

CERNER CORP /MO/
Form DEF 14A
April 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ ..

Check the appropriate box:

- ☐ .. Preliminary Proxy Statement
☐ .. **Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
☒ x Definitive Proxy Statement
☐ .. Definitive Additional Materials
☐ .. Soliciting Material Pursuant to §240.14a-12

CERNER CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name(s) of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☒ x No fee required.

☐ .. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transactions applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 9, 2012

Dear Shareholder:

You are cordially invited to attend the Annual Shareholders Meeting of Cerner Corporation to be held at 10:00 a.m., local time, on May 18, 2012, at The Cerner Round auditorium in the Cerner Vision Center, located on the Cerner campus at 2850 Rockcreek Parkway, North Kansas City, Missouri 64117.

Details of the business to be conducted at the Annual Shareholders Meeting are provided in the attached Notice of Annual Shareholders Meeting and Proxy Statement. We will also report on matters of current interest to our shareholders.

We hope you will be able to attend the meeting. However, even if you plan to attend in person, please vote your shares promptly to ensure they are represented at the meeting. You may submit your proxy vote by telephone or Internet as described in the following materials or by completing and signing the enclosed Proxy Card and returning it in the envelope provided. If you decide to attend the meeting and wish to change your proxy vote for shares held in your name, you may do so automatically by voting in person at the meeting.

Promptly voting by telephone or Internet or returning your Proxy Card in the enclosed postage prepaid envelope will help ensure that as many shares as possible are represented.

Very truly yours,

CERNER CORPORATION

Neal L. Patterson

Chairman of the Board of Directors,

Chief Executive Officer and President

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CERNER CORPORATION
2800 ROCKCREEK PARKWAY
NORTH KANSAS CITY, MISSOURI 64117
NOTICE OF ANNUAL SHAREHOLDERS MEETING
MAY 18, 2012

TO OUR SHAREHOLDERS:

The Annual Shareholders Meeting of Cerner Corporation will be held on May 18, 2012, at 10:00 a.m. local time, in The Cerner Round auditorium in the Cerner Vision Center, located at our corporate headquarters, 2850 Rockcreek Parkway, North Kansas City, Missouri 64117, for the following purposes:

1. To elect two Class II Directors: Clifford W. Illig and William B. Neaves, Ph.D. each to serve for a three year term (*see Proposal #1*);
 2. The ratification of the appointment of KPMG LLP as the independent registered public accounting firm of Cerner Corporation for 2012 (*see Proposal #2*);
 3. To conduct an advisory vote to approve the compensation of our Named Executive Officers (*see Proposal #3*);
 4. To consider a shareholder proposal to repeal our classified Board of Directors, if properly presented at the meeting (*see Proposal #4*); and
 5. Any other business that may properly come before the Annual Shareholders Meeting or any adjournment thereof.
- These items are more fully described in the following pages, which are made part of this notice.

The holder of record of each share of our Common Stock at the close of business on Friday, March 30, 2012 is entitled to receive notice of and to vote at the Annual Shareholders Meeting or any adjournment or postponement of the meeting. Shares of Common Stock can be voted at the Annual Shareholders Meeting only if the holder is present in person or by valid proxy. The Board of Directors of Cerner Corporation solicits you to sign, date and promptly mail the Proxy Card in the enclosed postage prepaid envelope or to vote your shares by telephone or the Internet, regardless of whether you intend to be present at the Annual Shareholders Meeting. You are urged, however, to attend the Annual Shareholders Meeting.

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A copy of our Annual Report to Shareholders, which includes audited consolidated financial statements, is enclosed. The Annual Report is not part of our proxy soliciting material.

BY ORDER OF THE BOARD OF DIRECTORS,

Randy D. Sims

Secretary

You may vote your shares by telephone, via the Internet or by mail by following the instructions on your Proxy Card. If you vote by telephone or via the Internet, you should not return your Proxy Card. If you choose to vote by mail, please sign, date and return the Proxy Card in the envelope provided. The Proxy may be revoked at any time before your shares are voted at the meeting by submitting written notice of revocation to the Secretary of Cerner Corporation or by submitting another timely proxy by telephone, Internet or mail. If you are present at the meeting, you may choose to vote your shares in person, and the Proxy will not be used. If you hold shares through a broker or other custodian, please check the voting instructions used by that broker or custodian.

Important Notice Regarding the Availability of Proxy Materials for the Annual Shareholders Meeting to be Held on May 18, 2012: The 2012 Proxy Statement and 2011 Annual Report to Shareholders are available at www.cerner.com under About Cerner, Investor Relations, Financial Information, Proxy Materials.

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CERNER CORPORATION
2800 ROCKCREEK PARKWAY
NORTH KANSAS CITY, MISSOURI 64117

PROXY STATEMENT

2012 ANNUAL SHAREHOLDERS MEETING

MAY 18, 2012

This Proxy Statement, which is being mailed on or about April 9, 2012, is furnished to you in connection with the solicitation of proxies by the Board of Directors (the Board) of Cerner Corporation, a Delaware corporation (Cerner, the Company, us, our or we), for use at the Annual Shareholders Meeting of the Company to be held on May 18, 2012, commencing at 10:00 a.m., local time, at The Cerner Round Auditorium in the Cerner Vision Center, located on the Cerner campus at 2850 Rockcreek Parkway, North Kansas City, Missouri 64117, and any adjournment thereof. Your vote is very important. For this reason, the Board is requesting that you allow your Common Stock to be represented at the Annual Shareholders Meeting by the persons named as proxies on the Proxy Card.

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

- Who can vote?* You are entitled to vote your outstanding shares of common stock, par value \$.01 per share, of the Company (Common Stock) if our records show that you held your shares as of the close of business on Friday, March 30, 2012, the record date for our meeting. At the close of business on that date, 170,143,442 shares of Common Stock were outstanding and entitled to vote. Each share of Common Stock is entitled to one vote. The Proxy Card shows the number of shares that you are entitled to vote. Your individual vote is confidential and will not be disclosed to third parties.
- How do I vote?* If your Common Stock is held by a broker, bank or other nominee (i.e., in street name), you will receive instructions from the broker, bank or other nominee that you must follow in order to have your shares voted. The Proxy Card contains voting instructions.

If you hold your shares in your own name (i.e., as a holder of record), you may vote your shares by mail, by telephone, over the Internet or in person. **PLEASE CHOOSE ONLY ONE OF THE FOLLOWING:**

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1. **By Mail:** To vote by mail, you may instruct the persons named as proxies how to vote your Common Stock by signing, dating and mailing the Proxy Card in the envelope provided. If you mail your Proxy Card, we must receive it before 10:00 a.m. (CT) on Friday, May 18, 2012, the day of the Annual Shareholders Meeting.

If you are returning your Proxy Card to Broadridge Financial Solutions, Inc., they must receive it before 10:00 a.m. (ET) on Thursday, May 17, 2012, the day before the Annual Shareholders Meeting.

2. **By Telephone:** You may vote by telephone 24 hours a day, 7 days a week until 11:59 p.m. (ET) on May 17, 2012. If you are in the United States or Canada, you may call toll-free 1 (800) 690-6903.

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In order to vote by telephone, you need the control number on your Proxy Card. Each shareholder has a unique control number so we can ensure all voting instructions are genuine and prevent duplicate voting. If you use the telephone voting system, you do not need to return your Proxy Card.

3. By Internet: The website for voting is at <http://www.ProxyVote.com>. You may vote via the Internet 24 hours a day, 7 days a week until 11:59 p.m. (ET) on May 17, 2012.

In order to vote on the Internet, you need the control number on your Proxy Card. Each shareholder has a unique control number so we can ensure all voting instructions are genuine and prevent duplicate voting. If you use the Internet voting system, you do not need to return your Proxy Card.

4. In Person: Of course, you can always come to the meeting and vote your shares in person. You can vote by any of the three methods above prior to the meeting and still attend the Annual Shareholders Meeting. In all cases, a vote at the Annual Shareholders Meeting will revoke any prior votes.

Depending on the number of accounts in which you hold Common Stock, you may receive and need to vote more than one control number.

How may I revoke or change my proxy instructions?

If you vote your shares, and later desire to revoke or change your vote (prior to the Annual Shareholders Meeting), you may revoke and then change your initial proxy instructions by any of the following procedures:

1. Send us another signed proxy with a later date that we receive before 10:00 a.m. (CT) on Friday, May 18, 2012;

2. Follow the telephone or Internet voting instructions on how to revoke or change your vote by logging in and resubmitting your vote;

3. Send a letter revoking your proxy to our Corporate Secretary that is received before 10:00 a.m. (CT) on Friday, May 18, 2012; or

4. Attend the Annual Shareholders Meeting and vote your shares in person.

How are votes counted?

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The Annual Shareholders Meeting will be held if a majority of our outstanding shares entitled to vote is represented at the meeting. If you have returned valid proxy instructions or attend the meeting in person, your shares will be counted for the purpose of determining whether there is a quorum, even if you wish to abstain from voting on some or all matters introduced at the meeting. If a quorum is not present, the Annual Shareholders Meeting may be adjourned from time to time until a quorum is obtained.

If you give us a proxy without giving specific voting instructions, your shares will be voted by the persons named as proxies as recommended by the Board. We are not aware of any other matters to be presented at the Annual Shareholders Meeting except for those described in this Proxy Statement. However, if any other matters not described in this Proxy Statement are properly presented at the meeting, the persons named as proxies will use their own judgment to determine how to vote your shares. If the meeting is adjourned, your shares may be voted by the persons named as proxies on the new meeting date as well, unless you have revoked your proxy instructions prior to that time. All votes will be tabulated by two independent individuals appointed by the Board as Inspectors of Election.

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What is a broker non-vote?

A broker non-vote occurs when a broker or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker or other nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner. Broker non-votes are counted as present or represented for purposes of determining the presence or absence of a quorum for the Annual Shareholders Meeting, if such shares are otherwise properly represented at the meeting in person or by proxy. Broker non-votes are not counted for purposes of determining the number of shares entitled to vote on any proposal for which the broker or other nominee lacks discretionary authority.

If you are a beneficial shareholder and your broker holds your shares in its name, the broker is permitted to vote your shares on the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm, even if the broker does not receive voting instructions from you.

Brokers do not have discretionary voting rights with respect to all other voting items: the election of Directors (*Proposal #1*), the advisory vote to approve the compensation of our Named Executive Officers (*Proposal #3*) and the consideration of the shareholder proposal to declassify our Board (*Proposal #4*); therefore, if you do not instruct your broker on how you would like your shares voted with respect to the individuals nominated for election this year or the other proposals referenced above, your shares will not be voted.

May I attend the Annual Shareholders Meeting?

If you were a holder of record on the record date, Friday, March 30, 2012, you may attend and vote at the Annual Shareholders Meeting. If you plan to attend the Annual Shareholders Meeting, please indicate this when you vote. If you want to vote in person any shares you hold in street name, you must get a proxy in your name from your bank or broker.

What vote is required?

In an uncontested Director election, such as this one, the favorable vote of a majority of the votes cast, in person or by proxy, is required for the election of Directors (*Proposal #1*). Therefore, if you elect to Abstain from voting for any nominee, such action will be counted as a vote against the nominee; however, if you do not: a) vote for a nominee on your Proxy Card or b) instruct your broker how to vote for the election of Directors, then your vote will not count for or against such nominee. No shareholder may vote in person or by proxy for more than two nominees at the Annual Shareholders Meeting. Shareholders do not have cumulative voting rights in the election of Directors.

