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: March 31, 2022

or

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

For the transition period from __________ to __________

Commission File Number: 0-15386

CERNER CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**43-1196944**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
2800 Rock Creek Parkway **North Kansas City, MO**	**64117**
(Address of principal executive offices)	(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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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.

Class	Outstanding at April 26, 2022
Common Stock, $0.01 par value per share	294,098,094 shares

CERNER CORPORATION

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Part I. Financial Information

Item 1. Financial Statements

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
As of March 31, 2022 (unaudited) and December 31, 2021

(In thousands, except share data)	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 709,532	$ 589,847
Short-term investments	171,180	252,622
Receivables, net	1,178,037	1,161,361
Inventory	27,704	28,159
Prepaid expenses and other	381,404	417,465
Total current assets	2,467,857	2,449,454
Property and equipment, net	1,610,496	1,656,171
Right-of-use assets	76,474	82,940
Software development costs, net	1,003,806	1,000,357
Goodwill	1,129,539	1,131,121
Intangible assets, net	434,900	458,482
Long-term investments	456,398	461,984
Other assets	194,761	193,649
Total assets	$ 7,374,231	$ 7,434,158
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 359,562	$ 329,582
Current installments of long-term debt	—	225,000
Deferred revenue	456,929	531,234
Accrued payroll and tax withholdings	284,145	317,092
Other current liabilities	278,236	223,350
Total current liabilities	1,378,872	1,626,258
Long-term debt	1,611,303	1,611,256
Deferred income taxes	362,236	395,177
Other liabilities	113,301	121,005
Total liabilities	3,465,712	3,753,696
Shareholders' Equity:		
Common stock, $0.01 par value, 500,000,000 shares authorized, 381,357,862 shares issued at March 31, 2022 and 380,232,975 shares issued at December 31, 2021	3,814	3,802
Additional paid-in capital	2,811,612	2,717,244
Retained earnings	6,877,111	6,751,692
Treasury stock, 87,383,166 shares at March 31, 2022 and December 31, 2021	(5,664,718)	(5,664,718)
Accumulated other comprehensive loss, net	(119,300)	(127,558)
Total shareholders' equity	3,908,519	3,680,462
Total liabilities and shareholders' equity	$ 7,374,231	$ 7,434,158

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
For the three months ended March 31, 2022 and March 31, 2021
(unaudited)

	Three Months Ended	
(In thousands, except per share data)	**2022**	**2021**
Revenues	$ 1,429,801	$ 1,387,778
Costs and expenses:		
Costs of revenue	243,848	230,656
Sales and client service	612,997	622,176
Software development (Includes amortization of $65,206 and $64,850, respectively)	195,091	192,327
General and administrative	109,279	112,365
Amortization of acquisition-related intangibles	16,602	12,196
Total costs and expenses	1,177,817	1,169,720
Operating earnings	251,984	218,058
Other income, net	26	1,206
Earnings before income taxes	252,010	219,264
Income taxes	(45,881)	(47,012)
Net earnings	$ 206,129	$ 172,252
Basic earnings per share	$ 0.70	$ 0.57
Diluted earnings per share	$ 0.70	$ 0.56
Basic weighted average shares outstanding	293,412	304,731
Diluted weighted average shares outstanding	296,336	308,031

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the three months ended March 31, 2022 and March 31, 2021
(unaudited)

(In thousands)	Three Months Ended 2022	Three Months Ended 2021
Net earnings	$ 206,129	$ 172,252
Foreign currency translation adjustment and other (net of tax benefit of $237 and $679, respectively)	(3,424)	(8,991)
Unrealized gain (loss) on cash flow hedge (net of taxes of $3,906 and $1,509, respectively)	12,060	4,588
Unrealized holding gain (loss) on available-for-sale investments (net of tax benefit of $125 and $71, respectively)	(378)	(217)
Comprehensive income	$ 214,387	$ 167,632

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31, 2022 and March 31, 2021
(unaudited)

(In thousands)	Three Months Ended 2022	Three Months Ended 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 206,129	$ 172,252
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	175,223	175,313
Share-based compensation expense	33,332	47,950
Provision for deferred income taxes	(36,301)	(2,829)
Changes in assets and liabilities:		
Receivables, net	(16,712)	(12,301)
Inventory	461	(7,411)
Prepaid expenses and other	13,600	24,173
Accounts payable	35,730	30,118
Accrued income taxes	75,323	21,378
Deferred revenue	(72,800)	14,768
Other accrued liabilities	(38,922)	(12,977)
Net cash provided by operating activities	375,063	450,434
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital purchases	(42,393)	(75,925)
Capitalized software development costs	(56,300)	(83,550)
Purchases of investments	(8,439)	(321,670)
Sales and maturities of investments	99,638	306,935
Purchase of other intangibles	(4,703)	(7,975)
Net cash used in investing activities	(12,197)	(182,185)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt issuance	—	500,000
Repayment of long-term debt	(225,000)	—
Proceeds from exercise of stock options	63,394	36,514
Payments to taxing authorities in connection with shares directly withheld from associates	(1,583)	(4,897)
Treasury stock purchases	—	(341,715)
Dividends paid	(79,183)	(67,477)
Other	1,038	(5,310)
Net cash provided by (used in) financing activities	(241,334)	117,115
Effect of exchange rate changes on cash and cash equivalents	(1,847)	(3,118)
Net increase in cash and cash equivalents	119,685	382,246
Cash and cash equivalents at beginning of period	589,847	615,615
Cash and cash equivalents at end of period	$ 709,532	$ 997,861

See notes to condensed consolidated financial statements (unaudited).

CERNER CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 2022 and March 31, 2021
(unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss, Net
(In thousands)	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 ($0.22 per share)	—	—	—	(67,191)	—	—
Net earnings	—	—	—	172,252	—	—
Balance at March 31, 2021	**374,049**	**3,740**	**2,368,227**	**6,580,612**	**(4,514,718)**	**(125,424)**
Balance at December 31, 2021	**380,233**	**$ 3,802**	**$ 2,717,244**	**$ 6,751,692**	**$ (5,664,718)**	**$ (127,558)**
Exercise of stock options and vests of restricted shares and share units	1,125	12	61,036	—	—	—
Employee share-based compensation expense	—	—	33,332	—	—	—
Other comprehensive income (loss)	—	—	—	—	—	8,258
Cash dividends declared ($0.27 per share)	—	—	—	(80,710)	—	—
Net earnings	—	—	—	206,129	—	—
Balance at March 31, 2022	**381,358**	**$ 3,814**	**$ 2,811,612**	**$ 6,877,111**	**$ (5,664,718)**	**$ (119,300)**

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 three month periods ended 2022 and 2021 in these notes to condensed consolidated financial statements refer to the respective three month periods ended March 31, 2022 and March 31, 2021, unless otherwise noted.

Oracle Merger Agreement

On December 20, 2021, we entered into an Agreement and Plan of Merger (as it may be amended or supplemented from time to time, the "Merger Agreement") with Cedar Acquisition Corporation ("Merger Subsidiary"), which is a wholly owned subsidiary of OC Acquisition LLC ("Parent"), Parent, which is a wholly owned subsidiary of Oracle Corporation ("Oracle"), and (solely with respect to performance of its obligations set forth in certain specified sections thereof) Oracle. Pursuant to the Merger Agreement, on January 19, 2022, Oracle commenced a cash tender offer (the "Offer") to acquire all of the issued and outstanding shares of our common stock for a purchase price of $95.00 per share, net to the holders thereof in cash, without interest and subject to any required tax withholding. If the Offer is completed, Merger Subsidiary will merge with and into Cerner (the "Merger") and we will become a wholly owned indirect subsidiary of Oracle. As a result of the Merger, the shares of our common stock will cease to be publicly held. Completion of the Merger remains subject to certain closing conditions, including receipt of certain regulatory approvals, shareholders holding a majority of the outstanding shares of our common stock tendering their shares in the Offer, and other customary closing conditions. We have agreed to various customary covenants and agreements in the Merger Agreement, including with respect to the operation of our business prior to the closing of the transaction, such as restrictions on making certain acquisitions and divestitures, entering into certain contracts, incurring certain indebtedness and making certain capital expenditures, paying dividends in excess of our regular quarterly dividend, issuing or repurchasing stock and taking other specified actions.

