow Cerner to preserve potentially relevant data for any pending legal matters. You further acknowledge and agree that you will return all other Cerner property, manuals or other intellectual property, confidential information or materials containing trade secrets of Cerner in your possession and that no copies thereof will be retained by you or on your behalf by any third party after September 7, 2021.
6. **CONFIDENTIALITY, NON-COMPETITION, AND NON-SOLICITATION OBLIGATIONS.**
- A. **Confidentiality.** You acknowledge and agree that all confidentiality obligations and covenants set forth in your Employment Agreement or any other employment agreement that you signed at the time of or during your employment by Cerner or any of its subsidiaries shall continue in full force and effect.

Nothing in this Separation Agreement shall (i) prohibit you from disclosing confidential information in connection with reporting possible violations of law or regulation to any governmental agency or entity or attorney in accordance with any whistleblower protection provisions of applicable law or regulation, including 18 USC 1833, or (ii) require notification or prior approval by Cerner of any reporting described in clause (i); provided, however, that any such disclosures must be made in accordance with the applicable law or regulation and in a manner that limits, to the furthest extent possible, disclosure of confidential information.

- B. **Non-competition.** The parties hereby agree to replace the non-competition agreement set forth in your Employment Agreement, including without limitation in paragraph 6 of your EA, as follows: You agree that through and including August 19, 2023 (*i.e.*, a period of two years following the termination of your employment from Cerner), you will not provide any services (whether as an employee, principal, agent, consultant, contractor, partner, director, officer, or otherwise) for the following companies or their affiliates (each, a “Competitive Company”): Allscripts Healthcare Solutions, Inc.; Arcadia Solutions; athenahealth, Inc.; Capsule Technologies, Inc.; Computer Programs and Systems, Inc.; eClinicalWorks, LLC; Epic Systems Corporation; Health Catalyst, Inc.; InterSystems Corporation; Innovaccer, Inc.; Medical Information Technology, Inc.; Optum, Inc.; i2i Systems, Inc.; Medstreaming, Inc.; Cureatr, Inc.; Carevive Systems, Inc.; Essence Group Holdings Corporation; Lumeris; Xealth, Inc.; Elligo Health Research, Inc. Notwithstanding the foregoing, Cerner agrees that no violation of the non-competition covenant set forth above shall be deemed to occur following the acquisition by any Competitive Company of another company or division or applicable assets thereof (not itself a Competitive Company) (the “Acquired Company”) so long as you continue to provide services solely to the Acquired Company (as between the Competitive Company and the Acquired Company) through August 19, 2023.

You agree that the non-competition restrictions set forth in this paragraph are reasonable and necessary to protect Cerner’s legitimate interests, including its confidential and trade secret information, its Client and Supplier relationships, and its goodwill, particularly in light of your duties and responsibilities at Cerner.

- C. **Employee non-solicitation.** The parties hereby agree to replace the non-solicitation agreement set forth in your Employment Agreement, including without limitation in paragraph 6.E of your EA (but excluding the non-disparagement sub-paragraph of 6.E), as follows: You agree that through and including August 19, 2023 (*i.e.*, a period of two years following the termination of your employment from Cerner), you will not, directly or indirectly, on behalf of yourself or on behalf of any other person, entity, or organization, (a) solicit for employment, or (b) attempt to solicit for employment, any Cerner associate. For the avoidance of doubt, this provision shall in no way prohibit your employer from making job postings of general applicability, provided that they are not specifically targeted at any covered person, or from hiring an individual via such a job posting. You agree that the non-solicitation restrictions set forth in this

paragraph are reasonable and necessary to protect Cerner's legitimate interests, including its confidential and trade secret information, its Client and Supplier relationships, its goodwill, and its loyalty, particularly in light of your duties and responsibilities at Cerner.