The favorable vote of a majority of the shares present in person or by proxy and entitled to vote will be required for:

the ratification of the appointment of KPMG LLP as our independent registered public accounting firm (*Proposal #2*);

the approval, on an advisory basis, of the compensation of our Named Executive Officers (*Proposal #3*);

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the approval of the shareholder proposal to declassify our Board (*Proposal #4*); and

any other proposal that might properly come before the meeting.

With respect to *Proposal #3* (the advisory say-on-pay vote on executive compensation), the results of this vote are not binding on the Board, whether or not any resolution is passed at the Annual Shareholders Meeting. In evaluating the shareholder vote on this advisory resolution, the Board will consider the voting results in their entirety.

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With respect to Proposal #4 (the shareholder proposal urging the Board to take all necessary steps to eliminate the classification of our Board), the declassification of the Board of Directors will not become effective unless our Second Amended and Restated Certificate of Incorporation (the Restated Certificate) is amended, which would require a resolution by our Board to adopt an amendment followed by the approval of 80% of the shares of our Common Stock outstanding. If approved, the Board will consider the voting results in their entirety.

Abstentions and broker non-votes are counted as present and entitled to vote for purposes of determining whether a quorum exists. Abstentions are treated as votes Against Proposal #s 2, 3 and 4. Brokers may use their discretionary voting authority only with respect to the ratification of our independent registered public accounting firm (Proposal #2), but not with respect to the remaining items.

How does the Board recommend that I vote?

The Board recommends a vote:

FOR all nominees for Director (*Proposal #1*);

FOR the ratification of the appointment of KMPG LLP as the independent registered public accounting firm of the Company for 2012 (*Proposal #2*);

FOR the approval, on an advisory basis, of the compensation of our Named Executive Officers (*Proposal #3*); and

AGAINST the shareholder proposal to declassify our Board of Directors (*Proposal #4*).

Who pays the cost of this proxy solicitation?

We will bear all costs of solicitation of proxies. We will solicit proxies by mail, except for any incidental personal solicitation made by our Directors, officers and associates (employees), for which they will not be paid. We will request brokers, banks, custodians and other fiduciaries to forward proxy soliciting materials to the beneficial owners of stock they hold of record. We will reimburse them for their reasonable out-of-pocket expenses incurred in connection with the distribution of the proxy materials.

Who should I call if I have questions?

If you have questions about the Annual Shareholders Meeting or voting, please call our Corporate Secretary, Randy Sims, at (816) 201-1024.

Important Notice Regarding the Availability of Proxy Materials for the Annual Shareholders Meeting to be Held on May 18, 2012: The 2012 Proxy Statement and 2011 Annual Report to Shareholders are available at www.cerner.com under About Cerner, Investor Relations, Financial Information, Proxy Materials & Annual Reports.

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INFORMATION CONCERNING DIRECTORS

Our Bylaws currently provide for a Board consisting of eight persons, divided into three classes serving staggered terms of three years.

The terms of our two Class II Directors will expire at this year's Annual Shareholders' Meeting. Each of the current Class II Directors has been recommended by our Nominating, Governance & Public Policy ("NG&PP") Committee for re-election and has been nominated by our Board. Those elected as Class II Directors this year will serve as Directors until the 2015 annual meeting. The terms of the Class I and Class III Directors will expire at the 2014 and 2013 annual meetings, respectively.

The Board has determined that all six current non-employee members of the Board are independent Directors as required by the Securities and Exchange Commission ("SEC") and The NASDAQ Stock Market. The names and biographies of the Company's current Directors, including those individuals nominated for re-election as Class II Directors, are set forth below.

CLASS I

John C. Danforth

(Age 75)

Member of the:

Compensation Committee

Nominating, Governance &
Public Policy Committee

Mr. Danforth was a Director of the Company from May 1996 through June 2004 when he resigned to serve as Ambassador to the United Nations. Mr. Danforth served as an Ambassador to the United Nations from July 2004 through January 2005. Mr. Danforth was re-appointed by the Board as a Director of the Company in February 2005. Mr. Danforth represented the State of Missouri in the U.S. Senate for 18 years until 1995 and served as a Director of The Dow Chemical Company and MetLife, Inc. until June 2004. Mr. Danforth is presently a partner in the law firm of Bryan Cave LLP, an advisory member of the Board of Trustees of Eisenhower Medical Center, on the commission on Presidential Debates and a Director of Greenhill & Co.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Mr. Danforth should serve as a Director: his government and public policy professional background and experience, current and previously held leadership positions, his service on other public and private company boards, Cerner board experience, board attendance and participation, and his extensive experience with health care related companies and policies.

Neal L. Patterson

(Age 62)

Mr. Patterson has been a Director of the Company since 1980 and is a co-founder of the Company. Mr. Patterson has been Chairman of the Board of Directors and Chief Executive Officer of the Company for more than five years. Mr. Patterson has served as President of the Company since July 2010, a position he also held from March 1999 until August 1999.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Mr. Patterson should serve as a Director: his entrepreneurial and leadership skills and proven visionary leadership while serving as the Company's Chief Executive Officer and Chairman, his information technology expertise and his extensive knowledge and understanding of the Company's business, operations, solutions and services.

William D. Zollars

(Age 64)

Member of the:

Mr. Zollars has been a Director of the Company since May 2005. He is the former Chairman, President and Chief Executive Officer of YRC Worldwide (now known as YRC Freight), which position he held from November 1999 to July 2011. YRC Worldwide provides transportation and global logistics services. Mr. Zollars served as President of Yellow Transportation, Inc. from September 1996 through November 1999. From 1994 to 1996, Mr. Zollars was Senior Vice President of Ryder Integrated Logistics, and prior to that, Mr. Zollars held various executive positions with Eastman Kodak. Mr. Zollars serves on the boards of CIGNA Corporation and Prologis, Inc. Mr.

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Audit Committee

Zollars also serves on the boards of United Way of Greater Kansas City and The Carlson School of Management at the University of Minnesota.

Compensation Committee

Nominating, Governance &
Public Policy Committee

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The following experience, qualifications, attributes and/or skills led the Board to conclude that Mr. Zollars should serve as a Director: his professional background and experience in senior-executive leadership positions at public companies, his service on other public and private company boards, Cerner board experience, board attendance and participation, and his extensive experience with large employers, industry usage of information technology and his extensive understanding of strategic planning, tactical business decision making, risk management and corporate financial statements.

CLASS II

Clifford W. Illig

(Age 61)

Mr. Illig has been a Director of the Company since 1980 and is a co-founder of the Company. He was appointed Vice Chairman of the Board of Directors in March 1999. Mr. Illig previously served as Chief Operating Officer of the Company until October 1998 and as President of the Company until March 1999. Mr. Illig is also a member of the Board of Directors of The Stowers Institute.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Mr. Illig should serve and be nominated as a Director: his leadership skills acquired while serving as the Company's Vice Chairman of the Board, former President and former Chief Operating Officer, his information technology expertise and his extensive knowledge and understanding of the Company's business, operations, solutions and services.

William B. Neaves, Ph.D.

(Age 68)

Member of the:

Audit Committee

Compensation Committee

Nominating, Governance &
Public Policy Committee
(Chairperson)

Dr. Neaves has been a Director of the Company since March 2001. From June 2000 through June 2010, Dr. Neaves served as the Chief Executive Officer and as a member of the Board of Directors of The Stowers Institute for Medical Research, which conducts basic research on genes and proteins that control fundamental processes in living cells in the hope of unlocking the mysteries of disease and finding keys to their cause, treatment and prevention. Dr. Neaves continues as a member of the Board of Directors of The Stowers Institute in his current position as President Emeritus. He also served as President of The Stowers Institute from June 2000 through July 2009. For twenty years prior to joining The Stowers Institute in 2000, he served in various leadership positions at the University of Texas Southwestern Medical Center in Dallas, Texas. He served in succession as Dean of the University of Texas Southwestern Graduate School, Dean of the University of Texas Southwestern Medical School, and Chief Academic Officer and holder of the Wildenthal Distinguished Chair in Biomedical Science at the University of Texas Southwestern Medical Center. Dr. Neaves is presently a member of the Board of Trustees of Washington University in St. Louis and the National Council of the Washington University School of Medicine and a Fellow of the American Academy of Arts & Sciences.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Dr. Neaves should serve and be nominated as a Director: his medical and science-based professional background and experience, current and previously held leadership positions at privately funded research institutions and academic institutions, his service on other research-related and academic boards, Cerner board experience, board attendance and participation, and his extensive experience with genomics, health care research and corporate financial statements.

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CLASS III

Gerald E. Bisbee, Jr., Ph.D.

(Age 69)

Member of the:

Audit Committee (Chairperson)

Compensation Committee

Nominating, Governance & Public
Policy Committee

Dr. Bisbee has been a Director of the Company since February 1988. Dr. Bisbee is the co-founder, Chairman and Chief Executive Officer of The Health Management Academy, which provides an open environment for the senior executives of the country's largest health systems and corporations to exchange best practices and benchmarking data, focused on increasing the quality, appropriateness and efficiency of care. From 1998 to September 2011, Dr. Bisbee was President, Chief Executive Officer and Chairman of the Board of Directors of ReGen Biologics, Inc. (ReGen), which develops, manufactures and markets orthopedic tissue repair products worldwide. Dr. Bisbee was a Director of Aros Corporation (formerly known as APACHE Medical Systems, Inc.) commencing in December 1989, serving as Chairman of the Board from December 1989 to November 1997 and from December 2000 to June 2002, when ReGen and Aros Corporation merged. ReGen filed for protection under Chapter 11 of the United States Bankruptcy Code in April 2011 and substantially all of the business and assets of ReGen were purchased by Sports Medicine Holdings Company, LLC in June 2011. Prior to 1989, Dr. Bisbee was Director of the Healthcare Group at Kidder, Peabody & Co., President of the Hospital Research and Educational Trust and also was a faculty member of the Department of Epidemiology and Public Health at Yale University.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Dr. Bisbee should serve as a Director: his medical, financial and health care-based professional background and experience, current and previously held leadership positions in medical and health care-related entities, his service on other research-related and academic boards, Cerner board experience, board attendance and participation, his extensive experience with health care research and specialized expertise in public company accounting and mergers and acquisitions.

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Denis A. Cortese, M.D.

(Age 68)

Member of the:

 Audit Committee

 Compensation Committee

Dr. Cortese has been a Director of the Company since May 2011. Dr. Cortese is currently the Emeritus President and Chief Executive Officer of Mayo Clinic, which is a not-for-profit medical practice and medical research group specializing in treating difficult medical issues. From 2002 through November 2009, Dr. Cortese was the President, Chief Executive Officer and Chairman of the Board of Governors and a Member of the Board of Trustees of Mayo Clinic. Dr. Cortese was also the Chief Executive Officer of Mayo Clinic in Jacksonville, Florida from 1999 through 2002 and worked as a physician for the Mayo Clinic from 1976 through 1999. Since January 2010, Dr. Cortese has been a Foundation Professor at Arizona State University (ASU) in the School of Health Management and Policy, W.P. Carey School of Business and the Department of Biomedical Informatics, Ira A. Fulton School of Engineering, as well as the Director of ASU 's Health Care Delivery and Policy Program. He is also the President of the newly launched Healthcare Transformation Institute based in Phoenix, Arizona. Dr. Cortese is currently a board member of the Essence Group, Pinnacle West Capital Corporation and RAND Health, and a member of the Institute of Medicine of the National Academy of Sciences (U.S.). Dr. Cortese was the chair of the Institute of Medicine 's Roundtable on Evidence-Based Medicine from 2006 to 2009, and since 2009, he has served as chair of the Roundtable on Value & Science-Driven Health Care. He was a member of the Board of the Healthcare Leadership Council from 2003 to 2009, serving as board chair for two of those years. Dr. Cortese previously served as a member of the Harvard/Kennedy Health Policy Group and the Division of Engineering and Physical Sciences of the National Research Council. He is an honorary member of the Academia Nacional de Medicina (Mexico) and the Royal College of Physicians (London).