Supplemental Disclosures of Cash Flow Information

(In thousands)	Three Months Ended 2022	2021
Cash paid during the period for:		
Interest (including amounts capitalized of $2,763 and $2,692, respectively)	$ 21,667	$ 15,549
Income taxes, net of refunds	(2,063)	19,216
Non-cash items:		
Lease liabilities recorded upon the commencement of operating leases	292	7,745
Financed capital purchases	—	1,361

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 Fourth Amended and Restated Credit Agreement (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.

Business Combinations. The FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* in October 2021. Such guidance amends the recognition and measurement principles that apply to business combinations to require that an entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. ASU 2021-08 is effective for the Company in the first quarter of 2023, with early adoption permitted. The standard requires prospective application to business combinations occurring on or after the date of adoption. As of the date of this filing, we have not determined if we will early adopt.

(2) Revenue Recognition

Disaggregation of Revenue

The following table presents revenues disaggregated by our business models:

	Three Months Ended					
	2022			2021		
(In thousands)	Domestic Segment	International Segment	Total	Domestic Segment	International Segment	Total
Licensed software	$ 178,913	$ 10,508	$ 189,421	$ 148,833	$ 12,828	$ 161,661
Technology resale	42,764	4,719	47,483	37,891	7,781	45,672
Subscriptions	90,553	3,870	94,423	95,383	4,429	99,812
Professional services	452,238	73,022	525,260	434,162	60,260	494,422
Managed services	287,975	36,651	324,626	282,076	35,300	317,376
Support and maintenance	200,667	42,213	242,880	217,499	45,825	263,324
Reimbursed travel	5,346	362	5,708	6,148	(637)	5,511
Total revenues	$ 1,258,456	$ 171,345	$ 1,429,801	$ 1,221,992	$ 165,786	$ 1,387,778

The following table presents our revenues disaggregated by timing of revenue recognition:

	Three Months Ended					
	2022			2021		
(In thousands)	Domestic Segment	International Segment	Total	Domestic Segment	International Segment	Total
Revenue recognized over time	$ 1,182,210	$ 160,615	$ 1,342,825	$ 1,152,849	$ 153,868	$ 1,306,717
Revenue recognized at a point in time	76,246	10,730	86,976	69,143	11,918	81,061
Total revenues	$ 1,258,456	$ 171,345	$ 1,429,801	$ 1,221,992	$ 165,786	$ 1,387,778

Transaction Price Allocated to Remaining Performance Obligations

As of March 31, 2022, the aggregate amount of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) for executed contracts approximates $13.21 billion of which we expect to recognize approximately 31% 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 three months ended March 31, 2022, we recognized $151 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 20% of our consolidated revenues for the first three months of both 2022 and 2021. Amounts due in connection with these relationships comprised 15% of client receivables as of both March 31, 2022 and December 31, 2021.

(3) Receivables

A summary of net receivables is as follows:

(In thousands)	March 31, 2022	December 31, 2021
Client receivables	$ 1,291,556	$ 1,307,167
Less: Provision for expected credit losses	113,519	145,806
Total receivables, net	$ 1,178,037	$ 1,161,361

In addition to the client receivables presented above, at March 31, 2022 and December 31, 2021, we had $12 million and $16 million, respectively, of non-current net client receivables, 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:

(In thousands)	Current	Non-current	Total
Provision for expected credit losses - balance at December 31, 2021	$ 145,806	$ 61,106	$ 206,912
Additions (reductions) charged to costs and expenses	(7,011)	—	(7,011)
Deductions, foreign currency and other	(25,276)	—	(25,276)
Provision for expected credit losses - balance at March 31, 2022	$ 113,519	$ 61,106	$ 174,625

Our estimates of expected credit losses for client receivables at both March 31, 2022 and December 31, 2021, 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 three months of 2022 and 2021, we received total client cash collections of $1.40 billion and $1.44 billion, respectively.

(4) Investments

Available-for-sale investments at March 31, 2022 were as follows:

(In thousands)	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	$ 63,290	$ —	$ —	$ 63,290
Time deposits	45,501	—	—	45,501
Commercial Paper	115,500	—	—	115,500
Total cash equivalents	224,291	—	—	224,291
Short-term investments:				
Time deposits	19,994	—	—	19,994
Commercial paper	34,000	—	(10)	33,990
Government and corporate bonds	117,576	3	(383)	117,196
Total short-term investments	171,570	3	(393)	171,180
Long-term investments:				
Government and corporate bonds	19,642	—	(361)	19,281
Total available-for-sale investments	$ 415,503	$ 3	$ (754)	$ 414,752

Available-for-sale investments at December 31, 2021 were as follows:

(In thousands)	Adjusted Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Cash equivalents:				
Money market funds	$ 149,429	$ —	$ —	$ 149,429
Time deposits	35,342	—	—	35,342
Commercial Paper	77,850	—	—	77,850
Government and corporate bonds	5,000	—	—	5,000
Total cash equivalents	267,621	—	—	267,621
Short-term investments:				
Time deposits	25,598	—	—	25,598
Commercial Paper	57,000	—	(14)	56,986
Government and corporate bonds	170,123	18	(103)	170,038
Total short-term investments	252,721	18	(117)	252,622
Long-term investments:				
Government and corporate bonds	31,167	—	(149)	31,018
Total available-for-sale investments	$ 551,509	$ 18	$ (266)	$ 551,261

We sold available-for-sale investments for proceeds of $133 million during the three months ended March 31, 2022, resulting in insignificant losses in the period.

Other Investments

At both March 31, 2022 and December 31, 2021, we had investments in equity securities that do not have readily determinable fair values of $406 million, accounted for in accordance with Accounting Standards Codification Topic ("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 three months ended March 31, 2022 and March 31, 2021, respectively.

At March 31, 2022 and December 31, 2021, we had investments in equity securities reported under the equity method of accounting of $31 million and $25 million, respectively. Such investments are included in "Long-term investments" in our condensed consolidated balance sheets.

(5) Long-term Debt

The following is a summary of indebtedness outstanding:

(In thousands)	March 31, 2022	December 31, 2021
Credit agreement loans due December 30, 2026	$ 600,000	$ 600,000
Senior notes:		
Series 2021-A due March 24, 2026	100,000	100,000
Series 2021-B due March 24, 2031	400,000	400,000
Series 2020-A due March 11, 2030	300,000	300,000
Series 2015-A due February 15, 2022	—	225,000
Series 2015-B due February 14, 2025	200,000	200,000
Other	11,662	11,662
Total indebtedness	1,611,662	1,836,662
Less: debt issuance costs	(359)	(406)
Indebtedness, net	1,611,303	1,836,256
Less: current installments of long-term debt	—	(225,000)
Long-term debt	$ 1,611,303	$ 1,611,256

Credit Agreement

As of March 31, 2022, the interest rate on revolving credit loans outstanding under our Credit Agreement was 1.14% 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 March 31, 2022 and December 31, 2021, this swap was in a net liability position with an aggregate fair value of $1 million and $17 million, respectively; which is presented in our condensed consolidated balance sheets in "Other current liabilities".

Series 2015-A Senior Notes

On February 15, 2022, we repaid our $225 million of Series 2015-A notes due February 15, 2022.

(6) 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 March 31, 2022:

(In thousands)		Fair Value Measurements Using		
Description	**Balance Sheet Classification**	**Level 1**	**Level 2**	**Level 3**
Money market funds	Cash equivalents	$ 63,290	$ —	$ —
Time deposits	Cash equivalents	—	45,501	—
Commercial paper	Cash equivalents	—	115,500	—
Time deposits	Short-term investments	—	19,994	—
Commercial paper	Short-term investments	—	33,990	—
Government and corporate bonds	Short-term investments	—	117,196	—
Government and corporate bonds	Long-term investments	—	19,281	—

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, 2021:

(In thousands)		Fair Value Measurements Using		
Description	**Balance Sheet Classification**	**Level 1**	**Level 2**	**Level 3**
Money market funds	Cash equivalents	$ 149,429	$ —	$ —
Time deposits	Cash equivalents	—	35,342	—
Commercial paper	Cash equivalents	—	77,850	—
Government and corporate bonds	Cash equivalents	—	5,000	—
Time deposits	Short-term investments	—	25,598	—
Commercial paper	Short-term investments	—	56,986	—
Government and corporate bonds	Short-term investments	—	170,038	—
Government and corporate bonds	Long-term investments	—	31,018	—

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 March 31, 2022 and December 31, 2021 was approximately $1.59 billion and $1.87 billion, respectively. The carrying amount of such debt at March 31, 2022 and December 31, 2021 was $1.60 billion and $1.83 billion, respectively.

