2019 Cerner Corporation Annual Shareholders’ Meeting

May 30, 2019
2019 Annual Shareholders’ Meeting

Marc Naughton
Executive Vice President and Chief Financial Officer
<table>
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<th>Agenda</th>
<th>Marc Naughton</th>
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<td>Chairman’s Remarks</td>
<td>Brent Shafer</td>
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<td></td>
<td>Chairman and Chief Executive Officer</td>
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<td>Marketplace &amp; Client Relationships</td>
<td>John Peterzalek</td>
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<td>Executive Vice President &amp; Chief Client Officer</td>
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<td>Operations</td>
<td>Mike Nill</td>
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<td>Executive Vice President &amp; Chief Operating Officer</td>
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<td>Innovation – Greenhouse</td>
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<td>Executive Vice President &amp; Chief of Innovation</td>
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<td>Strategic Growth</td>
<td>Don Trigg</td>
</tr>
<tr>
<td></td>
<td>Executive Vice President, Strategic Growth</td>
</tr>
<tr>
<td>Q&amp;A</td>
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</tbody>
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Introductions

Cerner Board Members in Attendance
• Brent Shafer (Chairman)
• Gerald E. Bisbee, Jr., PhD, MBA
• Mitchell E. Daniels, Jr., JD
• Linda M. Dillman
• Julie L. Gerberding, MD, MPH
• John J. Greisch, MBA
• Melinda J. Mount, MBA
• George A. Riedel, MBA
• R. Halsey Wise, MBA
• William D. Zollars

Cerner Executive Presenters
• Marc Naughton, EVP & Chief Financial Officer
• Mike Nill, EVP & Chief Operating Officer
• John Peterzalek, EVP & Chief Client Officer
• Jeff Townsend, EVP & Chief of Innovation
• Don Trigg, EVP, Strategic Growth

Other Cerner Executives
• Kimberly Gerard, SVP & Chief of Staff
• Randy Sims, EVP, Secretary & Chief Legal Officer
• Julie Wilson, EVP & Chief People Officer

Auditors
• Steve Frye & Emily Courter

Inspectors of Election
• Jim Allen and Scott Gootee
Business Meeting

Marc Naughton
Executive Vice President and Chief Financial Officer
Administrative Items

Record Date
Shareholders of record as of April 30, 2019 are entitled to vote.

Notice of Meeting
Randy D. Sims, Secretary, has confirmed notice of meeting was properly given in accordance with our bylaws.

Quorum
The Inspectors of Election have confirmed a quorum is represented, either in person or by proxy.

Voting
If you have not yet voted or turned in your proxy, the voting table is open and located outside the auditorium.

Voting will close 10 minutes following the conclusion of this meeting.

Agenda/Rules
We will follow the Agenda and Rules distributed at the registration table. Please see the registration table if you did not receive a copy.
Business Meeting – Order of Business

Proposal #1: Election of four Class III Directors to a three-year term:


Proposal #2: Ratification of the appointment of KPMG LLP as the independent registered public accounting firm of Cerner Corporation for 2019

Proposal #3: Conduct an advisory vote to approve the compensation of our Named Executive Officers

Proposal #4: Approve the amendment and restatement of the Cerner Corporation 2011 Omnibus Equity Incentive Plan, including an increase in the number of authorized shares under the plan
A preliminary tally of proxies and votes indicates:

**Proposal #1 – Election of Directors**
A majority of the votes cast, in person or by proxy, in favor of each nominee

**Proposal #2 – Ratification of Auditors**
A majority vote in favor of the ratification of KPMG as Cerner Corporation’s independent registered public accounting firm for the 2019 fiscal year

**Proposal #3 – Say on Pay**
A majority vote in favor of the advisory approval of our Named Executive Officers’ executive compensation

**Proposal #4 – Amendment and Restatement of Omnibus Equity Incentive Plan**
A majority vote in favor of the amendment and restatement of the Cerner Corporation 2011 Omnibus Equity Incentive Plan

The final tally and verification of all votes will be completed by the Inspectors of Election following the conclusion of this meeting and closing of the voting polls.
Cautionary Statement Regarding Forward-Looking Statements