The following experience, qualifications, attributes and/or skills led the Board to conclude that Dr. Cortese should serve as a Director: his medical and science-based professional background and experience, his current and previously held senior-executive level leadership positions at academic institutions and at a world-renowned health care enterprise, his service on research-related and academic boards, his extensive knowledge of and experience with internal medicine and pulmonary diseases, health care leadership and health care information technology.

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Linda M. Dillman

(Age 55)

Member of the:

Audit Committee

Compensation Committee
(Chairperson)

Ms. Dillman has been a Director of the Company since May 2010. Since January 2012, she has been Chief Information Officer for QVC, Inc., one of the largest multimedia retailers in the world, broadcasting live 24 hours a day, 364 days a year. Prior to joining QVC, Inc., Ms. Dillman was Senior Vice President of Enterprise Services/Global Functions IT for Hewlett-Packard Company, a leading global provider of products, technologies, software, solutions and services to individual consumers, small- and medium-sized businesses and large enterprises, including customers in the government, health and education sectors, from August 2009 through January 2012. From April 2006 through July 2009, Ms. Dillman was Executive Vice President of Benefits and Risk Management for Wal-Mart Stores, Inc., and prior to that, from August 2002 to April 2006, she held the position of Executive Vice President and Chief Information Officer of Wal-Mart Stores, Inc. She held various positions within Wal-Mart Stores, Inc. from 1991-2002.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Ms. Dillman should serve as a Director: her professional background and experience, current and previously held senior-executive level leadership positions at public companies and her extensive knowledge of information technology, human resources and health care insurance and health care plans for large employers.

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MEETINGS OF THE BOARD AND COMMITTEES

The Board has established Audit, Compensation and Nominating, Governance & Public Policy Committees. The Board has adopted a written charter for each of these Committees. The full text of each charter and the Company's Corporate Governance Guidelines are available on our website located at www.cerner.com under About Cerner, Leadership. The Board does not have an Executive Committee. During 2011, the Board held four regular meetings, the Audit Committee held eight meetings, the Compensation Committee held two meetings and the NG&PP Committee held three meetings. Each current Director attended at least 75% of the aggregate of the total meetings of the Board and the Board Committees on which the Director served during the fiscal year.

The Board has determined that all of the current non-employee Directors on each of the Board's three standing Committees, including the non-employee Director nominee nominated as a Class II Director, are independent as defined under the rules of The NASDAQ Stock Market, including, in the case of all current and proposed members of the Audit Committee, the additional independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act). Under applicable NASDAQ rules, a Director of the Company will only qualify as an independent director if, in the opinion of the Board, that person does not have a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director. The Board has determined that none of the current non-employee Directors (including the non-employee Director nominee nominated for election as a Class II Director) has a relationship which would interfere with the exercise of independent judgment in carrying out the responsibilities of a Director and that each of the following current Directors (including the non-employee Director nominee) are independent as defined under Rule 5605 (a)(2) of The NASDAQ Stock Market Marketplace Rules: Gerald E. Bisbee, Jr., Ph.D.; Denis A. Cortese, M.D.; John C. Danforth; Linda M. Dillman; William B. Neaves, Ph.D.; and William D. Zollars. The independence determination is made by the full Board each May based on all available facts and circumstances of each Director. The independence finding is also reviewed and confirmed by the Company's Chief Legal Officer, Chief Financial Officer and outside legal counsel.

Pursuant to the Company's Corporate Governance Guidelines, all individuals nominated for election as Class II Directors are expected to attend the Annual Shareholders Meeting. All other Directors, barring unforeseen circumstances, are expected to attend the Annual Shareholders Meeting as well. All of our current Directors, including the Class II Directors nominated for re-election this year, attended the 2011 Annual Shareholders Meeting.

COMMITTEES OF THE BOARD

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities with respect to our accounting and financial reporting practices, and in addressing the scope and expense of audit and related services provided by our independent registered public accounting firm. The Audit Committee has the authority to obtain advice and assistance from and receive appropriate funding from the Company for outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties. The Board has determined that the composition of the Audit Committee, the attributes of its members and the responsibilities of the Audit Committee, as reflected in its charter, are in accordance with applicable SEC rules and The NASDAQ Stock Market Marketplace Rules for audit committees. In particular, all Audit Committee members possess the required level of financial literacy, at least one member of the Audit Committee meets the current standard of requisite financial management expertise and the Board has determined that Gerald E. Bisbee, Jr., Ph.D., the Chairperson of the Audit Committee, is an audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K of the Securities Act of 1933.

Compensation Committee

The Compensation Committee's primary responsibilities are to review and approve our compensation policies and practices, establish compensation for Directors, evaluate our Chief Executive Officer's performance and establish compensation accordingly, review and approve the total compensation of our Section 16 Officers, review and approve executive Performance-Based Compensation Plan targets and earned payouts and equity stock grants to our Section 16 Officers and adopt and approve major changes in our benefit plans and compensation philosophy.

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The Compensation Committee of the Board is currently comprised of six Directors. Each member of the Compensation Committee is an independent director as defined by The NASDAQ Stock Market Marketplace Rules applicable to issuers such as the Company that have shares listed on The NASDAQ Global Select Market. Compensation Committee membership is reviewed annually by the Company's NG&PP Committee, which then recommends the Compensation Committee membership to the full Board. Compensation Committee members are approved by the full Board each May.

The Compensation Committee meeting dates are reviewed and approved by the entire Compensation Committee, in an effort to ensure attendance, and Compensation Committee agendas are reviewed and approved prior to distribution to the rest of the Compensation Committee by the Compensation Committee Chairperson.

The Compensation Committee has a Charter that is available on our website located at: www.cerner.com under About Cerner, Leadership, Compensation Committee. The Charter is reviewed by the Compensation Committee annually in March and any recommended amendments to the Charter are considered for approval by the full Board of Directors. The Compensation Committee's Charter was last reviewed in March 2012. The Compensation Committee's scope of authority is as set forth in its Charter. The Compensation Committee has delegated its authority as follows and as approved by the Board:

Section 16 Insider Equity and Incentive Compensation Subcommittee this subcommittee of the Compensation Committee is appointed annually and consists of outside directors for purposes of Section 162(m) of the Internal Revenue Code and non-employee directors for purposes of 16b-3 promulgated under the Exchange Act. It has authority to review recommendations and approve equity grants and incentive-based compensation (targets, metrics and payments) of our Section 16 officers,

Equity-based Grant Policy Quarterly Administration Subcommittee this subcommittee of the Compensation Committee currently consists of the Chairperson of the Compensation Committee and has authority to ensure timely administration of the Equity-based Grant Policy for matters that require action between regularly scheduled Compensation Committee meetings. The Equity-based Grant Policy Quarterly Administration Subcommittee reports to the full Compensation Committee at the next Compensation Committee meeting on any action approved by such subcommittee,

Incentive Compensation Plan Quarterly Administration Subcommittee this subcommittee of the Compensation Committee currently consists of the Chairperson of the Compensation Committee and has authority to ensure timely administration of the Performance-Based Compensation Plan for matters that require action between regularly scheduled Compensation Committee meetings. The Incentive Compensation Plan Quarterly Administration Subcommittee reports to the full Compensation Committee at the next Compensation Committee meeting on any action approved by such subcommittee, and

Foundations Retirement Plan Administrative and Investment Committee this committee currently consists of the Chief Financial Officer, Chief People Officer, Vice President, Compensation & Benefits and one other corporate executive named by the first three members. The committee has authority to: i) select, monitor and manage our 401(k) retirement plan's (the Plan) third party administrator, record keeper, custodian and trustee, ii) monitor the Plan's reporting to the IRS and Department of Labor, the Plan's ERISA compliance, Plan audits and the payment of Plan expenses, iii) monitor and evaluate disclosures by the Plan to participants and beneficiaries, iv) ensure maintenance of fiduciary liability insurance coverage and the ERISA fidelity bond coverage, v) research and recommend Plan amendments, vi) adopt, review and carry-out investment policies and objectives for the Plan, vii) review and select the investment options offered under the Plan, viii) select and monitor the Plan's investment managers and fund providers, ix) supervise, monitor and evaluate the performance of the investment options offered under the Plan, x) periodically review the Plan's investment performance as a whole and xi) retain independent outside consultants.

Compensation Consultant

The Compensation Committee was advised in 2011 by a compensation consultant, Deloitte Consulting, who has no other role with Cerner other than to advise the Compensation Committee. The Compensation Committee has engaged Semler Brossy as its compensation consultant for 2012. Similar to Deloitte Consulting, Semler Brossy has no other role with Cerner other than to advise the Compensation Committee. See Compensation Discussion and Analysis Compensation Strategy and Objectives.

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Relationship between Compensation and Risk Management

In 2011, the Compensation Committee utilized Cerner's internal Enterprise Risk Management (ERM) team to perform a review of the Company's 2011 incentive compensation arrangements. More specifically, the ERM team reviewed the policies and processes of incentive compensation arrangements for associates, including the Section 16 officers, assessed the overall design of and execution by management of 15 incentive compensation agreements from 2011, and identified the risks posed from an associate behavior perspective. The scope of the review was based on incentive compensation arrangements that provided the highest aggregate incentive dollars for 2011. The Compensation Committee assessed the ERM team summary and concluded that our incentive compensation arrangements, coupled with internal controls and policies, do not encourage associates to: i) take excessive risks that are likely to cause material adverse harm to the Company or ii) manipulate performance in order to increase incentive award payouts.

Specifically, the Compensation Committee noted a number of design features of our cash incentive program that mitigate risk, including:

stock ownership guidelines for executives may reduce the risk of executives making decisions that benefit them in the short-term at the expense of the Company's long-term performance;

the design of annual incentives provides for the taking of a reasonable amount of risk in order to provide upside incentive compensation opportunity, while a payout cap on the incentives reduces risk by limiting the amount of short-term compensation that may be earned;

incentive goals are established using a rigorous and time-tested process and are tied to the Company's annual budget;

incentive plan metrics and goals for Section 16 officers are approved by the Compensation Committee within the first 90 days of each year and goals are not altered during the performance cycle;

the Company has a rigorous verification and review process to calculate the performance of each incentive plan; and

the Company has a compensation recovery policy that applies to all associates receiving cash incentives.

Nominating, Governance & Public Policy Committee

The NG&PP Committee provides assistance and recommendations to the Board and the Chairman and Chief Executive Officer of the Company in the areas of: i) Board membership nomination, ii) committee membership selection and rotation practices, iii) evaluation of the overall effectiveness of the Board, iv) review and consideration of developments in corporate governance practices and v) review and consideration of current and emerging political, corporate citizenship and public policy issues that may affect our business operations, performance or public image. The Chairperson of the NG&PP Committee presides at all executive session meetings of the independent Directors.