(7) 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 18.2% and 21.4% for the first three months of 2022 and 2021, respectively. The decrease in the effective tax rate in the first quarter of 2022 is primarily due to favorability of permanent book-tax differences for share-based compensation in 2022 compared to 2021.

(8) 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					
	2022			2021		
(In thousands, except per share data)	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
Basic earnings per share:						
Income available to common shareholders	$ 206,129	293,412	$ 0.70	$ 172,252	304,731	$ 0.57
Effect of dilutive securities:						
Stock options, non-vested shares and share units	—	2,924		—	3,300	
Diluted earnings per share:						
Income available to common shareholders including assumed conversions	$ 206,129	296,336	$ 0.70	$ 172,252	308,031	$ 0.56

For the three months ended March 31, 2021, options to purchase 1.1 million shares of common stock at per share prices ranging from $52.32 to $76.49, were outstanding but were not included in the computation of diluted earnings per share because they were anti-dilutive. For the three months ended March 31, 2022, an inconsequential number of outstanding securities were not included in the computation of diluted earnings per share because they were anti-dilutive.

(9) Share-Based Compensation and Equity

Stock Options

Stock option activity for the three months ended March 31, 2022 was as follows:

(In thousands, except per share and term data)	Number of Shares	Weighted-Average Exercise Price (Per Share)	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Term (Yrs)
Outstanding at beginning of year	4,670	$ 59.61		
Exercised	(1,093)	57.27		
Forfeited and expired	(74)	62.77		
Outstanding as of March 31, 2022	3,503	$ 60.27	$ 116,608	4.74
Exercisable as of March 31, 2022	2,322	$ 59.59	$ 78,862	4.11

As of March 31, 2022, there was $10 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 1.05 years.

Non-vested Shares and Share Units

Non-vested share and share unit activity for the three months ended March 31, 2022 was as follows:

(In thousands, except per share data)	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Outstanding at beginning of year	3,644	$ 73.35
Granted	2,016	93.39
Vested	(48)	73.50
Forfeited	(186)	74.16
Outstanding as of March 31, 2022	5,426	$ 80.77

As of March 31, 2022, there was $340 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 2.40 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:

	Three Months Ended	
(In thousands)	2022	2021
Stock option and non-vested share and share unit compensation expense	$ 33,332	$ 47,950
Associate stock purchase plan expense	1,477	1,548
Amounts capitalized in software development costs, net of amortization	(90)	(1,663)
Amounts charged against earnings, before income tax benefit	$ 34,719	$ 47,835
Amount of related income tax benefit recognized in earnings	$ 6,321	$ 10,256

Dividends

On March 14, 2022, our Board of Directors declared a cash dividend of $0.27 per share on our issued and outstanding common stock, which was paid on April 19, 2022 to shareholders of record as of March 28, 2022. In connection with the declaration of such dividend, 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 both March 31, 2022 and December 31, 2021, our condensed consolidated balance sheets included liabilities for dividends payable of $81 million, which are included in "Other current liabilities".

Accumulated Other Comprehensive Loss, Net (AOCI)

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

(In thousands)	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, 2021	$ (114,630)	$ (12,961)	$ 33	$ (127,558)
Other comprehensive income (loss) before reclassifications	(3,424)	9,542	(389)	5,729
Amounts reclassified from AOCI	—	2,518	11	2,529
Balance at March 31, 2022	$ (118,054)	$ (901)	$ (345)	$ (119,300)

(In thousands)	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)

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

(In thousands)		Three Months Ended	
AOCI Component	**Location**	**2022**	**2021**
Unrealized loss on cash flow hedge	Other income, net	$ (3,079)	$ (3,217)
	Income taxes	561	690
	Net of tax	(2,518)	(2,527)
Unrealized holding gain (loss) on available-for-sale investments	Other income, net	(13)	—
	Income taxes	2	—
	Net of tax	(11)	—
Total amount reclassified, net of tax		$ (2,529)	$ (2,527)

(10) 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.
On May 16, 2019, Steward Health Care System LLC ("Steward") filed a lawsuit in the Chancery Court for Davidson County, Tennessee against the Company. 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. Steward has recently asserted that its damages are $300 million and advised the Company that it will seek to treble the damages. 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. Astria has recently claimed damages of $96 million. 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 expert discovery is not yet complete. 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 condensed consolidated financial statements.

(11) 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 months ended March 31, 2022 and March 31, 2021:

(In thousands)	Domestic	International	Other	Total
Three Months Ended 2022				
Revenues	$ 1,258,456	$ 171,345	$ —	$ 1,429,801
Costs of revenue	215,241	28,607	—	243,848
Operating expenses	541,575	71,422	320,972	933,969
Total costs and expenses	756,816	100,029	320,972	1,177,817
Operating earnings (loss)	$ 501,640	$ 71,316	$ (320,972)	$ 251,984

(In thousands)	Domestic	International	Other	Total
Three Months Ended 2021				
Revenues	$ 1,221,992	$ 165,786	$ —	$ 1,387,778
Costs of revenue	205,694	24,962	—	230,656
Operating expenses	560,562	61,614	316,888	939,064
Total costs and expenses	766,256	86,576	316,888	1,169,720
Operating earnings (loss)	$ 455,736	$ 79,210	$ (316,888)	$ 218,058

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 the three month periods ended 2022 and 2021 in this MD&A represent the respective three month periods ended March 31, 2022 and March 31, 2021, 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 *HealtheIntent®* platform, which is the foundation for established and new offerings for both provider and non-provider markets. The EHR-agnostic *HealtheIntent* 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.

Oracle Merger Agreement

On December 20, 2021, we entered into the Merger Agreement with Oracle and certain of its wholly owned subsidiaries. Pursuant to the Merger Agreement, on January 19, 2022, Oracle commenced a cash tender offer to acquire all of the issued and outstanding shares of our common stock for a purchase price of $95.00 per share, net to the holders thereof in cash, without interest and subject to any required tax withholding. If the Offer is completed, Merger Subsidiary will merge with and into Cerner and we will become a wholly owned indirect subsidiary of Oracle. As a result of the Merger, the shares of our common stock will cease to be publicly held. We have agreed to various customary covenants and agreements in the Merger Agreement, including with respect to the operation of our business prior to the closing of the transaction, such as restrictions on making certain acquisitions and divestitures, entering into certain contracts, incurring certain indebtedness and making certain capital expenditures, paying dividends in excess of our regular quarterly dividend, issuing or repurchasing stock and taking other specified actions. We do not believe these restrictions will prevent us from meeting our debt service obligations, ongoing costs of operations, working capital needs, or capital expenditure requirements. If the Merger Agreement is terminated under certain specified circumstances, we will be required to pay Parent a termination fee of $950 million. The completion of the Merger remains subject to customary closing conditions, including receipt of certain regulatory approvals and other customary closing conditions. The Merger is expected to close in calendar year 2022.

For additional information related to the proposed transaction, please refer to the Schedule 14D-9, as amended, previously filed with the SEC and other relevant materials related to the transaction that we will file with the SEC.

Results of Operations

Three Months Ended March 31, 2022 Compared to Three Months Ended March 31, 2021

The following table presents a summary of our operating information for the first quarters of 2022 and 2021:

(In thousands)	2022	*% of Revenue*	2021	*% of Revenue*	% Change
Revenues	$ 1,429,801	100 %	$ 1,387,778	100 %	3 %
Costs of revenue	243,848	17 %	230,656	17 %	6 %
Margin	1,185,953	83 %	1,157,122	83 %	2 %
Operating expenses					
Sales and client service	612,997	43 %	622,176	45 %	(1)%
Software development	195,091	14 %	192,327	14 %	1 %
General and administrative	109,279	8 %	112,365	8 %	(3)%
Amortization of acquisition-related intangibles	16,602	1 %	12,196	1 %	36 %
Total operating expenses	933,969	65 %	939,064	68 %	(1)%
Total costs and expenses	1,177,817	82 %	1,169,720	84 %	1 %
Operating earnings	251,984	18 %	218,058	16 %	16 %
Other income, net	26		1,206		
Income taxes	(45,881)		(47,012)		
Net earnings	$ 206,129		$ 172,252		20 %

<u>*Revenues & Backlog*</u>

Revenues increased 3% to $1.43 billion in the first quarter of 2022, as compared to $1.39 billion in the same period of 2021. The first quarter of 2022 includes a $47 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 revenues disaggregated by our business models.