This presentation may contain forward-looking statements, including without limitation, those regarding projections of future revenues or earnings, operating margins, operating and capital expenses, bookings, taxes, solution development and future business outlook, including new markets or prospects for Cerner’s solutions or services. These forward-looking statements are based on management’s current beliefs, expectations and assumptions and are subject to significant risks and uncertainties. Cerner’s performance, and actual results, financial condition or business could differ materially from those expressed in such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to:

- The possibility of significant costs and reputational harm related to product related liabilities; potential claims for system errors and warranties; 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; 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; potential claims or other risks associated with relying on open source software in our proprietary software solutions or technology-enabled services;
- Material adverse resolution of legal proceedings or other claims; risks associated with our global operations, including without limitation greater difficulty in collecting accounts receivable; risks associated with fluctuations in foreign currency exchange rates; 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 uncertainty surrounding the impact of the United Kingdom’s vote to leave the European Union (commonly referred to as Brexit) on our global business; risks associated with the unexpected 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; risks associated with failure to timely or effectively manage publicity related to harassment or discrimination claims and legal proceedings if such claims are raised against key personnel; risks related to our dependence on strategic relationships and third-party suppliers; risks inherent with business acquisitions and combinations and the integration thereof into our business or relating to disputes involving such acquisitions or combinations; risks associated with volatility and disruption resulting from global economic or market conditions; significant competition and our ability to quickly respond 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; managing growth in the new markets in which we offer solutions, health care devices or services; long sales cycles for our solutions and services; 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; risks associated with our outstanding and future indebtedness, such as compliance with restrictive covenants, which may limit our flexibility to operate our business; changes in accounting standards issued by the Financial Accounting Standards Board or other standard-setting bodies may adversely affect our financial statements; the potential for losses resulting from asset impairment charges; changing political, economic, regulatory and judicial 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, government regulation 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; variations in our quarterly operating results; potential variations in our sales forecasts compared to actual sales; volatility in the trading price of our common stock and the timing and volume of market activity; inability to reduce expenses and costs to the extent currently anticipated; risks that Cerner’s revenue growth may be lower than anticipated and/or that the mix of revenue shifts to low margin revenue; risks that our stock repurchase program or quarterly dividend program will not be fully implemented or enhance long-term shareholder value; risks that Cerner’s business may be negatively affected as a result of future proxy fights or the actions of activist shareholders; and our directors’ authority to issue preferred stock filings with the Securities and Exchange Commission.

Additional discussion of these and other risks, uncertainties and factors affecting Cerner’s business is contained in Cerner’s filings with the Securities and Exchange Commission. 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, Cerner undertakes no obligation to update or revise forward-looking statements or to reflect changed assumptions, the occurrence of unanticipated events or changes in our business, results of operations or financial condition over time. A reconciliation of non-GAAP financial measures discussed in this presentation can be found in the Appendix to this presentation and Cerner’s most recent earnings release that was furnished to the SEC and posted on the investor section of www.cerner.com.
2018 Highlights

Collaborations with:

- surescripts
- carevive
- covermymeds

Announced initiation of quarterly dividend
(officially declared and announced today at $0.18 per share)

Financial Results:
Mostly in-line with guidance, but not up to our expectations

New Operating Model

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Easier to do business with

Innovate faster

Profitable growth
Client Commitments

- Relentlessly advance our clients’ success
- Imagine, design and implement intelligent health networks
- Make better health care experiences and outcomes our duty
- Become the partner of choice for health care innovation
Focus for the future

Operating Model

Portfolio management

ONE Cerner client philosophy

Better Processes

Profitable Growth
Cooperation Agreement with Starboard
Announced April 9, 2019

• Governance
  • Augmented existing efforts to refresh Board, resulting in total of four new highly qualified independent directors
  • Finance & Strategy Committee with significant experience in improving profitability

• Operating / Capital Allocation
  • Adjusted Operating Margin* targets
    • Q419 – 20%; Q420 – 22.5%
    • AlixPartners engaged
  • $1.5 billion available under increased share repurchase authorization in addition to previously announced dividend

* Adjusted operating margin reflects adjustments compared to results reported on a U.S. Generally Accepted Accounting Principles (GAAP) basis in our 2018 annual report on Form 10-K and most recent Form 10-Q. Non-GAAP results should not be substituted as a measure of our performance but instead should be used along with GAAP results as a supplemental measure of financial performance. Please see the Appendix for a reconciliation of these items to GAAP results.