DIRECTOR COMPENSATION

For the 2011-2012 Board year (May 2011 – May 2012), non-employee Directors received an annual cash retainer of \$66,000. In addition, each Committee Chairperson received an additional annual cash retainer as follows: \$22,500 for the Audit Committee Chairperson, \$12,500 for the Compensation Committee Chairperson and \$10,000 for the NG&PP Committee Chairperson. Each member of the Audit Committee (excluding the Chairperson) received an additional annual cash retainer of \$10,000. The Directors are not paid meeting fees. All cash retainers as disclosed above are paid in quarterly installments at each Board meeting. During the 2011-2012 Board year, the sole exception to the payments discussed above was with respect to Mr. Danforth, who was entitled to receive \$66,000 cash compensation based on the above described annual cash retainer; however, in lieu of cash, Mr. Danforth is entitled to take his compensation in the form of personal use of planes owned by or under contract with the Company, in accordance with our policies on personal use of such aircraft.

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Each non-employee Director also receives a grant of restricted stock of the Company for each year of service on the Board. The equity component of the Board compensation package is based on a target dollar amount, not a fixed share amount (in order to avoid unintended compensation fluctuations based on stock price fluctuations, stock-splits, combination or other changes in the number or type of the Company's shares outstanding). The target for the equity compensation component of the total annual Board compensation package for the May 2011 to May 2012 Board service period was set at approximately \$190,000. In May 2011, pursuant to the Board equity compensation program, 3,200 shares of restricted stock (which has been adjusted for the 2-for-1 stock split effective June 27, 2011) of the Company were granted to each of the then-current non-employee Directors: Dr. Bisbee, Dr. Cortese, Mr. Danforth, Ms. Dillman, Dr. Neaves and Mr. Zollars, respectively. These restricted stock grants will vest in May 2012 at the completion of each respective Director's one year of service to the Board.

Additionally, under the Board equity compensation program, each non-employee Director that is newly appointed or elected to the Board receives an initial grant of shares of restricted stock of the Company with a value equal to the annual equity grant value as discussed above, with a ratable vesting over three years. Dr. Cortese was eligible to receive an initial appointment/election grant of shares of restricted stock in May 2011 when he was first elected to the Board; therefore, on May 27, 2011, Dr. Cortese was awarded an additional 3,200 shares of restricted stock (which has been adjusted for the 2-for-1 stock split effective June 27, 2011) of the Company, which restricted shares will vest ratably over the three year term of his Board position.

The Directors are subject to the same Stock Ownership Guidelines that apply to the Company's officers. The guidelines are further discussed in the Compensation Discussion and Analysis section below. As of January 1, 2012, at the annual measurement date, all non-employee Directors were in compliance with these guidelines.

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The following table contains information regarding the compensation earned by non-employee Directors during 2011.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(2)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Gerald E. Bisbee, Jr., Ph.D.	88,500	192,448					280,948
Denis A. Cortese, M.D.	38,000	384,896(4)					422,896
John C. Danforth	66,000(3)	192,448					258,448
Linda M. Dillman	88,500	192,448					280,948
William B. Neaves, Ph.D.	86,000	192,448					278,448
William D. Zollars	76,000	192,448					268,448

- (1) These amounts reflect the fair value of the award on the grant date and have been adjusted for the 2-for-1 stock split effective June 27, 2011. As of December 31, 2011, each then-current non-employee Director had the following number of restricted stock awards outstanding: Gerald E. Bisbee, Jr., Ph.D., 3,200; Denis A. Cortese, M.D., 6,400; John C. Danforth, 3,200; Linda M. Dillman, 5,868; William B. Neaves, Ph.D., 3,200; and William D. Zollars, 3,200.
- (2) As of December 31, 2011, each non-employee Director had the following number of stock options outstanding: Gerald E. Bisbee, Jr., Ph.D., 0; Denis A. Cortese, M.D., 0; John C. Danforth, 0; Linda M. Dillman, 0; William B. Neaves, Ph.D., 48,000; and William D. Zollars, 0.
- (3) Amount reflects value of personal use of corporate aircraft (owned by or under contract with the Company, in accordance with our policies on personal use of such aircraft) and unused amounts paid out in cash as of year-end.
- (4) Denis A. Cortese, M.D. received a grant of 3,200 shares of restricted stock, valued at \$192,448 for the Board service year of May 2011 to May 2012, and he also received a grant of 3,200 shares of restricted stock valued at \$192,448 related to his first time election to the Board in May 2011. Both grants have been adjusted for the stock-split.

AUDIT COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Exchange Act, the following report of the Audit Committee shall not be incorporated by reference into any such filings and shall not otherwise be deemed to be soliciting material or filed under such Acts.

The Audit Committee of the Company is currently composed of five independent members of the Board (all of whom have been determined by the Board to meet the independence requirements of the SEC and The NASDAQ Stock Market) and operates under a written charter adopted by the Board that is available on our website, www.cerner.com at About Cerner, Leadership, Audit Committee. The Audit Committee appoints and retains the Company's independent registered public accounting firm. The selection is subsequently submitted to the shareholders of the Company for ratification.

Management is responsible for the Company's internal controls and the financial reporting process. The Company's independent registered public accounting firm, KPMG LLP, is responsible for performing an independent audit of the Company's consolidated financial statements and issuing an opinion on the conformity of those audited consolidated financial statements with U.S. generally accepted accounting principles and on the effectiveness of the Company's internal control over financial reporting. The Audit Committee's responsibility is to monitor and oversee these

processes and to report to the Board on its findings.

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In this context, the Audit Committee has met and held discussions with management and the Company's independent registered public accounting firm. Management represented to the Audit Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent registered public accounting firm. The Audit Committee discussed with the Company's independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Company's independent registered public accounting firm also provided to the Audit Committee the written disclosures and letter required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with the independent registered public accounting firm that firm's independence.

Based upon the Audit Committee's discussions with management and the independent registered public accounting firm and the Audit Committee's review of the audited financial statements, the representation of management and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended that the Board include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the Securities and Exchange Commission.

Members of the Audit Committee:

Gerald E. Bisbee, Jr., Ph.D.

Denis A. Cortese, M.D.

Linda M. Dillman

William B. Neaves, Ph.D.

William D. Zollars

Guidelines of Cerner Corporation's Audit Committee

for Pre-Approval of Independent Auditor Services

The Audit Committee has adopted guidelines regarding the engagement of our independent registered public accounting firm to perform services for the Company. For audit services (including statutory audit engagements as required under local country laws) and audit-related services, the independent auditor will provide the Audit Committee with an engagement letter during the first quarter of each year outlining the scope of audit and audit-related services proposed to be performed during the fiscal year. If agreed to by the Audit Committee, this engagement letter will be formally accepted by the Audit Committee at either its March or May meeting. The Audit Committee will approve, if necessary, any changes in the terms, conditions and fees resulting from changes in audit scope, Company structure or other matters.

The independent registered public accounting firm will submit to the Audit Committee for approval an audit services fee proposal with the engagement letter.

For any permissible non-audit services, the independent registered public accounting firm will provide the Audit Committee with a detailed scope of service description and fee range. Each non-audit service must be separately pre-approved by the Audit Committee. Our management and the independent registered public accounting firm will each confirm to the Audit Committee that any non-audit services for which pre-approval is requested are permissible under all applicable legal requirements.

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To ensure prompt handling of unexpected matters, the Chairperson of the Audit Committee is appointed to amend or modify the scope of pre-approved permissible audit, audit-related or non-audit services and the fees related thereto. Upon receiving an unforeseen request for audit, audit-related or non-audit services or a change in the fee range, the independent registered public accounting firm will advise our management; our management will request pre-approval for such change in audit, audit-related or non-audit services or fees from the Chairperson of the Audit Committee. The Audit Committee Chairperson will report on all action taken with respect to pre-approval of audit, audit-related or non-audit services and fees to the Audit Committee at the next Audit Committee meeting. With respect to any such pre-approval of non-audit services, our management and the independent registered public accounting firm will each confirm to the Audit Committee Chairperson that such non-audit services are permissible under all applicable SEC independence requirements.

With respect to each proposed pre-approved service, the independent registered public accounting firm will provide sufficient detail in the description to ensure that the Audit Committee (or Chairperson, as applicable) knows precisely what services it is being asked to pre-approve so that it can make a well-reasoned assessment of the impact of the service on the registered public accounting firm's independence.

The independent registered public accounting firm must ensure that all audit, audit-related and non-audit services provided to the Company have been approved by the Audit Committee.

COMPENSATION COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933 or the Exchange Act, the following report of the Compensation Committee shall not be incorporated by reference into any such filings and shall not otherwise be deemed to be soliciting material or filed under such Acts.

The Compensation Committee reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K and set forth below, and, based upon that review and discussion, recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Members of the Compensation Committee:

Gerald E. Bisbee, Jr., Ph.D.

Denis A. Cortese, M.D.

John C. Danforth

Linda M. Dillman

William B. Neaves, Ph.D.

William D. Zollars

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COMPENSATION DISCUSSION AND ANALYSIS

This section explains our executive compensation program and specifically describes the application of that program to the following Named Executive Officers (NEOs) whose compensation information is presented in the tables and narrative discussion below in accordance with Securities and Exchange Commission rules. All references to stock ownership and equity grants have been adjusted for the 2-for-1 stock split effective June 27, 2011.

Neal L. Patterson	Chairman of the Board, Chief Executive Officer and President
Marc G. Naughton	Chief Financial Officer
Jeffrey A. Townsend	Executive Vice President
Michael R. Nill	Executive Vice President
Zane M. Burke	Executive Vice President
Michael G. Valentine	Executive Vice President (resigned)

In addition, as discussed in *Proposal #3* below, we are conducting our annual advisory say-on-pay vote requesting your non-binding approval of the compensation to our NEOs as outlined in this Compensation Discussion and Analysis and the tables and narrative discussion that follow. In this discussion we summarize our executive compensation programs and objectives and provide an overview of how and why the Compensation Committee of our Board of Directors (the Compensation Committee) made specific decisions regarding our NEOs.

Executive Summary

2011 Business Results. A significant portion of the total compensation of our executive officers is directly linked to our performance. The 2011 fiscal year was another excellent year for Cerner. We delivered record levels of new business bookings, revenues, net earnings and cash flows in 2011. Highlights of the year include:

A 37% increase in our new business bookings to \$2.7 billion compared to \$2.0 billion in 2010. New business bookings reflect the value of executed contracts for software, hardware, professional services and managed services.

A 19% increase in our revenues to \$2.2 billion compared to \$1.9 billion in 2010. The year-over-year increase in revenue reflects improved economic conditions and demand driven by the stimulus incentives.

A 29% increase in our net earnings to \$306.6 million compared to \$237.3 million in 2010. Diluted earnings per share increased 27% to \$1.76 compared to \$1.39 in 2010. The growth in net earnings and diluted earnings per share was driven primarily by strong revenue growth and continued progress with our margin expansion initiatives, including efficiencies in our implementation and operational processes, leveraging R&D investments and controlling general and administrative expenses. With our full-year 2011 operating margin at 20.9%, we achieved our long term goal of 20% operating margins in 2011.

Cash collections of receivables of \$2.2 billion in 2011 compared to \$1.9 billion in 2010. Days sales outstanding decreased to 83 days for the 2011 fourth quarter compared to 87 days for the 2011 third quarter and the 2010 fourth quarter, reflecting an improvement in cash collections. Operating cash flows for 2011 were strong at \$546.3 million compared to \$456.4 million in 2010, with the growth driven by cash collections from clients.

Compensation Strategy. Our compensation strategy is designed to offer competitive compensation packages to attract, motivate and reward qualified associates who contribute significant value to us and reward performance, such as attainment of business and individual associate goals, business results, leadership, and strong relationships with clients, and is not based on rewarding seniority. We received a 98% vote of support in favor of our executive compensation in our say-on-pay vote at the 2011 Annual Meeting of Shareholders. As a result, the Compensation Committee has determined that our approach to 2012 compensation policies and decisions will remain consistent with our 2011 approach.