7. **COOPERATION.** You agree that you will cooperate with Cerner in the defense of any legal matters about which you have material knowledge. Cerner agrees to compensate you at the rate of \$440 per hour for your reasonable assistance in such matters.
8. **CONSIDERATION PERIOD.** You acknowledge that you have twenty-one (21) days from the date you received this Separation Agreement in which to consider it, although you may sign this Separation Agreement earlier than 21 days if you so choose. You further understand that you have the right to revoke this Separation Agreement by delivering written notice to Cerner during the seven-day period after you sign it. This Separation Agreement shall become effective after the seven-day revocation period has expired assuming you do not revoke it, but in no event earlier than September 13, 2021 (the "**Effective Date**").
9. **NO FURTHER PAYMENTS.** You agree that your employment terminated effective August 19, 2021, and that, after that date, Cerner will owe no additional compensation to you other than: (i) your final paycheck covering the period through August 19, 2021, (ii) any performance-based cash incentive compensation earned but not yet paid as of August 19, 2021, and (iii) the separation benefits described in Paragraph 1. You agree that amounts paid pursuant to this Separation Agreement shall be in full and final satisfaction of any amounts or other benefits that could be owed to you under any other agreement you may have entered into with Cerner or, except as required by law or specifically provided herein, any other Cerner benefit plan or arrangement, including but not limited to your Employment Agreement, the Cerner Associate Severance Pay Plan effective July 1, 2021, or the Business Optimization Severance Pay Plan.
10. **FORFEITURE, CLAWBACK AND REIMBURSEMENT.** The right to receive severance and benefits in accordance with Paragraph 1 is subject to rescission, forfeiture, cancellation or recoupment, in whole or in part, if and to the extent so provided under the Cerner Corporation Incentive Awards and Severance Payment Clawback Policy for Executive Officers and Applicable Persons, as in effect on the date hereof with respect to severance, or any other applicable clawback, adjustment or similar policy in effect on or established subsequent to, the Effective Date (the "**Clawback Policy**"). The terms of the Clawback Policy are incorporated herein by reference. You agree to provide reasonable assistance to Cerner to recover or recoup any of the severance or other value pursuant to this Separation Agreement which is subject to recovery or recoupment pursuant to the Clawback Policy. By signing this Separation Agreement, you agree that the promises you have made in it are of a special nature and that any material breach or material violation by you of the terms of this Separation Agreement will result in immediate and irreparable harm to Cerner. For the avoidance of doubt, if you are found by a Court or Arbitrator to have committed a material breach of any confidentiality, non-competition, non-solicitation or other material provision in this Separation Agreement or your Employment Agreement, (i) Cerner's obligation, if applicable, to deliver separation payments and

benefits to you under this Separation Agreement will cease immediately, (ii) you will be obligated to reimburse Cerner for all separation payments already made to you under Paragraph 1.B., (iii) any outstanding Cerner Equity Award held by you will immediately be forfeited notwithstanding any contrary term or condition in any underlying grant instrument, and (iv) you will be obligated to return to Cerner all shares of Cerner common stock (or the proceeds from the sale of such shares if such shares have been sold) received by you under, or as a result of your exercise of, a Cerner Equity Award which was subject to accelerated vesting in accordance with Paragraph 1.C. Cerner will also be entitled to all other legal and equitable remedies available to it by law.

11. **NONADMISSION OF LIABILITY.** You understand and agree that neither this Separation Agreement nor any action taken hereunder is to be construed as an admission of liability by Cerner or any of the Cerner Released Parties.
12. **VOLUNTARY EXECUTION.** You acknowledge that you have read this Separation Agreement in its entirety, that you understand its contents, and that you have executed it voluntarily. You further acknowledge that you have consulted with your attorney prior to signing this Separation Agreement.
13. **COMPLIANCE WITH SECTION 409A.** Notwithstanding any other provision of this Separation Agreement, all payments provided hereunder shall be made in a manner that is intended to comply with Section 409A or an applicable exemption thereto, including the separation pay and short-term deferral exceptions. Any payment provided under this Separation Agreement which is required to be delayed for six months following your separation from service and on account of you being a “specified employee” of Cerner shall be so delayed. For purposes of Section 409A, each installment payment provided under this Separation Agreement shall be treated as a separate payment. Notwithstanding the foregoing, Cerner makes no representations that the payments and benefits provided under this Separation Agreement comply with Section 409A, and in no event shall Cerner be liable for all or any portion of any taxes, penalties, interest, or other expenses that may be incurred by you on account of non-compliance with Section 409A.
14. **NOTICE.** All notices, requests, demands and other communications hereunder shall be deemed duly given if delivered by hand or if mailed by certified or registered mail or sent by express courier with postage or charges prepaid as follows:

If to Cerner:

Cerner Corporation
2800 Rock Creek Parkway
North Kansas City, MO 64117-2551
Attn: Chief Executive Officer
With copy to: Chief Legal Officer

If to you:

At the address on file with Cerner’s HR department

or to any other address as either party may provide to the other in writing by notice given in accordance with this paragraph.

15. **NOTICE TO SUBSEQUENT EMPLOYER.** You agree to inform any potential new employer, prior to accepting such employment, of the existence of the non-competition, non-solicitation and confidentiality provisions contained in this Separation Agreement and your Employment Agreement.
16. **GOVERNING LAW.** This Separation Agreement shall be governed by and construed in accordance with the laws of the State of Missouri to the extent not governed or preempted by federal law.
17. **SEVERABILITY.** If any provision of this Separation Agreement is held to be unenforceable, this Separation Agreement will be deemed amended to the extent necessary to render the otherwise unenforceable provision—and the rest of this Separation Agreement—valid and enforceable. If an arbitrator (or court) declines to amend this Separation Agreement as provided in this paragraph, the invalidity or unenforceability of any provision of this Separation Agreement will not affect the validity or enforceability of the remaining provisions, which must be enforced as if the offending provision had not been included in this Separation Agreement.
18. **COMPLETE AGREEMENT.** This Separation Agreement constitutes the full, complete and entire agreement of the parties related to the separation benefits to which you are entitled. Without limitation, the separation benefits and payments under this Separation Agreement supersede and replace any benefits or payments you might otherwise be eligible to receive under your Employment Agreement, the Cerner Associate Severance Pay Plan, any successor thereto, or any other broad-based Cerner severance plan or policy which otherwise would be applicable to you. However, the parties agree that your Employment Agreement (excluding any right you have to any severance payment or severance benefit thereunder), as modified by this Separation Agreement, otherwise remains in full force and effect. For the avoidance of doubt, your Arbitration Agreement shall survive this Separation Agreement, and the parties agree that your Arbitration Agreement will govern any dispute between the parties related to this Separation Agreement. In making this Separation Agreement, the parties rely wholly upon their own judgment, belief and knowledge and the advice of their respective counsel. All executed copies, whether signed in counterparts or otherwise, or duplicate originals, are equally admissible in evidence.

This Separation Agreement is executed as of this 3rd day of September, 2021.

/s/ Donald D. Trigg____
Donald D. Trigg

Cerner Corporation

By: /s/ Daniel P. Devers____
Daniel P. Devers
Executive Vice President and Chief Legal Officer

CERTIFICATION

I, David T. Feinberg, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: October 29, 2021

/s/ David T. Feinberg
David T. Feinberg
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Mark J. Erceg, certify that:

1. I have reviewed this quarterly report on Form 10-Q 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: October 29, 2021

/s/ Mark J. Erceg
Mark J. Erceg
Chief Financial Officer
(Principal Financial Officer)

**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 Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2021 (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, to my knowledge:

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/ David T. Feinberg _____

David T. Feinberg, President
and Chief Executive Officer
(Principal Executive Officer)
Date: October 29, 2021

**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 Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2021 (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, to my knowledge:

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/ Mark J. Erceg

Mark J. Erceg, Executive Vice President
and Chief Financial Officer
(Principal Financial Officer)
Date: October 29, 2021