▪ Starboard feedback was consistent with feedback from other shareholders
▪ Cerner embraced opportunity to build on and accelerate efforts underway to improve operating efficiency, refresh the Board, and create shareholder value

John Greisch
Former CEO of Hill-Rom and President International Operations of Baxter

Melinda Mount
Former President of Jawbone and CFO of Online Services Division of Microsoft

George Riedel
Former Chairman / CEO of Cloudmark and Chief Strategy Officer of Nortel Network

Halsey Wise
Former Chairman / CEO of MedAssets & Chairman / CEO of Intergraph
OUR VISION

We believe in a seamless and connected world where everyone thrives.

Cerner
OUR MISSION

To relentlessly seek breakthrough innovation that will shape health care of tomorrow.
OUR PROMISE

Health care is **too important** to stay the same.

[Cerner logo]
Marketplace & Client Relationships

John Peterzalek
Chief Client Officer
Meeting Our Clients Where They Are

Digitization is happening

Acute U.S. EHR Market
As of 2019, nearly all non-federal acute care hospitals have possession of an EHR certified by HHS

Ambulatory U.S. EHR Market
As of 2019, nearly 87% of office-based physicians had adopted any EHR

Non-U.S. EHR Market
Remains in early stages of digitization

Market drivers are shifting

Rising consumerism
Shift from volume to value
Payer and provider consolidation
Data and technology proliferation

Health Care Challenges

Top issues confronting health care
Financial Challenges
Governmental mandates
Patient safety and quality
Personnel shortages
Patient satisfaction
Access to care
Physician-hospital relations
Population health management
Technology
Reorganization (e.g., mergers, acquisitions, restructuring, partnerships)

Leading Market Position

Competitiveness Snapshot

• Cerner & Epic are both U.S. market leaders
• Cerner recognized as Non-U.S. market leader
• Gross acute wins leader 2018, and cumulatively 2015-2018 (most recent data)
• 1,900 facilities remain on non-market leading EHRs
• Cerner’s CommunityWorks™ model (ASP) is differentiating in a steady replacement market
• Population Health solutions continue to scale and be leveraged by providers and non-provider buyers like employers, health plans and governments

Presence in 35+ Countries Worldwide

U.S. Market Share

Non-U.S. Acute Market Share Leader

2018 US Acute Care Hospital Market Share

Growing Community of Clients

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cerner</td>
<td>2593</td>
</tr>
<tr>
<td>Epic</td>
<td>1310</td>
</tr>
<tr>
<td>MEDITECH</td>
<td>1283</td>
</tr>
<tr>
<td>MV</td>
<td>1221</td>
</tr>
<tr>
<td>Agfa HealthCare</td>
<td>1200</td>
</tr>
<tr>
<td>Allscripts</td>
<td>1190</td>
</tr>
<tr>
<td>Intersystems</td>
<td>1130</td>
</tr>
<tr>
<td>DXC Technology (CSC)</td>
<td>1110</td>
</tr>
<tr>
<td>Philips</td>
<td>1070</td>
</tr>
<tr>
<td>Dedalus/Medasys</td>
<td>1030</td>
</tr>
<tr>
<td>Meierhofer</td>
<td>1000</td>
</tr>
<tr>
<td>SPDATA</td>
<td>980</td>
</tr>
<tr>
<td>Maincare Solutions</td>
<td>950</td>
</tr>
<tr>
<td>everis</td>
<td>920</td>
</tr>
<tr>
<td>ALERT</td>
<td>900</td>
</tr>
<tr>
<td>ChipSoft</td>
<td>870</td>
</tr>
<tr>
<td>Quadramed</td>
<td>860</td>
</tr>
<tr>
<td>Pixon</td>
<td>850</td>
</tr>
<tr>
<td>Cambio</td>
<td>840</td>
</tr>
</tbody>
</table>

A few recent additions include...