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Performance Management Philosophy. Our compensation strategy is linked to our performance management philosophy which is designed to identify and reward associate performance through compensation. We believe in pay for performance as represented by our NEO pay mix. In 2011, 80% of the total compensation paid to our Chief Executive Officer (CEO) was performance-based and 82% was performance-based for our other NEOs. Our performance-based compensation consists of the performance-based cash incentive plan, stock options and performance-based restricted stock grants. During 2011, our management team continued practices established to closely link pay to performance. A quarterly performance review process was used to provide quarterly assessments of executives on their performance and attainment of our goals.

Other aspects of our compensation program are intended to further align our executives' interest with shareholders. These include:

An Equity-based Grant Policy, which outlines the grant practices with respect to equity-based grants awarded under our equity incentive plans, is designed to ensure grant dates for such programs will be outside of trading blackout periods except for new hires and as specifically approved by the Compensation Committee.

Performance-based compensation paid to our executive officers is subject to claw back pursuant to performance plan agreements with our executive officers.

Unlike typical ownership guidelines that are based on a multiple of salary or fixed number of shares, our guidelines require the retention of 50% to 80% of the equity awards made to our officers and outside Directors, except that after tenure of at least 11 years of service, upon retirement or upon hardship the guidelines apply in decreasing percentages. We believe this generally leads to significantly higher stock ownership requirements than other companies.

Our internal pay equity guidelines provide that the CEO's total cash compensation shall not be more than three times that of the next highest executive officer's total cash compensation.

Compensation Structure. Compensation for our executive officers includes: i) base salary, ii) performance-based cash incentive compensation and iii) long-term incentive plan compensation, consisting of stock options and performance-based restricted shares. To provide incentives to attain our business goals, a significant portion of executive compensation is at-risk and tied to individual and Company performance. We provide our executive officers with relatively limited perquisites and do not pay tax gross-ups on any of our perquisites, severance pay or change in control payments.

We also have medical, dental, vision, 401(k) and associate stock purchase plans in which contributions are made by us to the executive officers on the same basis as to all other associates. The cost of these plans and opportunity for benefits thereunder are the same for the executive officers as for all other associates.

Compensation Strategy and Objectives

Our compensation strategy is designed to offer competitive compensation packages to attract, motivate and reward qualified associates who contribute significant value to us. Our compensation program is designed to reward performance, such as attainment of business and individual associate goals, business results, leadership, and strong relationships with clients, and is not based on rewarding seniority. We believe this strategy allows us to attract qualified candidates and maintain a reasonable business model. This compensation strategy is linked to our performance management philosophy which is designed to identify and reward associate performance through compensation. Our strategy is to target our aggregate compensation at the median (50th percentile) within our peer group with top performers able to earn above the median. We believe this strategy keeps us competitive in the marketplace.

The independent compensation consultant retained by the Compensation Committee works with our human resources compensation team each year to develop, analyze and compare peer group companies whose annual revenue, net income, total shareholder return (one year and three year), market capitalization and business model are similar to that of ours. The Compensation Committee then reviews and approves use of the recommended peer group. The companies included in our 2011 peer group for compensation comparison were selected based on standard industrial classifications (SIC) and/or financial measures. The SICs used were computer programming services, prepackaged software, computer integrated systems design and computer processing, data preparation and processing services. The financial measures used to obtain information

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for our 2011 peer group were market capitalization of \$1.5 billion to \$17 billion and revenues of \$840 million to \$3.34 billion. Our peer group changed slightly from 2010 due to the increased range of the financial measures we use each year to reflect the growth of Cerner and also due to mergers and acquisitions within the peer group. The 22 companies included in our 2011 peer group were:

Table of Contents**2011 Compensation Peer Group**

Company Name	Ticker
Axiom Corporation	ACXM
Allscripts Healthcare Solutions, Inc.	MDRX
Autodesk, Inc.	ADSK
BMC Software, Inc.	BMC
CACI International, Inc.	CACI
Cadence Design Systems, Inc.	CDNS
Citrix Systems, Inc.	CTXS
Cognizant Technology Solutions Corporation	CTSH
Compuware Corporation	CPWR
DST Systems, Inc.	DST
Intuit, Inc.	INTU
Lender Processing Services, Inc.	LPS
McAfee, Inc.	MFE
MICROS Systems, Inc.	MCRS
Parametric Technology Corporation	PMTI
Salesforce.com, Inc.	CRM
SXC Health Solutions Corp.	SXCI
Synopsys, Inc.	SNPS
Teradata Corporation	TDC
Total Systems Services	TSS
Verisign, Inc.	VRSN
VMWare, Inc.	VMW

For 2012, we adjusted how we develop our peer group to include additional financial measures including market capitalization as a multiple of revenue, revenue growth and operating margin to identify high performing growth companies. Consequently, our peer group has changed for 2012 and was used as the basis for benchmarking our executive officers compensation packages set in 2012 as disclosed below in Compensation of the Chief Executive Officer and Compensation of the other NEOs.

At the beginning of each fiscal year, the Compensation Committee reviews our peer group and the history of all the elements of each executive officer's total compensation, including base salary, performance-based cash incentive compensation and long-term incentive plan compensation, over each of the past three years in relation to the total compensation and compensation elements of the corresponding executive officers in our peer group. Typically, our CEO, along with our Chief People Officer (CPO), makes compensation recommendations to the Compensation Committee with respect to the executive officers (excluding the CEO's compensation) who report to the CEO. The other executive officers do not participate in executive officer compensation recommendations. The Compensation Committee Chairperson reviews the peer group comparisons with the CPO and makes compensation recommendations to the Compensation Committee with respect to the CEO. The Compensation Committee, after review and discussion of the items set forth above, makes the ultimate decision as to the total compensation and compensation components for our CEO and reviews and approves the total compensation and compensation components for the other executive officers.

The Compensation Committee has authority to secure the services of advisers both internal and external to the Company, including the retention of outside consultants to review executive compensation, Board of Director compensation and to perform any other analysis the Compensation Committee deems appropriate. Historically, the Compensation Committee has worked with our internal resources, such as the CPO and the human resources compensation team, to help it carry out its responsibilities. The Compensation Committee engaged Michael S. Kesner, Principal with Deloitte Consulting, an independent compensation consultant, to assist it in fulfilling its responsibility on an as-needed basis during 2011. Mr. Kesner was retained directly by the Compensation Committee and has worked with us for approximately eleven years. In 2011, Mr. Kesner was engaged to advise the Compensation Committee regarding executive and Board compensation matters, including competitive pay benchmarking, incentive plan design, performance metric testing, peer group selection, updates on trends in executive and director compensation, and review of the Compensation Discussion and Analysis and related tables included in our 2011 Proxy Statement.

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The Compensation Committee believed it would be a good practice to engage in an open review of compensation consultants in 2011. After an open RFP process, due diligence and interviews, the Compensation Committee engaged Daniel H. Marcus, Managing Principal with Semler Brossy Consulting Group, as its independent compensation consultant effective January 1, 2012. The Committee will no longer be using the services of Michael S. Kesner.

Aligning Pay with Performance

During 2011, our management team continued practices established to closely link pay to performance. A quarterly performance review process was used to provide quarterly assessments of executives on their performance and attainment of Company goals. Under this program, any executive whose performance was evaluated as being in the bottom 20% of all executives were not generally eligible for pay increases or additional stock option or other equity grants. In addition, such executive's performance-based incentive compensation award, if earned, may be reduced or eliminated due to the individual's performance rating.

Compensation Elements

Compensation for our executive officers includes: i) base salary, ii) performance-based cash incentive compensation and iii) long-term incentive plan compensation, consisting of stock options and performance-based restricted shares. To provide incentives to attain our business goals, a significant portion of executive compensation is at-risk and tied to individual and Company performance. Additionally, we provide our executive officers with relatively limited perquisites, which the Compensation Committee believes are reasonable. Our process for allocating between short-term and long-term compensation is to ensure adequate base salary and cash bonus opportunity to attract and retain executives, while providing incentives to maximize long-term value for us and our shareholders. We determine the mix of base salary and performance-based cash incentive compensation by balancing the needs of providing adequate guaranteed cash compensation while at the same time providing a meaningful incentive to motivate the executive to achieve the established performance targets. Effective April 1, 2011, the cash compensation package for the NEOs ranged from 46% to 55% in base salary and 45% to 54% in targeted performance-based cash incentive compensation. Our total compensation package mix for the NEOs in 2011 ranged from 33% to 52% in cash compensation and 48% to 67% in equity compensation, which includes equity-related awards. The compensation mix of our NEOs did not change significantly over the previous year. We believe this formula is competitive within the marketplace, appropriate to fulfill our corporate objectives and addresses the goals outlined below under Long-Term Incentive Plan Compensation.

Base Salary. As set forth above, the Compensation Committee reviews peer group data and recommendations proposed by the CEO, CPO and human resources compensation team prior to approving the salary of our executive officers during the first quarter of each calendar year. Salary is based on the duties and responsibilities that each executive officer is expected to discharge during the current year and on the executive officer's performance during the prior year. We also perform external market comparisons for the executive officers, relative to industry-specific peers as disclosed above, based on individual job responsibility. This comparison data helps ensure that the proposed executive officer's compensation is within reasonable market comparison ranges and in line with our compensation strategy, detailed above.

Performance-Based Cash Incentive Compensation. Our Performance-Based Compensation Plan is designed to provide a meaningful incentive on both a quarterly and annual basis to key associates and executive officers and to motivate them to assist in achieving short-term Company goals. Approximately 15% of our associates are eligible for some form of performance-based compensation. These associates are typically sales or executive level associates. Individual payments vary, depending on individual performance and, in some cases, business unit operational achievements. We grant such cash incentive bonuses pursuant to a shareholder approved Performance-Based Compensation Plan. Each of our executive officers is eligible to participate in this plan.

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The Performance-Based Compensation Plan is administered by the Compensation Committee, which establishes performance metrics, eligibility and range of incentive amounts. Under the general feature of the plan, for which our executive officers are not eligible, the performance metrics may vary from participant to participant. Adjustments to the performance metrics may be made during the year as appropriate, for example, to take into account unusual or unanticipated Company or industry-wide developments. Final determination of amounts paid to a participant under the general feature of the plan may also be adjusted downward depending on subjective evaluations by the participant's executive or manager.

Performance targets are initially developed and recommended by management through our annual financial planning process during the last quarter of the year. The Compensation Committee reviews the performance targets proposed by management for the executive officers to ensure they reflect appropriate business growth and return to our shareholders.

All of our executive officers are eligible to participate under the executive feature of the Performance-Based Compensation Plan. Payments made under the executive feature qualify for deductibility under Section 162(m) of the Internal Revenue Code. The Section 16 Insider Equity and Incentive Compensation Subcommittee, comprised solely of outside directors as defined under Section 162(m) of the Internal Revenue Code, of the Compensation Committee establishes the targets prior to or at the beginning of the performance period. The measurement of the achievement of such targets can be, and is, determined under pre-established objective formulas. The Section 16 Insider Equity and Incentive Compensation Subcommittee may select metrics such as earnings per share, operating margins, contract margins or other metrics specifically permitted by the executive feature of the plan. The Section 16 Insider Equity and Incentive Compensation Subcommittee selects metrics which it believes will help drive business growth and return to our shareholders while providing a meaningful incentive on both a quarterly and annual basis to the participants. Once established, the metrics or targets under the executive feature of the plan may not be changed. No changes were made to the established targets during 2011. Bonuses awarded to executive officers under the executive feature of the plan may only be adjusted downward, based on a subjective analysis of the executive officer's overall performance, from the maximum bonus amount available to such executive officer. The maximum bonus available is: i) 140% of the target incentive amount based on the pre-approved performance metric for the year, plus ii) 25% of the target incentive amount based on the executive officer's individual performance rating as determined by management. Regardless of amounts earned under the performance metrics, the maximum possible payout under the Performance-Based Compensation Plan is capped at 200% of base salary for our CEO and 175% of base salary for the other executive officers.