Backlog, which reflects contracted revenue that has not yet been recognized as revenue, was $13.21 billion at March 31, 2022, compared to $13.26 billion at December 31, 2021. We expect to recognize 31% 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 $993 million 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 first quarter of both 2022 and 2021.

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 decreased 1% to $934 million in the first quarter of 2022, compared to $939 million in the same period of 2021.

- Sales and client service expenses as a percent of revenues were 43% in the first quarter of 2022, compared to 45% in the same period of 2021. These expenses decreased 1% to $613 million in the first quarter of 2022, from $622 million in the same period of 2021. 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, expenses for expected credit losses on client receivables, communications expenses, unreimbursed travel expenses, expense for share-based payments, and trade show and advertising costs. The decrease in sales and client service expenses was primarily driven by reductions in non-personnel costs.

- Software development expenses as a percent of revenues were 14% in the first quarter of both 2022 and 2021. Expenditures for software development include ongoing development and enhancement of the *Cerner Millennium*® and *HealtheIntent* 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 quarters of 2022 and 2021 is as follows:

	Three Months Ended	
(In thousands)	**2022**	**2021**
Software development costs	$ 186,185	$ 211,027
Capitalized software costs	(55,163)	(81,155)
Capitalized costs related to share-based payments	(1,137)	(2,395)
Amortization of capitalized software costs	65,206	64,850
Total software development expense	$ 195,091	$ 192,327

- General and administrative expenses as a percent of revenues were 8% in the first quarter of both 2022 and 2021. These expenses decreased 3% to $109 million in the first quarter of 2022, from $112 million in the same period of 2021. 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 decrease in general and administrative expenses was primarily driven by a reduction in employee separation costs.

- Amortization of acquisition-related intangibles as a percent of revenues was 1% in the first quarter of both 2022 and 2021. These expenses increased 36% to $17 million in the first quarter of 2022, from $12 million in the same period in 2021. 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.

Non-Operating Items

- Other income, net was less than $1 million in the first quarter of 2022, compared to $1 million in the same period of 2021. Other income, net for the periods presented is primarily comprised of investment earnings, offset by interest expense on our outstanding indebtedness.

- Our effective tax rate was 18.2% for the first quarter of 2022, compared to 21.4% for the same period of 2021. The decrease in the effective tax rate in the first quarter of 2022 is primarily due to favorability of permanent book-tax differences for share-based compensation in 2022 compared to 2021. Refer to Note (7) 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 (11) of the Notes for further information regarding our reportable segments.

The following table presents a summary of our operating segment information for the first quarters of 2022 and 2021:

(In thousands)	2022	% of Revenue	2021	% of Revenue	% Change
Domestic Segment					
Revenues	$ 1,258,456	100%	$ 1,221,992	100%	3%
Costs of revenue	215,241	17%	205,694	17%	5%
Operating expenses	541,575	43%	560,562	46%	(3)%
Total costs and expenses	756,816	60%	766,256	63%	(1)%
Domestic operating earnings	501,640	40%	455,736	37%	10%
International Segment					
Revenues	171,345	100%	165,786	100%	3%
Costs of revenue	28,607	17%	24,962	15%	15%
Operating expenses	71,422	42%	61,614	37%	16%
Total costs and expenses	100,029	58%	86,576	52%	16%
International operating earnings	71,316	42%	79,210	48%	(10)%
Other costs and expenses, net	(320,972)		(316,888)		1%
Consolidated operating earnings	$ 251,984		$ 218,058		16%

Domestic Segment

- Revenues increased 3% to $1.26 billion in the first quarter of 2022, from $1.22 billion in the same period of 2021. The first quarter of 2022 includes a $23 million increase in revenues due to contributions from our April 1, 2021 acquisition of the Kantar Health business. The remaining increase is primarily attributable to increased implementation activity during the first quarter of 2022 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 quarter of both 2022 and 2021, 20% of our consolidated revenues were attributable to our relationships (as the prime contractor or a subcontractor) with U.S. government agencies. Refer to Note (2) 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 first quarter of both 2022 and 2021.

- Operating expenses as a percent of revenues were 43% in the first quarter of 2022, compared to 46% in the same period of 2021. These expenses decreased 3% to $542 million in the first quarter of 2022, from $561 million in the same period of 2021. The decrease in operating expenses was primarily driven by reductions in non-personnel costs.

International Segment

- Revenues increased 3% to $171 million in the first quarter of 2022, from $166 million in the same period of 2021. The first quarter of 2022 includes a $24 million increase in revenues due to contributions from our April 1, 2021 acquisition of the Kantar Health business. This increase was partially offset by a reduction in revenues in the first quarter of 2022 attributable to project delays in certain regions in Europe. Refer to Note (2) 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 first quarter of 2022, compared to 15% in the same period of 2021. 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 42% in the first quarter of 2022, compared to 37% in the same period of 2021. These expenses increased 16% to $71 million in the first quarter of 2022, from $62 million in the same period of 2021. 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 1% to $321 million in the first quarter of 2022, from $317 million in the same period of 2021. The increase is primarily due to a reduction in capitalized software costs in the first quarter of 2022.

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. We have agreed to various customary covenants and agreements in the Merger Agreement, including with respect to the operation of our business prior to the closing of the transaction, such as restrictions on making certain acquisitions and divestitures, entering into certain contracts, incurring certain indebtedness and making certain capital expenditures, paying dividends in excess of our regular quarterly dividend, issuing or repurchasing stock and taking other specified actions. We do not believe these restrictions will prevent us from meeting our debt service obligations, ongoing costs of operations, working capital needs, or capital expenditure requirements.

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 March 31, 2022, we had cash and cash equivalents of $710 million and short-term investments of $171 million, as compared to cash and cash equivalents of $590 million and short-term investments of $253 million at December 31, 2021.

We have entered into a Credit Agreement with a syndicate of lenders that provides for an unsecured $1.225 billion revolving credit loan facility, along with a letter of credit facility up to $200 million (which is a sub-facility of the $1.225 billion revolving credit loan facility). We have the ability to increase the maximum capacity to $1.725 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 December 2026, with two one-year extension options that are subject to lender approval. As of March 31, 2022, we had outstanding revolving credit loans and letters of credit of $600 million and $16 million, respectively; which reduced our available borrowing capacity to $609 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.

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 three months of 2022 and 2021:

	Three Months Ended	
(In thousands)	**2022**	**2021**
Cash flows from operating activities	$ 375,063	$ 450,434
Cash flows from investing activities	(12,197)	(182,185)
Cash flows from financing activities	(241,334)	117,115
Effect of exchange rate changes on cash	(1,847)	(3,118)
Total change in cash and cash equivalents	119,685	382,246
Cash and cash equivalents at beginning of period	589,847	615,615
Cash and cash equivalents at end of period	$ 709,532	$ 997,861
Free cash flow (non-GAAP)	$ 276,370	$ 290,959

Cash from Operating Activities

	Three Months Ended	
(In thousands)	**2022**	**2021**
Cash collections from clients	$ 1,399,577	$ 1,439,319
Cash paid to employees and suppliers and other	(1,004,910)	(954,120)
Cash paid for interest	(21,667)	(15,549)
Cash paid for taxes, net of refunds	2,063	(19,216)
Total cash from operations	$ 375,063	$ 450,434

Cash flows from operations decreased $75 million in the first three months of 2022 when compared to the same period of 2021, due primarily to an increase in cash used to fund working capital requirements. Days sales outstanding was 75 days in the first quarter of 2022, compared to 73 days for the fourth quarter of 2021 and 77 days for the first quarter of 2021.

Cash from Investing Activities

	Three Months Ended	
(In thousands)	**2022**	**2021**
Capital purchases	$ (42,393)	$ (75,925)
Capitalized software development costs	(56,300)	(83,550)
Sales and maturities of investments, net of purchases	91,199	(14,735)
Purchases of other intangibles	(4,703)	(7,975)
Total cash flows from investing activities	$ (12,197)	$ (182,185)

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

Our capital spending in the first three months of 2022 was driven by capitalized equipment purchases primarily to support our managed services business and capitalized spending to support our ongoing software development initiatives. We expect the aggregate of capital purchases and capitalized software development costs to approximate 2021 levels for the remainder of 2022.