- SKANE
- Columbus Regional Healthcare System
- Northside Hospital
- Lifepoint Health
- Monash Health
- Jupiter Medical Center
- Regional One Health
- Kern Medical
- Augusta University
- UZA
- Grand River Hospital
- Huntsville Hospital
- Publix
- Sunshine Coast Hospital and Health Service
- UL Hospital
- Sunnyside Community Hospital & Clinics
- Wisconsin Department of Health Services

Largest Provider of Health IT to Federal Government

- Opportunity to impact over 18 million lives
  - Improve quality and outcomes through enhanced use of analytics
  - Connect the continuum of care & advance interoperability
    o DoD - VA
    o Community providers
    o National interoperability
  - Ensure force readiness
  - Enhance research and innovation
- Both projects underway and on track
  - DoD (subcontractor to Leidos) – working on second wave of sites, with additional go lives on track for fall 2019
  - VA – steadily ramping implementation efforts, with initial sites expected in 2020

Department of Defense (DoD)

9.4M Eligible Beneficiaries
55 military hospitals • 5 Theater Hospitals • 373 Medical Clinics • 245 Dental Clinics • 606 Forward Deployed Sites • 234 U.S. Navy Ships & Submarines • 2 Hospital Ships

205,000+ Healthcare Professionals and Support Staff

Department of Veterans Affairs (VA)

9.12M Total Enrollees in VA Health Care System

1,243 Health Care Facilities

306,000 Healthcare Professionals and Support Staff
Non-U.S. Markets

Competitiveness Snapshot

• Significant progress in Nordics, Australia, Middle East, and Canada
• In the UK, Cerner supports more global digital exemplars (7) than any competitor
• Recognized by industry for continued excellence
  • Best in KLAS awarded in 18’
  • Global HIMSS Stage 6/7 leader (far and away)
• Our population health strategies continue to be relevant
• Trend towards partnering for entire regions and nations; e.g. national scale programs
Operations

Mike Nill
Executive Vice President and Chief Operating Officer
Operations Organization

OUR PURPOSE

To create, implement, manage and support all information technology products taken to market or used internally by Cerner
Operations Organization

OUR PRIORITIES

Accelerate Innovation
Maximize Reliability and Quality
Maximize Market Opportunity
Health Network Architecture

One Architecture, Three Platforms

CareAware
Device connectivity and communications

Cerner Millennium
Electronic health record

HealthIntent
Big data platform

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# Core Operations Strategies

## Macro HCIT Environment

<table>
<thead>
<tr>
<th>Current Environment Challenges</th>
<th>Future State</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued margin pressure</td>
<td>Clients evolve to risk based payment model</td>
</tr>
<tr>
<td>Outdated technology and system configurations</td>
<td>Rapid innovation and interoperability is expected</td>
</tr>
<tr>
<td>Caregiver dissatisfaction</td>
<td>Clients are continuously current</td>
</tr>
<tr>
<td>85% of clients running in Cerner's data centers</td>
<td>Longitudinal health record enables better care decisions</td>
</tr>
<tr>
<td>Increasing engineering commitments to individual clients</td>
<td>Greater standardization across the client base</td>
</tr>
<tr>
<td>Frustration with the complexity of doing business with Cerner</td>
<td>Cerner becomes platform for innovation and health care</td>
</tr>
<tr>
<td>High client C-Suite turnover</td>
<td>High end user and client satisfaction</td>
</tr>
<tr>
<td>Slow adoption of new innovations</td>
<td>Security deeply embedded in our solutions</td>
</tr>
<tr>
<td>Difficulty meeting client commitments and expectations</td>
<td>Intelligent workflows reinvent care delivery</td>
</tr>
<tr>
<td>Frustration with cost and complexity to turn on Cerner systems</td>
<td></td>
</tr>
</tbody>
</table>

## Strategies to Transition to Future State

- Utilize AI/ML to Create Intelligent Workflows
- Harden Cybersecurity Capabilities
- Continue to Drive Internal Efficiencies
- Modernize our Architectures and Solutions
- Establish Comprehensive Architectural Governance
- Establish a Cloud Partnership with a Leader in the Industry
- Implement Formalized Product Management
- Begin Development of the Cognitive EMR
- Continue to Utilize Automation Throughout our Operational Processes
- Enable Client Continuous Advancement and Performance Improvement
- Deliver Revenue Cycle Excellence
Innovation - Greenhouse

Jeff Townsend
Executive Vice President and Chief of Innovation
Our mission is to help:

1. find the best ideas
2. prove that they solve problems
3. and spread them throughout healthcare.
Traditional Software Release Models

New Operating Model – Delivering Value @ Scale

Idea

Validation

Proof

Efficiency

Engagement

Scale

General Availability (GA) Release

What problems to work on?