Between Compensation Committee meetings, the Incentive Compensation Plan Quarterly Administration Subcommittee approves annual and quarterly executive targets, approves eligible executive officers for the plan, approves the payment metrics for each executive officer and determines whether one or more executive targets have been satisfied, prior to payment by us to any executive officer.

During 2011, the performance metric for our CEO and other executive officers (with the exception of Mr. Burke) consisted solely of earnings per share (EPS), which was chosen to help drive and ensure business growth and return to our shareholders while providing a meaningful incentive on both a quarterly and annual basis. We have used EPS as the sole performance metric for our CEO and other executive officers (other than Mr. Burke) since 2007. Mr. Burke became an executive officer in 2011 and his performance metrics consisted of agreement margin (defined as bookings margin less internal costs) and EPS given that he oversaw our sales organization.

As a result of our 2011 performance relative to the attainment of these performance targets, we paid cash bonuses to our NEOs under the Performance-Based Compensation Plan. Aggregate incentives paid to our NEOs in the 2011 fiscal year averaged 140% of the target incentive amount and 85% of the maximum cash incentive opportunity available. Payouts were based solely on attainment of the performance target and no discretionary changes based on performance were made to the amounts earned. Additionally, cash bonus payments tied to the individual performance ratings for each NEO were not approved by the Compensation Committee in 2011 due to the over-attainment of the performance metric and therefore, individual performance ratings were not applied as a factor to the cash bonus payments for any of our NEOs in 2011. The following tables detail the payouts by performance plan metric for our NEOs in 2011 and the related performance plan metric attainment by quarter.

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NEO	Performance Metric	Performance Plan Target (\$)	Results Relative to Performance Plan Target (\$ (1))	Target Attainment %	Target Incentive Amount (\$)	Actual Amount Earned (\$ (2))	% Earned Relative to Target Incentive Amount	Maximum Cash Incentive Opportunity (\$)	% Earned of Maximum Cash Incentive Opportunity
Neal L. Patterson	Earnings Per Share	1.72	1.85	108%	1,156,250	1,618,750	140%	1,907,813	85%
Marc G. Naughton	Earnings Per Share	1.72	1.85	108%	337,500	472,500	140%	556,875	85%
Jeffrey A. Townsend	Earnings Per Share	1.72	1.85	108%	475,000	665,000	140%	783,750	85%
Michael R. Nill	Earnings Per Share	1.72	1.85	108%	462,500	647,500	140%	763,125	85%
Zane M. Burke	Earnings Per Share	1.72	1.85	108%	97,500	136,500	140%	160,875	85%
	Agreement Margin	553,875,000	849,277,785	153%	227,500	323,348	142%	375,375	86%
	Total				325,000	459,848	141%	536,250	86%
Michael G. Valentine (3)	Earnings Per Share	1.72	1.85	108%	60,000	84,000	140%	99,000	85%
Totals of Named Executive Officers					2,816,250	3,947,598	140%	4,646,813	85%

- (1) The results relative to the performance plan target reflect adjustments compared to results reported on a Generally Accepted Accounting Principles (GAAP) basis in our 2011 consolidated financial statements, included in the 2011 Annual Report on Form 10-K. These numbers have been adjusted by the Compensation Committee for bonus calculation purposes to exclude the impact of certain items that were not originally contemplated in setting plan targets, including share-based compensation expense and a lower tax rate than planned.
- (2) Amounts earned were based solely on attainment of the performance metric and do not include any amounts related to individual performance ratings.
- (3) Mr. Valentine was only eligible for a Q1 cash bonus since his employment ended on May 13, 2011 before the completion of the second quarter of 2011.

Measurement Period	Performance Metric Summary (EPS)				
	Target (1)	Results	Attainment %	Payout %	Quarterly Weighting (2)
Q1	\$ 0.37	\$ 0.39	105%	140%	15%
Q2 YTD	\$ 0.78	\$ 0.83	106%	140%	15%
Q3 YTD	\$ 1.23	\$ 1.31	107%	140%	15%
Q4 YTD	\$ 1.72	\$ 1.85	108%	140%	55%

- (1) Target reflects the 100% performance payout level.
- (2) Quarterly weightings of the annual target incentive amounts, resulting in a weighted-average aggregate incentive payout of 140% by multiplying the payout percentage for each quarter by that quarter's weighting.

Measurement Period	Performance Metric Summary (Agreement Margin)				
	Target (1)	Results	Attainment %	Payout %	Quarterly Weighting (2)
Q1	\$ 57,562,500	\$ 46,959,036	82%	82%	25%
Q2	\$ 155,187,500	\$ 221,480,418	143%	143%	25%
Q3	\$ 170,562,500	\$ 258,705,411	152%	152%	25%
Q4	\$ 170,562,500	\$ 322,132,920	189%	189%	25%

- (1)

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Target is a measurement of the parts of the business Mr. Burke was responsible for each quarter and reflects the 100% performance payout level.

- (2) Quarterly weightings of the annual target incentive amounts, resulting in a weighted-average aggregate incentive payout of 142% by multiplying the payout percentage for each quarter by that quarter's weighting.

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During 2011, the NEOs except for Mr. Patterson earned total cash compensation as follows:

Mr. Naughton earned \$885,577, which included \$413,077 in base salary and \$472,500 in payments earned under our Performance-Based Compensation Plan.

Mr. Townsend earned \$1,154,615, which included \$489,615 in base salary and \$665,000 in payments earned under our Performance-Based Compensation Plan.

Mr. Nill earned \$1,124,423, which included \$476,923 in base salary and \$647,500 in payments earned under our Performance-Based Compensation Plan.

Mr. Burke earned \$781,002, which included \$321,154 in base salary and \$459,848 in payments earned under our Performance-Based Compensation Plan.

In 2012, our human resources compensation team, together with executive management, reviewed and considered compensation alternatives related to base salary, performance-based cash incentive compensation and/or long-term incentive plan compensation. Based on this review, the Compensation Committee determined that our compensation approach under all three types of compensation meets the needs and serves the purposes as set forth in this Compensation Discussion and Analysis. For 2012, the Compensation Committee has approved the continued use of EPS as the sole performance metric for all executive officers, including Mr. Burke. We continue to believe this metric aligns well with our internal financial imperatives to expand operating margin and grow bottom line earnings, and the Compensation Committee believes this is the best performance metric to help drive and ensure business growth and return to our shareholders while providing a meaningful incentive on both a quarterly and annual basis to our executive officers. The 2011 EPS performance for incentive compensation purposes represented a 26% growth over the prior year. The 2012 performance targets have been set based on the 2012 financial plan approved by the Board of Directors and reflect earnings growth between 16% and 23%. The 2012 bonus opportunity for the NEOs can range between 0% and 140% of the targeted bonus amount, depending on the level of performance achieved in 2012, plus 25% of the targeted bonus amount (up to the maximum possible payout under the Performance-Based Compensation Plan) based on the executive officer's individual performance rating as determined by management, except for the CEO, whose individual performance is evaluated by the Board of Directors. The EPS target designated for each level of payout, as a percentage of the performance target, is consistent with prior years.

Performance-based compensation paid to our executive officers for all years beginning with 2008 is subject to claw back pursuant to performance plan agreements with our executive officers. These agreements have language stating that in the event we implement a Mandatory Restatement (as defined in the Performance-Based Compensation Plan), which restatement relates to the respective fiscal year, some or all of any amounts paid as an incentive payment earned by the executive officer under the Performance-Based Compensation Plan and related to such restated period(s) will be recoverable and must be repaid, in most cases, within 90 days of such restatement(s). The amount to be repaid will be the amount by which the incentive compensation paid exceeds the amount that would have been paid based on the financial results reported in the restated financial statement(s). Additionally, since 2008, the language in our incentive plan agreements provides that all participants (including our executive officers) will be required to repay all earned incentive compensation payments if they are individually found by Cerner's Board of Directors to have engaged in fraud or misconduct that caused or partially caused the need for a Mandatory Restatement.

Long-Term Incentive Plan Compensation. Awards under our Long-Term Incentive Plans may consist of stock options, restricted stock and performance shares, as well as other awards including stock appreciation rights, phantom stock and performance unit awards, which may be payable in the form of Common Stock or cash at the Compensation Committee's discretion; however, the awards granted under the Long-Term Incentive Plan have been primarily in the form of stock options. In 2011, the Compensation Committee approved executive officer awards in the form of stock options and performance-based restricted shares. The performance-based restricted shares made to three of our NEOs in 2011 were intended to add additional long-term compensation incentives, increase focus and alignment to corporate strategies and goals and increase retention. In 2012, the Compensation Committee again approved executive officer awards in the form of stock options and performance-based restricted shares.

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Our Long-Term Incentive Plans are designed to drive long-term shareholder value and retain valuable associates and executives by: i) positioning us competitively as an employer, ii) creating an incentive for associates to contribute to our sustained, long-term growth, iii) creating a mutuality of interest between our associates and shareholders and iv) providing financial incentives for associates. The program encourages associate stock ownership in an effort to align associates' interests with the interests of shareholders.

The Compensation Committee approves an annual aggregate value target for all eligible associates excluding executive officers and members of the Board. The Compensation Committee also approves specific grant levels for executive officers and members of the Board on an annual basis. Stock option grants are typically made to an executive upon commencement of employment with us or upon an associate's promotion to an executive role. Executives are eligible for additional Long-Term Incentive Plan grants on an annual basis as individual and Company performance warrants. Grants are also made to the top 20% performers below the executive level based upon individual achievements. After careful review of our financial condition and stock performance during the continuing global economic crisis, the Compensation Committee has re-determined that stock option grants continue to provide the appropriate value and incentive for our associates and executives given our historical stock performance, the familiarity of this type of compensation to associates and the fact that exercises have historically generated value to associates in excess of the expense to us. The human resources compensation team, together with executive management, has recommended and the Compensation Committee has approved the use of performance-based restricted shares in 2012 for all of our NEOs (except Mr. Patterson) in addition to stock options to add additional long-term compensation incentives, increase focus and alignment to corporate strategies and goals and increase retention.

The Board of Directors has adopted an Equity-based Grant Policy, which outlines the grant practices with respect to equity-based grants awarded under our Long-Term Incentive Plans. This policy establishes grant dates for our equity grant programs to ensure grant dates for such programs will be outside of trading blackout periods except in the case of new hires and as approved by the Compensation Committee. Under the policy, the Board of Directors, the Compensation Committee or an authorized sub-committee of the Compensation Committee approves: i) the equity grant type, ii) the grant date and iii) the number of shares of the annual performance review equity grants made to our executive officers. Grants are made at an exercise price that is equal to the closing market price of our Common Stock on the date of grant. Under the Equity-based Grant Policy, the date of grant must be a date set at the time of grant approval, which date: a) shall be on or after the grant approval date, b) shall not be during a quarterly blackout period as defined in our trading policy and c) if the Board of Directors or the Compensation Committee is aware of any material, non-public information at the time it approves the grant, shall be a date that is at least two full trading days after the public disclosure of such material, non-public information. Equity grants for new hires shall be the associate's first day of employment or a later equity grant program date. The type and size of the grant is based on the individual's level of responsibility, the individual's contributions to the achievement of our financial and strategic objectives, anticipated future contributions to the Company, market pay and, for our executive officers, by reviewing the individual's current equity wealth accumulation. Stock option grants typically vest over a five-year term with 40% vesting at the end of the second year and 20% vesting each year thereafter (this vesting schedule has been determined by the Board and is intended to promote long-term investment in our stock). These grants typically expire 10 years from the date of grant. Performance-based restricted shares vest based on performance metrics established at the date of grant. Time-based restricted shares typically vest over a three-year term.