Short-term investment activity historically consists of the investment of cash generated by our business in excess of what is necessary to fund operations. 2022 and 2021 activity is impacted by excess cash primarily being used to execute on our capital allocation strategy, including the share repurchases in the 2021 period and cash dividends in both the 2021 and 2022 periods as discussed below.

Cash from Financing Activities

	Three Months Ended	
(In thousands)	2022	2021
Long-term debt issuance	$ —	$ 500,000
Repayment of long-term debt	(225,000)	—
Cash from option exercises (net of taxes paid in connection with shares surrendered by associates)	61,811	31,617
Treasury stock purchases	—	(341,715)
Dividends paid	(79,183)	(67,477)
Other	1,038	(5,310)
Total cash flows from financing activities	$ (241,334)	$ 117,115

In March 2021, we issued $100 million aggregate principal amount of Series 2021-A Notes and $400 million aggregate principal amount of Series 2021-B Notes.

On February 15, 2022, we repaid our $225 million of Series 2015-A Notes due February 15, 2022, using cash on hand.

We do not expect to incur additional indebtedness in the near-term.

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, based on the number of exercisable options as of March 31, 2022 and our current stock price.

During the first three months of 2021, we repurchased 4.9 million shares of our common stock for total consideration of $350 million. As of March 31, 2022, $3.18 billion remains available for repurchase under our share repurchase program. We do not expect to repurchase additional shares in the near-term as the Merger Agreement prohibits us from repurchasing additional shares without Parent's consent.

During the first three months of both 2022 and 2021, 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, including considering the timing of the expected closing of the Oracle transaction, and compliance with covenants under our outstanding debt agreements. The source of funds for such dividends may include cash generated from operations, liquidation of investment holdings and other dispositions of assets.

Free Cash Flow (Non-GAAP)

	Three Months Ended	
(In thousands)	2022	2021
Cash flows from operating activities (GAAP)	$ 375,063	$ 450,434
Capital purchases	(42,393)	(75,925)
Capitalized software development costs	(56,300)	(83,550)
Free cash flow (non-GAAP)	$ 276,370	$ 290,959

Free cash flow decreased $15 million in the first three months of 2022 compared to the same period in 2021, primarily due to a reduction in cash from operations, partially offset by a reduction 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," “current,” "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; the proposed acquisition of us by Oracle and its affiliates; 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 revenue contributions of acquired businesses; and our capital allocation strategies and plans. Factors that could cause or contribute to actual results differing materially, include but are not limited to: potential disruptions to our business caused by the proposed acquisition of us by Oracle; the possibility that the proposed acquisition will not close or that the closing may be delayed; stockholder litigation could prevent or delay the closing of the transaction or otherwise impact our business, operating results and financial condition; the impact of the COVID-19 pandemic on how Cerner and its customers are operating their businesses and the duration and extent to which the pandemic will impact Cerner's future 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 and interrupt clients' access to their data; the possibility of increased expenses, exposure to legal claims and regulatory actions and reputational harm associated with a security breach; 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; the possibility that Cerner may be adversely affected by other economic, business, and/or competitive factors, including 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; 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 cost 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; 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; our strategy to transition to a subscription based recurring revenue model and continued modernization of our technology may adversely affect our near-term revenue growth and results of operations; 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; and risks associated with fluctuations in foreign currency exchange rates. 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 the Exchange Act Rules 13a-15(e) and 15d-15(e)) 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 March 31, 2022, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

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. There have been no material developments to the legal proceedings previously reported in our 2021 annual report on Form 10-K. 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 6. Exhibits

(a)	Exhibits
10.1*	Amended Employment Agreement between Cerner Corporation and Nasim Afsarmanesh, incorporated by reference to Exhibit (e)(19) of the Schedule 14D-9 filed by the Company on January 19, 2022
10.2*	Cerner Corporation 2011 Omnibus Equity Incentive Plan – Time-Based Restricted Stock Unit Agreement
10.3*	Cerner Corporation 2011 Omnibus Equity Incentive Plan – Performance-Based Restricted Stock Unit Agreement
10.4*	Form 2022 Executive Performance Agreement - Section 16 Officer
10.5*	Form Amendment to Executive Severance/Employment Agreement
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: May 3, 2022

By: /s/ Mark J. Erceg
Mark J. Erceg
Executive Vice President and Chief Financial Officer (duly authorized officer and principal financial officer)

Exhibit 10.2

CERNER CORPORATION 2011 OMNIBUS EQUITY INCENTIVE PLAN – TIME-BASED RSU AGREEMENT

(Continued from the Notice of Grant of Award and the RSU Award Agreement)

WHEREAS, the Compensation Committee of the Board of Directors or its duly appointed subcommittee or authorized delegatee (the "Committee") of Cerner Corporation (the "Company") has determined that Grantee ("Participant") is eligible to receive a Time-Based Restricted Stock Unit ("RSU") Grant under the Company's 2011 Omnibus Equity Incentive Plan, as amended, supplemented, restated or otherwise modified (the "Plan"), as so indicated in the Notice of Grant of Award, which together with the RSU Award Agreement and this Time-Based RSU Agreement, constitutes the "Agreement";

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the parties hereto do hereby agree as follows:

1. Incorporation of the Plan. A copy of the Plan is incorporated herein by reference and all the terms, conditions and provisions contained therein shall be deemed to be contained in this Agreement.

2. RSU Grant. Pursuant to the authorization of the Committee, and subject to the terms, conditions and provisions contained in this Agreement and any other specifically agreed to terms and conditions that may exist in any employment agreement between Participant and the Company (which shall govern over this Agreement), the Company hereby grants to Participant a Time-Based RSU Award (the "Award") upon the Vesting of which Participant will be paid an aggregate number of shares of Company Common Stock (the "Shares") as set forth in the Notice of Grant of Award. The date of grant of the Award (the "Grant Date") shall for all purposes be as set forth in the Notice of Grant of Award.

3. Rights as a Shareholder. Participant shall have no right to receive actual dividends or other distributions (if any) with respect to the RSUs; *provided, however,* that if a dividend or other distribution (including, without limitation, a stock dividend) shall be made on Shares, dividend equivalents equal to the amount and type of property that otherwise would have been transferred to Participant if each RSU was an actual Share shall be credited and accumulated in a non-interest bearing Company bookkeeping account and shall be subject to the same vesting schedule and other terms, conditions and restrictions as the RSUs on which such dividend equivalents relate. In connection with the payment of any dividend equivalents, the Company may deduct any taxes or other amounts required by any governmental authority to be withheld and paid over to such authority for the account of Participant. Participant shall have no shareholder voting rights with respect to any RSUs unless and until Shares are actually distributed in connection with the Vesting of the RSUs. Notwithstanding anything to the contrary, prior to the date on which the RSUs and any dividend equivalents received under Section 3 hereof (the "Aggregate RSU Consideration") Vest pursuant to Section 5, such Aggregate RSU Consideration shall be subject to the restrictions on transferability contained in Section 6 of this Agreement.

4. Custody and Delivery of Shares. Unless otherwise requested by Participant, any Share issued pursuant to this Agreement in connection with the Vesting and settlement of an RSU will be distributed in street name on or within 30 days following the Vest Date and held in Participant's account at Morgan Stanley or other broker that the Company may choose (the "Broker"). Prior to the Vest Date, the grant of the RSUs will be recorded in the Company's books and records. The Company will reflect in its records the restrictions under which the Aggregate RSU Consideration is held and will not allow distribution or transfer of any Aggregate RSU Consideration prior to the date on which such Aggregate RSU Consideration Vests pursuant to Section 5 below. Shares will be distributed only on or after the Vest Date, only if the requirements of Vesting set forth in this Agreement are met and only if the Committee elects to settle the RSU by payment of a Share. The Company will pay all original issue or transfer taxes and all fees and expenses incident to the delivery of any Aggregate RSU Consideration hereunder.