Does the functionality work?

Does it solve the problem?

...without too much effort (affordable)?

Can we engage the client to take action (is it relevant)?

Can we achieve rapid adoption across the client base?

Grow Market Share?

Traditional Software Release Models

New Operating Model – Delivering Value @ Scale

Idea

Validation

Proof

Efficiency

Engagement

Scale

General Availability (GA) Release

What problems to work on?

Does the functionality work?

Does it solve the problem?

...without too much effort (affordable)?

Can we engage the client to take action (is it relevant)?

Can we achieve rapid adoption across the client base?

Grow Market Share?
Unlocking Potential to Innovate @ Scale

- Science of Health Care Improvement
  - Workflow Experience
  - Clinical Practice
  - Value Outcomes

- Satellite Greenhouses / Living Labs
  - Controlled environment
  - Designed for discovery
  - Rapid adoption and Expected Value
  - Talent Development Ecosystem

- Pre-Solution → Proven Value
  - Data Driven Hypothesis
  - Repeatable Value
  - Transitions for Scale

- Value Center
  - Precision Opportunity identification…
  - Best Practice Discovery (Wild Flowers)
  - Elapsed time from Idea → Validated Use → >80% adoption across the base
Defining Strategic Growth: 5-Year Ambition

Beyond the Hospital

Beyond Fee-for-Service (FFS)

Beyond the Millennium Base (Every MSA)
A Health Network is a business strategy defined by contracts operationalized across a set of providers to manage the health and care of a consumer.
Delivering Value: Winning in FFS and FFV

Fee for service

Process of Care
- Clinical
- Guidelines
- Gaps in care management
- Case management
- Emphasis on throughput

Value-based care

Business of Care
- Claims, Costs
- Contract Management
- Provider Metrics
- Risk Scoring
- Variability
- Utilization

80/20 Provider Core Competency

80/20 Payer Core Competency

Episode management
Realizing the Health Network Architecture Vision

Health Network Architecture, circa 1992

Health Network Architecture, circa 2000
**Principles for Strategic Growth**

**MACRO TAILWIND**
- Hospital → Network shift
- MSA level provider consolidation
- Growth in technology heterogeneity

**MATERIALITY**
- Total Addressable Market (TAM) > $1B
- Achievable Cerner market share (≥10%)

**LEVERAGE WITHIN CERNER**
- Platform/product
- Go to market channels
- Expertise & Brand

**SURMOUNTABLE BARRIERS TO ENTRY**
- Regulatory
- Understood minimum viable product requirements
- Total solution capabilities

**SPEED-TO-REVENUE**
- Clear path to year 1 and year 3 revenues
- Start with assessment/services as we build/buy/partner
7 Areas of Strategic Market Focus

Market Segments

- Population Health
- State and Medicaid
- Continuum
- Network Services
- Data-As-A-Service
- Consumer and Employer
- Real Time Health System
Cerner 2023 Growth Plan

• Cerner targeting 6-9% 5-year CAGR
• Base plan reflects 6%
  • Includes Population Health growing from >$300M to ~$900M by 2023
• Strategic Growth target of $600M by 2023 brings CAGR to 7.5%

Revenue estimates beyond 2019 do not represent formal financial guidance.
Healthcare is too important to stay the same.™
Since there is no further business, the 2019 Annual Shareholders’ Meeting of Cerner Corporation is hereby closed.
Appendix – Reconciliation of GAAP to non-GAAP financial measures

We report our financial results in accordance with accounting principles generally accepted in the United States of America ("GAAP"). However, we supplement our GAAP results with certain non-GAAP financial measures, which we believe 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. These non-GAAP financial measures are not meant to be considered in isolation, 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 Cerner's consolidated financial statements prepared in accordance with GAAP. These non-GAAP measures 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 calculations. We provide the measures of adjusted operating earnings, adjusted operating earnings margin, adjusted net earnings and adjusted diluted earnings per share as such measures are used by management, along with GAAP results, to analyze Cerner's business, make strategic decisions, assess long-term trends on a comparable basis, and for management compensation purposes. We provide the non-GAAP measure of free cash flow as such measure takes into account certain capital expenditures necessary to operate our business. Free cash flow is used by management, along with GAAP results, to analyze our earnings quality and overall cash generation of the business, and for management compensation purposes.