In accordance with our overall compensation philosophy and to align the executives' focus on our long-term performance, we granted stock option awards to our executive officers (other than Mr. Townsend, Mr. Nill and Mr. Valentine who were granted performance based restricted stock awards), including the CEO, in March 2011. Additionally, individual grants for executive officers were based on job responsibilities, performance during 2010 and contributions to the achievement of our financial and strategic objectives, anticipated future contributions to the Company, market pay and stock option wealth accumulation—all factors the Compensation Committee believes help ensure we are awarding such executives competitively and fairly. The Compensation Committee has approved similar stock option grants to our executive officers for 2012, along with the aforementioned performance-based restricted shares, to add additional long-term compensation incentives, increase focus and alignment to business priorities and increase retention. The details of these grants to NEOs are provided below.

Vesting of Performance-Based Restricted Stock Grants. The following discusses the determination of performance-based shares that will vest in 2012 with respect to 2011 performance metrics.

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We granted performance-based restricted stock to each of Mr. Townsend, Mr. Nill and Mr. Valentine on June 1, 2010 and March 11, 2011. These grants vest based on the attainment of growth in adjusted earnings and continued employment through the vest date. Specifically, the 2012 vest increment from the 2010 grant had a target of 14% adjusted earnings growth in 2011 over 2009 and the 2012 vest increment from the 2011 grant had a target of 7% adjusted earnings growth in 2011 over 2010. The following discusses shares that will vest for Mr. Townsend and Mr. Nill. No shares will vest for Mr. Valentine since his employment ended on May 13, 2011 and he forfeited the stock awards.

On June 1, 2012, 6,000 restricted shares for each of Mr. Townsend and Mr. Nill will vest from the June 1, 2010 grant. Our 2011 adjusted earnings growth was 59% over 2009, thus meeting the targeted 14% adjusted earnings growth.

Also on June 1, 2012, 4,000 restricted shares for each of Mr. Townsend and Mr. Nill will vest from the March 11, 2011 grant. Our 2011 adjusted earnings growth was 28% over 2010, thus meeting the targeted 7% adjusted earnings growth.

Based on a review of the subjective criteria defined below, management determined and the Compensation Committee approved, the vesting of a total of 10,000 shares for each of Mr. Townsend and Mr. Nill on June 1, 2012, contingent upon each such individual's continued employment through the June 1, 2012 vesting date. If the performance metrics had not been attained, we could have reduced the number of shares that would vest; however, based on internal review of individual performance against these metrics, it was determined that no subjective reduction would apply to this tranche of vesting shares.

The following describes the individual performance goals for 2011 that were reviewed for Mr. Townsend and Mr. Nill.

**Individual Performance Goals Applied
to the Performance-Based Restricted Stock Grants to Vest in June 2012**

Jeffrey A. Townsend	2011 individual performance rating in the top quartile, and
	revenue growth of our consumer, employer, research and network business units
Michael R. Nill	2011 individual performance rating in the top quartile, and

Cerner ITWorks bookings and revenue growth & CernerWorks earnings growth

Compensation of the Chief Executive Officer

The Compensation Committee determines compensation for the CEO using the same criteria it uses for other executive officers. The Compensation Committee meets each year in executive session to evaluate the performance of the CEO and determine his appropriate compensation package including base salary, performance-based cash incentive compensation, long-term incentive compensation, benefits and perquisites, if any. We analyze the total compensation for our NEOs compared to the compensation of the corresponding executive officers in our peer group to ensure alignment with our strategy of paying in aggregate at the median (50th percentile) within our peer group with top performers able to earn above the median.

As explained in the Compensation Elements section above, in March 2011, the Compensation Committee determined that it would increase Mr. Patterson's cash compensation as explained in the following paragraph. Mr. Patterson was issued a stock option grant of 110,000 shares with an exercise price equal to the closing fair market value on March 11, 2011, the date of the grant. Mr. Patterson's total compensation continued to approximate the median of our peer group, similar to 2010. In particular, the Compensation Committee noted that, under Mr. Patterson's leadership in 2010, we exceeded internal earnings targets and cash flow expectations and implemented strategies for our solutions to qualify for participation in the economic stimulus package for our clients, which benefitted us by increasing demand for our solutions. The Compensation Committee also noted that under Mr. Patterson's leadership we continued to leverage our size, scale, existing intellectual property and business models to expand our boundaries and new market entry through innovation and development of new solutions and services. The Compensation Committee also recognized our solid execution in our global markets and that Mr. Patterson is recognized externally for his visionary leadership in the industry and history of innovation. The Compensation Committee also noted that Mr. Patterson exceeded expectations in organizing and developing management teams and that our operating and financial performance in sustaining long-term growth in backlog, revenue and earnings with 10-year compounded annual revenue and net earnings growth rates of 16% and 29%, respectively, and strong cash flow are notable achievements.

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Specifically in 2011, the Compensation Committee and the Section 16 Insider Equity and Incentive Compensation Subcommittee of the Compensation Committee (with respect to equity and incentive compensation grants) approved a base salary of \$1,025,000 effective March 27, 2011 (which is unchanged from Mr. Patterson's 2010 base salary) and performance-based cash incentive target opportunity of \$1,200,000 effective April 3, 2011 (with a maximum performance-based cash incentive opportunity of \$1,907,813) for Mr. Patterson. During 2011, Mr. Patterson earned total cash compensation of \$2,643,750 which included \$1,025,000 in base salary and \$1,618,750 in payments earned under our Performance-Based Compensation Plan. Mr. Patterson earned 140% of the target incentive amount and 85% of the maximum cash incentive opportunity available to him under the Performance-Based Compensation Plan during 2011. Mr. Patterson also earned a total of \$122,412 in other compensation from: i) private use of the corporate jet (\$110,000), ii) Company provided life insurance (\$394), iii) 401(k) match (\$4,851), iv) the second tier 401(k) match (\$5,978) and v) home/office security system (\$1,189).

The Compensation Committee has determined that Mr. Patterson's base salary for 2012 shall remain at \$1,025,000 and his performance-based cash incentive compensation target shall be increased to \$1,400,000. The maximum performance-based cash incentive opportunity is \$2,050,000 (which represents the maximum possible payout under the Performance-Based Compensation Plan pursuant to the limitations of Section 162(m) of the Internal Revenue Code). The Compensation Committee also approved Mr. Patterson's personal use of the corporate aircraft in 2012 up to a value of \$110,000 (which is unchanged from Mr. Patterson's allotted personal use in 2011). We convert the Compensation Committee approved value of personal use of corporate aircraft value into hours of flight time in accordance with corporate policies based on the incremental cost to use Cerner's corporate aircraft and excluding any deadhead hours (including when using aircraft under contract to, but not owned by, Cerner). Any personal use of corporate aircraft by Mr. Patterson exceeding the Compensation Committee approved value is permitted pursuant to the terms and conditions of a Time Sharing Agreement between Mr. Patterson and us, which requires Mr. Patterson to pay us the actual incremental cost for such personal use (including any deadhead hours). Any Compensation Committee approved value for use of corporate aircraft that is not used during the year is paid out to Mr. Patterson at the end of the calendar year for which the compensation was awarded. On March 6, 2012, the Section 16 Insider Equity and Incentive Compensation Subcommittee of the Compensation Committee also approved a stock option grant to Mr. Patterson of 80,000 shares which was granted on March 9, 2012. His 2012 base salary became effective March 25, 2012 and his 2012 performance-based incentive cash compensation became effective April 1, 2012.

Compensation of the other NEOs

The Compensation Committee and the Section 16 Insider Equity and Incentive Compensation Subcommittee of the Compensation Committee (with respect to equity and incentive compensation grants) has approved the 2012 compensation packages, effective March 25, 2012 for base salaries, April 1, 2012 for performance-based incentive cash compensation and March 9, 2012 for equity grants, for each of the NEOs, other than the CEO, as follows:

NEO	Base Salary (\$)	Performance-based Cash Incentive Target (\$)	Maximum Performance-based Cash Incentive Opportunity (\$)	Equity Grant (Shares)
				25,000 ⁽²⁾
Marc G. Naughton	460,000	400,000	639,375	5,000 ⁽³⁾
				40,000 ⁽²⁾
Jeffrey A. Townsend	550,000	600,000	875,000 ⁽¹⁾	10,000 ⁽³⁾
				40,000 ⁽²⁾
Michael R. Nill	550,000	600,000	875,000 ⁽¹⁾	10,000 ⁽³⁾
				30,000 ⁽²⁾
Zane M. Burke	400,000	360,000	565,250 ⁽¹⁾	5,000 ⁽³⁾

- (1) Represents the maximum possible payout under the Performance-Based Compensation Plan pursuant to the limitations of Section 162(m) of the Internal Revenue Code.

- (2) Non-qualified stock option.
- (3) Performance-based restricted shares. The terms of these grants are set forth below.

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The performance-based restricted stock grants made to four of our NEOs disclosed above will vest on the following schedule based on attainment of the related performance target noted and the NEO's continued employment through the vesting date.

10% of the shares shall vest on June 1, 2013 if our reported adjusted earnings for fiscal year 2012 are equal to or greater than a 7% increase over our reported adjusted earnings for fiscal year 2011

10% of the shares shall vest on June 1, 2014 if our reported adjusted earnings for fiscal year 2013 are equal to or greater than a 14% increase over our reported adjusted earnings for fiscal year 2011

80% of the shares shall vest on June 1, 2015 if our reported adjusted earnings for fiscal year 2014 are equal to or greater than a 20% increase over our reported adjusted earnings for fiscal year 2011

The number of shares vesting is subject to reduction down to zero based on each NEO's individual performance rating and performance goal attainment.

Internal Pay Equity

Our internal pay equity guidelines provide that the CEO's total cash compensation shall not be more than three times that of the next highest executive officer's total cash compensation. Our Board must approve any exception to these guidelines.

Stock Ownership Guidelines

Under our stock ownership guidelines, our non-employee Board members and every associate that is a vice-president or higher in rank, are required to have a certain level of share ownership in our Company. Ownership in our Company demonstrates a long-term commitment and ensures strong alignment of interests of Directors and officers with the interests of shareholders. The stock ownership guidelines establish an annual measurement date of January 1st of each year. The Compensation Committee reviewed the stock ownership guidelines in March 2012 and recommended that management monitor the stock ownership guidelines in the current economic market to be sure they remain reasonable and meet the intended purpose.

Unlike typical ownership guidelines that are based on a multiple of salary or fixed number of shares, our guidelines (referred to as an Ownership Percentage) require the retention of 50% to 80% of equity awards made to our officers and outside Directors. We believe this generally leads to significantly higher stock ownership requirements than other companies.