5. Vesting and Forfeiture. Except as otherwise provided in the Plan, this Agreement or any employment agreement between Participant and the Company (or any subsidiary thereof), the Aggregate RSU Consideration subject to this Award shall be distributed, become transferable and shall cease to be subject to forfeiture ("Vest") on the date(s) and in the amounts set forth in the Notice of Grant of Award (the "Vest Date") provided Participant remains an employee ("associate"), consultant or advisor of the Company (or any subsidiary thereof) from the Grant Date through the Vest Date as defined in the Notice of Grant of Award. This Grant will expire, in part or in whole as applicable, if Participant's employment or other service relationship with Company (or any subsidiary thereof) ends before the Vest Date for any reason (other than on account of death or disability within period described below). In the event of the death or disability of Participant within the ninety (90) day period immediately preceding the Vest Date, and assuming Participant continuously served as an associate, consultant or advisor through the date of such death or disability, then the Aggregate RSU Consideration with respect to the RSUs scheduled to Vest on such Vest Date shall Vest on the date of such death or disability; otherwise the Award shall immediately terminate with respect to any then unvested RSUs and the remaining Aggregate RSU Consideration shall be forfeited to the Company upon such death or disability. In the event such Participant is terminated or resigns, then any unvested portion of the Award and unvested Aggregate RSU Consideration shall immediately terminate and shall be forfeited to the Company. Notwithstanding anything to the contrary, in the event of a "Change of Control" as defined in the Plan, any Aggregate RSU Consideration that has not yet Vested shall continue to Vest according to the current vesting schedule and terms of this Award, but should Participant's employment or engagement be terminated by the Company (or any affiliate thereof), other than for Cause, or should Participant resign for Good Reason (as defined in Participant's employment agreement with the Company (or any affiliate thereof) or in the Company's then current Enhanced Severance Pay Plan), prior to the first Vest Date, such portion of the remaining Aggregate RSU Consideration as is equal to the Prorated Aggregate RSU Consideration shall Vest immediately upon such termination and the remaining Aggregate RSU Consideration shall terminate. For purposes of this Agreement, the "Prorated Aggregate RSU Consideration" shall be equal to (i) the number of unvested RSUs (and the corresponding dividend equivalents) scheduled to vest on the Vest Date immediately following the termination date, multiplied by (ii) a fraction (A) the numerator of which is the number of calendar days that have elapsed from the Grant Date through and including Participant's termination date, and (B) the denominator of which is 365, such that the Prorated Aggregate RSU Consideration shall be equal to the Aggregate RSU Consideration that would have Vested on the Vest Date immediately following the termination date, but pro-rated to reflect the period of time employed between the Grant Date and the Vest Date following the termination date. If the employment agreement between Participant and the Company (or any subsidiary thereof) contains terms relating to accelerated Vesting of equity awards, including RSUs, that conflict with the terms of this award, the terms of this award control and no accelerated Vesting of equity awards will occur for the equity granted in this award.

6. Non-Transferability of Award. Prior to the date on which any Aggregate RSU Consideration Vests pursuant to Section 5 hereof, none of the RSUs nor any right to receive a Share upon the settlement thereof, nor any other rights to receive any Aggregate RSU Consideration, may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Any such attempted sale, transfer, assignment, pledge, hypothecation or encumbrance, or other disposition of such Aggregate RSU Consideration or any rights relating thereto shall be null and void.

7. Securities Laws. Participant hereby represents and covenants that if in the future Participant decides to offer or dispose of any Shares obtained in connection with the Vesting of an RSU, Participant will do so only in compliance with this Agreement, the Securities Act of 1933, as amended, and all applicable state securities laws. As a condition precedent to the delivery to Participant of the Aggregate RSU Consideration, Participant shall comply with all regulations and requirements of any regulatory authority having control or supervision over the issuance of the Shares and, in connection therewith, shall execute any documents and make any representation and warranty to the Company which the Committee shall in its sole discretion deem necessary or advisable.

8. Withholding with Shares. Unless specifically denied by the Committee, Participant may elect to pay all amounts of tax withholding, or any part thereof, by electing to have the Company withhold from the Aggregate RSU Consideration otherwise eligible to be issued or paid in connection with the Vesting of an RSU from the same RSU tranche a number of Shares having a value equal to the amount to be withheld under federal, state or local law and in accordance with the Plan. The value of such Shares to be withheld by the Company shall be based on the Fair Market Value of the Shares on the date that the amount of tax to be withheld is to be determined (the "Tax Date"), as determined by the Committee. Any election by Participant to have such Shares withheld for this purpose will be subject to the following restrictions:

(a) All elections must be made prior to the Tax Date;
(b) All elections shall be irrevocable; and
(c) If Participant is an officer or director of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended ("Section 16"), Participant must satisfy the requirements of Section 16 and any applicable rules thereunder with respect to the use of Shares to satisfy such tax withholding obligation.

9. Clawback. This Award, and any right to receive and retain any Aggregate RSU Consideration hereunder, 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 the Award, or any other applicable clawback, adjustment or similar policy in effect on or established after the Grant Date (the "Clawback Policy"). By accepting this Award, you agree that you are obligated to provide all assistance necessary to the Company to recover or recoup any of the Aggregate RSU Consideration or other value pursuant to the Award which is subject to recovery or recoupment pursuant to the Clawback Policy. Such assistance shall include completing any documentation necessary to cancel, recover or recoup any portion of the Aggregate RSU Consideration from any Company bookkeeping accounts or accounts you maintain. A copy of the current Clawback Policy is incorporated herein by reference and can be accessed from the HR Knowledge Base on the Cerner wiki at any time.

10. Notices. Any notices or other communications required or allowed to be made or given to the Company under the terms of this Agreement shall be addressed to the Company in care of its President at its offices at 2800 Rockcreek Parkway, North Kansas City, Missouri 64117, and any notice to be given to Participant shall be addressed to Participant at the address in the Company's records. Either party hereto may from time-to-time change the address to which notices are to be sent to such party by giving written notice of such change to the other party. Any notice hereunder shall be deemed to have been duly given five (5) business days after registered and deposited, postage and registry fee prepaid, in a post office regularly maintained by the United States government.

11. Binding Effect and Assignment. This Agreement shall bind the parties hereto, but shall not be assignable by Participant.

12. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Missouri.

This Agreement has been issued by the Company by its duly authorized representatives and shall be effective as of the Grant Date as set forth in the Notice of Grant of Award.

Exhibit 10.3

CERNER CORPORATION 2011 OMNIBUS EQUITY INCENTIVE PLAN – PERFORMANCE-BASED RSU AGREEMENT

(Continued from the "Notice of Grant of Award")

WHEREAS, the Compensation Committee of the Board of Directors or its duly appointed subcommittee or authorized delegatee (the "Committee") of Cerner Corporation ("the Company") has determined that Grantee ("Participant") is eligible to receive a Performance-Based Restricted Stock Unit ("RSU") Grant under the Company’s 2011 Omnibus Equity Incentive Plan, as amended, supplemented, restated or otherwise modified (the "Plan"), as so indicated in the Notice of Grant of Award, which together with the RSU Award Agreement and this Performance Based RSU Agreement, constitutes the "Agreement";

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained and other good and valuable consideration, the parties hereto do hereby agree as follows:

1. Incorporation of the Plan. A copy of the Plan is incorporated herein by reference and all the terms, conditions and provisions contained therein shall be deemed to be contained in this Agreement.

2. RSU Grant. Pursuant to the authorization of the Committee, and subject to the terms, conditions and provisions contained in this Agreement and any other specifically agreed to terms and conditions that may exist in any employment agreement between Participant and the Company (which shall govern over this Agreement), the Company hereby grants to Participant a Performance-Based RSU Award (the "Award") upon the Vesting of which Participant will be paid an aggregate number of shares of Company Common Stock (the "Shares") as set forth in the Notice of Grant of Award. The date of grant of the Award (the "Grant Date") shall for all purposes be as set forth in the Notice of Grant of Award.

3. Rights as a Shareholder. Participant shall have no right to receive actual dividends or other distributions (if any) with respect to the RSUs; *provided, however,* that if a dividend or other distribution (including, without limitation, a stock dividend) shall be made on Shares, dividend equivalents equal to the amount and type of property that otherwise would have been transferred to Participant if each RSU was an actual Share shall be credited and accumulated in a non-interest bearing Company bookkeeping account and shall be subject to the same vesting schedule and other terms, conditions and restrictions as the RSUs on which such dividend equivalents relate. In connection with the payment of any dividend equivalents, the Company may deduct any taxes or other amounts required by any governmental authority to be withheld and paid over to such authority for the account of Participant. Participant shall have no shareholder voting rights with respect to any RSUs unless and until Shares are actually distributed in connection with the Vesting of the RSUs. Notwithstanding anything to the contrary, prior to the date on which the RSUs and any dividend equivalents received under Section 3 hereof (the "Aggregate RSU Consideration") Vest pursuant to Section 5, such Aggregate RSU Consideration shall be subject to the restrictions on transferability contained in Section 6 of this Agreement.