Any future period non-GAAP guidance in this presentation includes adjustments for items not indicative of our core operations, which may include, without limitation, share-based compensation expense, organizational restructuring and other expense and acquisition-related expenses. Such adjustments may be affected by changes in ongoing assumptions and judgments, as well as nonrecurring, unusual or unanticipated charges, expenses or gains or other items that may not directly correlate to the underlying performance of our business operations. The exact amount of these adjustments are not currently determinable, but may be significant. It is therefore not practicable to provide the comparable GAAP measures or reconcile this non-GAAP guidance to the most comparable GAAP measures.

Please see the accompanying table for a reconciliation of GAAP results to non-GAAP financial measures.

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Reconciliation of GAAP to Non-GAAP Results

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted Operating Earnings</strong></td>
<td></td>
<td></td>
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<tr>
<td>(in millions)</td>
<td>Operating Earnings</td>
<td>Operating Margin %</td>
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<tr>
<td>Operating earnings (GAAP)</td>
<td>$960</td>
<td>18.7%</td>
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<tr>
<td>Pre-tax adjustments for Adjusted Net Earnings:</td>
<td></td>
<td></td>
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<tr>
<td>Share-based compensation expense</td>
<td>89</td>
<td></td>
</tr>
<tr>
<td>Health Services acquisition-related amortization</td>
<td>83</td>
<td></td>
</tr>
<tr>
<td>Allowance on non-current assets</td>
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<td></td>
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<tr>
<td>Acquisition-related deferred revenue adjustment</td>
<td>17</td>
<td>0</td>
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<tr>
<td>Other adjustments</td>
<td>0</td>
<td>5</td>
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<tr>
<td>Adjusted Operating Earnings (non-GAAP)</td>
<td>$1,150</td>
<td>22.4%</td>
</tr>
<tr>
<td><strong>Adjusted Net Earnings and Adjusted Diluted Earnings Per Share</strong></td>
<td></td>
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<tr>
<td>(in millions, except per share data)</td>
<td>Net Earnings</td>
<td>Net Earnings Per Share</td>
</tr>
<tr>
<td>Net earnings (GAAP)</td>
<td>$867</td>
<td>$2.57</td>
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<tr>
<td>Pre-tax adjustments for Adjusted Net Earnings:</td>
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<tr>
<td>Share-based compensation expense</td>
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<td>0</td>
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<tr>
<td>Other adjustments</td>
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<td>5</td>
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<tr>
<td>After-tax adjustments for Adjusted Net Earnings:</td>
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<tr>
<td>Income tax effect of pre-tax adjustments</td>
<td>(54)</td>
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<td>Share-based compensation permanent tax items</td>
<td>(63)</td>
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<tr>
<td>Tax Reform Impact</td>
<td>(135)</td>
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<tr>
<td>Adjusted Net Earnings (non-GAAP)</td>
<td>$805</td>
<td>$2.38</td>
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<tr>
<td><strong>Free Cash Flow</strong></td>
<td></td>
<td></td>
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<tr>
<td>(in millions)</td>
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</tr>
<tr>
<td>Cash flows from operating activities (GAAP)</td>
<td>$1,308</td>
<td></td>
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<tr>
<td>Capital purchases</td>
<td>(362)</td>
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<tr>
<td>Capitalized software development costs</td>
<td>(274)</td>
<td></td>
</tr>
<tr>
<td>Free Cash Flow (non-GAAP)</td>
<td>$761</td>
<td></td>
</tr>
<tr>
<td>Cash flows from investing activities (GAAP)</td>
<td>$1,006</td>
<td></td>
</tr>
<tr>
<td>Cash flows from financing activities (GAAP)</td>
<td>$111</td>
<td></td>
</tr>
</tbody>
</table>

*More detail on these adjustments and management's use of non-GAAP results is in our most recent Form 10-K and our current reports on Form 8-K.