4. Custody and Delivery of Shares. Unless otherwise requested by Participant, any Share issued pursuant to this Agreement in connection with the Vesting and settlement of an RSU will be distributed in street name on or within 30 days following the Vest Date and held in Participant’s account at Morgan Stanley or other broker that the Company may choose (the "Broker"). Prior to the Vest Date, the grant of the RSUs will be recorded in the Company's books and records. The Company will reflect in its records the restrictions under which the Aggregate RSU Consideration is held and will not allow distribution or transfer of any Aggregate RSU Consideration prior to the date on which such Aggregate RSU Consideration Vests pursuant to Section 5 below. Shares will be distributed only on or after the Vest Date, only if the requirements of Vesting set forth in this Agreement are met and only if the Committee elects to settle the RSU by payment of a Share. The Company will pay all original issue or transfer taxes and all fees and expenses incident to the delivery of any Aggregate RSU Consideration hereunder.

5. Vesting and Forfeiture. Except as otherwise provided in the Plan, this Agreement or any employment agreement between Participant and the Company (or any subsidiary thereof), the Aggregate RSU Consideration subject to this Award shall be distributed, become transferable and shall cease to be subject to forfeiture ("Vest") upon the achievement of the objective performance goals set forth in the Notice of Grant of Award, subject to the restrictions set forth in the Notice of Grant of Award (the "Vest Date") provided Participant remains an employee ("associate"), consultant or advisor of the Company (or any subsidiary thereof) from the Grant Date through the Vest Date. This Grant will expire, in part or in whole as applicable, if achievement of the objective performance goals as set forth in the Notice of Grant of Award is not completed by the Vest Date. Should Participant's employment or engagement terminate, for any reason, then all

Aggregate RSU Consideration that has not Vested as of such date of termination shall immediately terminate and shall be forfeited to the Company. Notwithstanding anything to the contrary, in the event of a "Change of Control" as defined in the Plan: (i) the applicable performance goals with respect to any performance period that has not completed as of the Change of Control will be deemed achieved at the greater of "at-target" levels or levels based on actual achievement of pro-rated performance goals through the closing of the Change of Control, and this Award will then remain subject to vesting based on continued employment or engagement through the Vest Date and (ii) should Participant's employment or engagement be terminated by the Company (or any affiliate thereof), other than for Cause, or should Participant resign for Good Reason (as defined in Participant's employment agreement with the Company (or any affiliate thereof) or in the Company's then current Cerner Associate Severance Pay Plan), within twelve (12) months following the Grant Date, such portion of the Aggregate RSU Consideration as is equal to the Prorated Aggregate RSU Consideration shall Vest immediately upon such termination and the remaining Aggregate RSU Consideration shall terminate. For purposes of this Agreement, the "Prorated Aggregate RSU Consideration" shall be equal to (i) the number of unvested RSUs (and the corresponding dividend equivalents) scheduled to vest on the Vest Date (after taking into account the extent to which performance was achieved or deemed achieved as of the closing of the Change of Control), multiplied by (ii) a fraction (A) the numerator of which is the number of calendar days that have elapsed from the Grant Date through and including Participant's termination date, and (B) the denominator of which is 1,096, such that the Prorated Aggregate RSU Consideration shall be equal to the Aggregate RSU Consideration that would have Vested on the Vest Date immediately following the termination date, but pro-rated to reflect the period of time employed between the Grant Date and the Vest Date. If the employment or executive severance or similar agreement between Participant and the Company (or any subsidiary thereof) contains terms relating to accelerated Vesting of equity awards, including RSUs, that conflict with the terms of this award, the terms of this award control and no accelerated Vesting of equity awards will occur for the equity granted in this award.

6. Non-Transferability of Award. Prior to the date on which any Aggregate RSU Consideration Vests pursuant to Section 5 hereof, none of the RSUs nor any right to receive a Share upon the settlement thereof, nor any other rights to receive any Aggregate RSU Consideration, may be sold, transferred, assigned, pledged, hypothecated, encumbered or otherwise disposed of (whether by operation of law or otherwise) or be subject to execution, attachment or similar process. Any such attempted sale, transfer, assignment, pledge, hypothecation or encumbrance, or other disposition of such Aggregate RSU Consideration or any rights relating thereto shall be null and void.

7. Securities Laws. Participant hereby represents and covenants that if in the future Participant decides to offer or dispose of any Shares obtained in connection with the Vesting of an RSU, Participant will do so only in compliance with this Agreement, the Securities Act of 1933, as amended, and all applicable state securities laws. As a condition precedent to the delivery to Participant of the Aggregate RSU Consideration, Participant shall comply with all regulations and requirements of any regulatory authority having control or supervision over the issuance of the Shares and, in connection therewith, shall execute any documents and make any representation and warranty to the Company which the Committee shall in its sole discretion deem necessary or advisable.

8. Withholding with Shares. Unless specifically denied by the Committee, Participant may elect to pay all amounts of tax withholding, or any part thereof, by electing to have the Company withhold from the Aggregate RSU Consideration otherwise eligible to be issued or paid in connection with the Vesting of an RSU from the same RSU tranche a number of Shares having a value equal to the amount to be withheld under federal, state or local law and in accordance with the Plan. The value of such Shares to be withheld by the Company shall be based on the Fair Market Value of the Shares on the date that the amount of tax to be withheld is to be determined (the "Tax Date"), as determined by the Committee. Any election by Participant to have such Shares withheld for this purpose will be subject to the following restrictions:

(a) All elections must be made prior to the Tax Date;
(b) All elections shall be irrevocable; and
(c) If Participant is an officer or director of the Company within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended ("Section 16"), Participant must satisfy the requirements of Section 16 and any applicable rules thereunder with respect to the use of Shares to satisfy such tax withholding obligation.

9. Clawback. This Award, and any right to receive and retain any Aggregate RSU Consideration hereunder, 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 the Award, or any other applicable clawback, adjustment or similar policy in effect on or established after the Grant Date (the "Clawback Policy"). By accepting this Award, you agree that you are obligated to provide all assistance necessary to the Company to recover or recoup any of the Aggregate RSU

Consideration or other value pursuant to the Award which is subject to recovery or recoupment pursuant to the Clawback Policy. Such assistance shall include completing any documentation necessary to cancel, recover or recoup any portion of the Aggregate RSU Consideration from any Company bookkeeping accounts or accounts you maintain. A copy of the current Clawback Policy is incorporated herein by reference and can be accessed from the HR Knowledge Base on the Cerner wiki at any time.

10. Notices. Any notices or other communications required or allowed to be made or given to the Company under the terms of this Agreement shall be addressed to the Company in care of its President at its offices at 2800 Rockcreek Parkway, North Kansas City, Missouri 64117, and any notice to be given to Participant shall be addressed to Participant at the address in the Company's records. Either party hereto may from time-to-time change the address to which notices are to be sent to such party by giving written notice of such change to the other party. Any notice hereunder shall be deemed to have been duly given five (5) business days after registered and deposited, postage and registry fee prepaid, in a post office regularly maintained by the United States government.

11. Binding Effect and Assignment. This Agreement shall bind the parties hereto but shall not be assignable by Participant.

12. Governing Law. This Agreement shall be construed in accordance with the laws of the State of Missouri.

This Agreement has been issued by the Company by its duly authorized representatives and shall be effective as of the Grant Date as set forth in the Notice of Grant of Award.

Exhibit 10.4

Form 2022 Executive Performance Agreement - Section 16 Officer

Pursuant to the Cerner Corporation 2018 Performance Compensation Plan, effective as of January 1, 2018 (the "Plan")

Plan Metrics

Your annual Target Bonus Level (TBL) is $«Total_TBL».

Your Performance Metric Payout will be based on attainment of the following Performance Metrics:

Weighting	Performance Metric
40%	Adjusted Operating Earnings
20%	Revenue
20%	Adjusted Free Cash Flow
10%	Caregiver Success
10%	Culture

Your Performance Metric Payout will be calculated based on the Attainment % of Performance Metric and Payout % targets established by the Compensation Committee. The applicable targets for each Performance Metric, and each applicable Attainment % of Performance Metric and Payout % for each Performance Metric, will be communicated to you under separate cover, in a manner substantially similar to the tables set forth below. The Applicable Period Payout % will be interpolated on a straight-line basis for performance between the listed achievement levels and rounded to the nearest whole percentage.

Adjusted Operating Earnings

Attainment % of Performance Metric	Applicable Period Payout %
[XXX%]	[XXX%]
[XXX%]	[XXX%]
100% (target)	100%
[XX%]	[XX%]
[XX%]	0%

Revenue

Attainment % of Performance Metric	Applicable Period Payout %
[XXX%]	[XXX%]
[XXX%]	[XXX%]
100% (target)	100%
[XX%]	[XX%]
[XX%]	0%

Adjusted Free Cash Flow

Attainment % of Performance Metric	Applicable Period Payout %
[XXX%]	[XXX%]
[XXX%]	[XXX%]
100% (target)	100%
[XX%]	[XX%]
[XX%]	0%

Caregiver Success

Change in NPS	Applicable Period Payout %
[X%-Y%]	[XXX%]
[X%-Y%]	[XXX%]
[X%-Y%] (target)	100%
[X%-Y%]	[XX%]
[X%-Y%]	[XX%]
[X%-Y%]	0%

Culture

Change in Associate Survey Score	Applicable Period Payout %
[X%-Y%]	[XXX%]
[X%-Y%]	[XXX%]
[X%-Y%] (target)	100%
[X%-Y%]	[XX%]
[X%-Y%]	50%

At the discretion of the Compensation Committee or management, your Performance Metric Payout for the year may be decreased or, at the discretion of the Compensation Committee, increased. Discretionary adjustments may be made based on consideration of your individual performance or other factors deemed relevant. In no event may your calculated Performance Metric Payout for the full year exceed 200% of your annual TBL.

Payment Terms, Schedule and Criteria

Terms

Payment based on each Performance Metric will be calculated annually based on approved full-year targets for the 2022 Incentive Period. If you are in an eligible role for less than a full calendar year, your annual TBL will be proportionately reduced for that year.
Any changes to your TBL during the year will be reflected in payment calculations on a pro-rata basis. As a Section 16 Officer, your annual performance-based compensation opportunity is based on (i) your approved TBL during the applicable performance year and (ii) the approved annual 2022 CPP metrics, both as established by the Compensation Committee. In its sole discretion, the Compensation Committee may elect to change your TBL or 2022 CPP metrics at any time during the year.
Corrections to prior period payments may be made and applied to current period payments earned to ensure accurate incentive payments.

Timing

Payment of earned TBL will be made approximately sixty (60) days after the end of the applicable performance period, subject to satisfaction of the eligibility criteria below.

Criteria

1. In order to be eligible for any payments under this Award, Cerner must have received your signed Cerner Associate Employment Agreement or Intellectual Property Agreement and, if applicable, Cerner Associate Non-Competition Agreement, and Mutual Arbitration Agreement, which govern the terms and conditions of your employment with Cerner.

2. Payments under the Plan for the year will be forfeited if you fail to complete performance reviews and/or self-appraisals as required by Cerner.

3. Exceptions to and interpretation of the above items will be considered and determined by the Plan Administrator(s), in its sole discretion.

Other Considerations

1. Termination of Eligibility: Your eligibility under the Plan will be terminated immediately in the event of termination of employment with Cerner Corporation or any of its subsidiaries ("Cerner"), for any reason (voluntarily or involuntarily), or transfer to a non-Cerner Performance Plan (CPP) eligible role. Payments are earned only for the completed Incentive Period (i.e., if employment with Cerner is terminated or if participation in the Plan is otherwise terminated at any time before the completion of an Incentive Period, no incentive is considered earned or will be paid for that period). You will earn and be entitled to payment for the CPP incentive only if you are employed in your CPP-eligible role on the last day of the applicable Incentive Period.

2. Leave of Absence: If you are not actively at work for more than twelve weeks of the Incentive Period, your Performance Metric Payout will be reduced pro rata based on the amount of time you are not actively at work.

3. Repayments to Cerner: In the event your employment is terminated, for any reason (voluntarily or involuntarily), and you owe money to Cerner, for any reason, or you are required to return incentive payments, Cerner may deduct the amounts owed from all accounts due to you, such as salary, advances, vacation pay, expense reimbursements, incentive payments, and other Cerner monies owed to you. To the extent such amounts are not setoff, you will remain

liable for any remaining balance. Cerner reserves the right to collect any outstanding balance through legal means if necessary.

4. Acceptance: Unless you revoke this CPP Award by notifying Cerner's HR Service Center at the following email address equityadmin@cerner.com within 30 days of the date of receipt of this CPP Award, you will be deemed to have accepted this CPP Award.

5. Tax Withholding: All payments under this CPP Award will be subject to applicable federal, state, and local payroll and withholding taxes, for which Cerner will collect and withhold.

6. No Employment Right: Nothing in this CPP Award shall interfere with or limit in any way the right of Cerner to terminate any participant's employment at any time, with or without Cause.

7. Incentive Payment Recovery; Clawback: This CPP Award, and any right to receive and retain any Performance Metric Payout hereunder, 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, or any other applicable clawback, adjustment or similar policy in effect on or established after the date of this CPP Award (the "Clawback Policy"). By accepting this CPP Award, you agree that you are obligated to provide all assistance necessary to Cerner to recover or recoup any of the Performance Metric Payout or other value pursuant to this CPP Award which is subject to recovery or recoupment pursuant to the Clawback Policy. Such assistance shall include completing any documentation necessary to recover or recoup any portion of the Performance Metric Payout received pursuant to this CPP Award from any accounts you maintain or any pending or future compensation.

8. Modifications to this Award: The Plan Administrator reserves the right, in its sole discretion, to interpret and modify this Award agreement: (a) during the performance period to coincide with changing corporate objectives, and (b) during or after the performance period to: (i) avoid windfall payments unintentionally derived from the Plan design that may result from the highly variable nature of many Client Agreement(s) or market conditions and/or (ii) adjust payments or terminate this CPP Award when an Associate's performance has been documented by management to be unacceptable. Such modifications will occur only under the authority of the Plan Administrator(s), in its sole discretion. Any component of this Award may be adjusted to ensure that you receive adequate, yet reasonable, compensation.

If any Performance Metric cannot be accurately determined in accordance with past practice and standards, the Attainment % for that Performance Metric attainment will be deemed to be 100%.

Capitalized terms used but not otherwise defined in this Award have the meanings set forth in the Plan Glossary (updated effective January 1, 2022).

Exhibit 10.5

CERNER CORPORATION

AMENDMENT TO EXECUTIVE [SEVERANCE][EMPLOYMENT] AGREEMENT

March __, 2022

Dear [Name]:

This letter memorializes our conversations regarding, and serves as an amendment (the "**A*mendment***") to, the Executive [Severance] [Employment] Agreement, as amended, by and between you and Cerner Corporation (the "Company" and, the agreement, the "***ESA***"). For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, you and the Company agree to the terms of the Amendment, which are as follows:

1. Amended ESA. Notwithstanding anything to the contrary contained in the ESA, the accelerated vesting provisions applicable to the time-based restricted stock unit award and performance-based restricted stock unit award that will be granted to you in connection with the 2022 annual performance cycle, which is targeted to be commenced on or about March 4, 2022 shall be governed by the applicable award agreement (and the accelerated vesting provisions contained in the ESA shall be superseded solely with respect to these awards).

2. No Further Amendments. Except as specifically set forth above, all of the remaining terms of the ESA shall remain unchanged and in full force and effect.

3. Effectiveness. This Amendment is conditioned upon, and will become effective upon, the consummation of the transactions contemplated by that certain Agreement and Plan of Merger dated as of December 20, 2021 by and between the Company, OC Acquisition LLC, Cedar Acquisition Corporation, and the Company (the "***Transactions***"). In the event the Transactions do not occur, this Amendment shall not be effective.

4. Miscellaneous. This letter may be delivered via facsimile and may be executed in counterparts, each of which shall be deemed an original and all of which shall be constitute document. This letter shall be governed by and construed and enforced in accordance with Delaware law without regard to the conflict of laws provisions thereof.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this letter to be executed as of the date first written above.

CERNER CORPORATION

By: ________________________

Name: _____________________

Title: ______________________

The undersigned hereby accepts and agrees to all the terms and provisions of this letter:

____
[Name]

Exhibit 31.1

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: May 3, 2022

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

Exhibit 31.2

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: May 3, 2022

/s/ Mark J. Erceg
Mark J. Erceg, Executive Vice President
and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION FURNISHED PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022 (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: May 3, 2022

Exhibit 32.2

CERTIFICATION FURNISHED PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2022 (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: May 3, 2022