Ownership Percentage Requirement	
Board of Directors and CEO	80%
President and Executive Vice President	70%
Senior Vice President	60%
Vice President	50%

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Ownership Percentage Formula = Ownership Position (defined below) divided by Total Stock Options Granted (net of expired and stock option grants with terms greater than 15 years) + Restricted Stock Awards

The Ownership Position includes any shares fully owned, including: shares owned by spouse, dependent children or a trust, outstanding stock options (excluding stock option grants with terms greater than 15 years), fully vested shares held in our 401(k) plan, shares held in our Associate Stock Purchase Plan, non-vested restricted stock awards and shares held in our deferred compensation plan.

For employee Directors and officers, a reduced ownership requirement scale will be applied based on tenure, starting with 11 years of full-time service with us with a minimum ownership requirement of one-half of the Ownership Percentage Requirement noted above regardless of tenure. For non-employee Directors, a reduced ownership requirement scale will be applied based on years of service with the Board with a minimum ownership requirement of 5 times the annual cash retainer, regardless of tenure. The guidelines also include hardship and retirement provisions in order to allow executives to diversify a portion of their stock holdings as they approach retirement.

At the annual measurement date on January 1, 2012, one of the NEOs was not compliant with the stock ownership guidelines. The guidelines allow any officer or Director who is not currently compliant to submit a plan to the CEO indicating how compliance will be achieved within a five-year timeframe.

Retirement

We have a 401(k) retirement plan in which contributions are made by us to the executive officers on the same basis as to all other associates. We offer this plan as part of our overall benefits and compensation package to remain competitive in the market and retain talent. We make matching contributions to the plan, on behalf of participants, in an amount equal to 33% of the first 6% of the participant's salary contribution. We also have the option to make a discretionary match to participants' accounts deferring at least 2% of their base salary, based on attainment of established earnings per share targets for the year. A discretionary match was made during 2011. The discretionary match is calculated as a percentage of paid base salary to plan participants based on performance against earnings per share targets used in our Performance-Based Compensation Plan and was paid at 2% for 2011.

Associate Stock Purchase Plan

We have an Associate Stock Purchase Plan (ASPP) under which participants may elect to contribute 1% to 20% of eligible compensation to the plan, subject to annual limitations determined by the Internal Revenue Service. Participants may purchase our Common Stock at a 15% discount on the last trading day of the purchase period. Executive officers are allowed to participate with the exception of those who own an aggregate of 5% or more of the total outstanding shares of our stock.

Health and Welfare Benefits

We have medical, dental and vision plans in which contributions are made by us to the executive officers on the same basis as to all other associates. Also, the cost of these plans and opportunity for benefits thereunder are the same for the executive officers as for all other associates. We offer these plans as part of our overall benefits and compensation package to remain competitive in the market and retain talent.

Perquisites

We consider offering perquisites to our NEOs to help them effectively use their limited personal time and in recognition that they are on call 24 hours a day, seven days a week.

To increase the number of client visits our key executives can make and to reduce the physical strain of their heavy travel schedules, we own and/or lease aircraft (collectively, the Corporate Aircraft). In limited circumstances, the Corporate Aircraft is available for personal use by certain Cerner executives as approved by the Compensation Committee or executive management. Our executive officers and Directors may use the Corporate Aircraft for personal use only if such personal use is pre-approved (with a pre-approved value) by the Compensation Committee. At this time the Compensation Committee has only approved a personal use value for Mr. Patterson (described above) and Mr. Illig. Personal use of the Corporate Aircraft by the approved executive officers and Directors over or in lieu of any personal use value approved by the Compensation Committee is prohibited unless such use is pursuant to a written Aircraft Time Sharing Agreement with us. Business travel needs override all personal use requests.

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During 2011, Mr. Patterson's personal use of our Corporate Aircraft was valued at \$110,000 incremental cost to us. Pursuant to the Aircraft Time Sharing Agreement described below, Mr. Patterson paid us for the value of the Corporate Aircraft personal use in excess of the Compensation Committee approved value for Mr. Patterson's personal use of Corporate Aircraft in 2011. In 2012, Mr. Patterson and his family may use the Corporate Aircraft for personal use up to \$110,000 in value (excluding deadhead hours, calculated at the incremental cost to use Cerner's corporate aircraft (including when using non-Cerner aircraft in accordance with corporate policies)), which allows Mr. Patterson to use his limited personal time effectively. Any amounts not used by the end of the calendar year will be paid out directly to Mr. Patterson.

In December 2006, we entered into an Aircraft Time Sharing Agreement with Mr. Patterson, which governs any personal use flights on the Corporate Aircraft by Mr. Patterson that exceed the Compensation Committee approved value. Mr. Patterson will pay us for the actual expenses of each specific flight, including the actual expense items of any deadhead flights. The Compensation Committee has not designated any other NEOs as eligible to use the Corporate Aircraft for personal use up to a pre-approved value, and no other NEOs have entered into an Aircraft Time Sharing Agreement with us for personal use of the Corporate Aircraft.

We do not pay any tax gross-ups with regard to the taxable income related to these perquisites.

Severance Arrangements

Because employment with Cerner is at-will, Cerner has no obligation to compensate any associate upon termination from his or her employment other than as may be provided in that associate's Cerner Associate Employment Agreement or as specifically set forth in our Enhanced Severance Pay Plan, which was first approved in 2005. We recognize that business needs, an associate's work performance or other reasons may require termination of employment. Because we value the contributions of our associates, we promote compensation tools that will create and maintain a productive and fulfilling work environment, which tools also help with our recruiting and retention efforts. Our Enhanced Severance Pay Plan is used to: show that we value our associates and that we are interested in helping to mitigate the financial hardship caused by business conditions or other factors necessitating a termination; help recruit and assure retention of valuable associate experience, skills, knowledge and background; and, reinforce and encourage continued attention and dedication to duties without distraction arising from the possibility of a change in control of the Company. We do not pay tax gross-ups on any severance payments.

Our Enhanced Severance Pay Plan is discussed in more detail below under the heading Employment Agreements & Potential Payments Under Termination or Change in Control.

Employment Agreements

We enter into employment agreements with all of our associates, including all of the NEOs. Refer to Employment Agreements & Potential Payments Under Termination or Change In Control for further details.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code generally disallows a federal income tax deduction to a public company for compensation over \$1 million per fiscal year paid to a company's chief executive officer and its three other most highly compensated executive officers serving at the end of that year. Not subject to the deductibility limit, however, is compensation that qualifies as performance-based compensation. Our objective is to maximize the deductibility of compensation under Section 162(m) to the extent doing so is reasonable and consistent with our strategies and goals. Gains on exercises of stock options awarded under our shareholder approved Long-Term Incentive Plans and payments under our shareholder approved Performance-Based Compensation Plan are considered to be performance-based compensation not subject to the Section 162(m) deductibility limit. The Compensation Committee may from time to time approve compensation that is not deductible under Section 162(m).

Table of Contents**SUMMARY COMPENSATION TABLE**

The following table sets forth information regarding compensation earned by our Chief Executive Officer, our Chief Financial Officer and the three other most highly compensated executive officers for the fiscal year ended December 31, 2011.

Name and								Change in Pension Value and Nonqualified Deferred Compensation			
Principal				Stock		Option		Non-Equity Incentive		All Other	
Position	Year(1)	Salary (\$)	Bonus (\$)	Awards (\$)(2)	Awards (\$)(3)	Plan Compensation(4)	Earnings (\$)	Compensation Earnings (\$)	(\$)(5)	Compensation (\$)(5)	Total (\$)
Neal L. Patterson Chairman of the Board, Chief Executive Officer and President	2011	1,025,000			2,829,228	1,618,750			122,412		5,595,390
	2010	1,005,385			2,693,424	1,263,450			121,777		5,084,036
	2009	940,000			1,451,835	807,750			120,147		3,319,732
Marc G. Naughton Chief Financial Officer	2011	413,077			720,167	472,500			11,154		1,616,898
	2010	386,538			673,356	351,600			10,562		1,422,056
	2009	375,000			311,108	184,500			6,985		877,593
Jeffrey A. Townsend Executive Vice President	2011	489,615		2,064,000		665,000			11,213		3,229,828
	2010	451,538		2,047,500		494,100			10,612		3,003,750
	2009	440,000			570,364	325,125			7,035		1,342,524
Michael R. Nill Executive Vice President	2011	476,923		2,064,000		647,500			11,202		3,199,625
	2010	394,231		2,047,500		424,500			10,567		2,876,798
	2009	373,846			570,364	248,250			6,984		1,199,444
Zane M. Burke	2011	321,154			873,851	459,848			11,083		1,665,936
Executive Vice President											
Michael G. Valentine Executive Vice President (6)	2011	159,615		2,064,000		84,000			4,147		2,311,762
	2010	395,385		2,047,500		484,200			12,355		2,939,440
	2009	380,000			518,513	286,500			11,464		1,196,477

(1) Only 2011 information is reported for Mr. Burke since he was not a NEO in 2010 or 2009.

(2) In 2011, restricted stock awards were granted pursuant to a three-year performance vesting timeframe under our Long-Term Incentive Plan F. The amounts above reflect the aggregate grant date fair value computed in accordance with FASB ASC Topic 718 in relation to the 2011 three-year performance vesting timeframe at the probable outcome of the performance metrics being achieved as of the date of grant. The actual amounts that will be earned under the 2011 restricted stock grants during the three-year vesting timeframe are dependent upon the achievement of pre-established performance goals and potential reduction of vesting amounts based on subjective performance evaluations. The above numbers assume the maximum level of performance against performance metrics and no reduction in vesting amounts related to the subjective performance evaluations.

(3) These amounts reflect the grant date fair value of the option awards granted. Refer to the Notes to the Consolidated Financial Statements included in the Annual Report on Form 10-K for fiscal year ended December 31, 2011 for the relevant assumptions used to determine the valuation of our option awards.

(4)

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Reflects payments made under our Performance-Based Compensation Plan as described above under Compensation Elements
Performance-Based Cash Incentive Compensation.

- (5) This column includes the aggregate incremental cost to us of providing personal benefits to the NEOs. The personal benefits in this column that represent at least \$25,000 or 10% of the total amount of All Other Compensation for the NEOs include personal use of our aircraft for Mr. Patterson with an incremental cost to us in the amount of \$110,000, \$110,000 and \$100,000 in 2011, 2010 and 2009, respectively (calculated as set forth above under Compensation Discussion and Analysis Compensation of the Chief Executive Officer and Compensation Discussion and Analysis Compensation of the other NEOs). This column also includes our matching contributions (both fixed and discretionary) to the NEO's account pursuant to our 401(k) retirement plan, premiums paid by us on group term life insurance and the expense associated with the discount on Common Stock purchases under our Associate Stock Purchase Plan.
- (6) Mr. Valentine's employment ended on May 13, 2011; therefore, the amounts reported were earned through this date. His restricted stock award was forfeited and no shares vested.

Table of Contents**2011 GRANTS OF PLAN-BASED AWARDS**

The following table reflects estimated possible payouts under non-equity incentive plan awards and the number, exercise price and grant date fair value of option and performance-based restricted stock awards made to the NEOs in 2011. Our non-equity incentive awards are granted to participants of our Performance-Based Compensation Plan based upon pre-established performance targets set annually by the Compensation Committee and the Incentive Compensation Plan Quarterly Administration Subcommittee. For more detailed information regarding our Performance-Based Compensation Plan, see Compensation Elements Performance-Based Cash Incentive Compensation .

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option (\$/Sh) (4)	Grant Date Fair Value of Stock and Option Awards (\$ (5)
		Threshold (\$ (1)	Target (\$ (2)	Maximum (\$ (3)	Threshold (#) (3)	Target (#) (3)	Maximum (#) (3)				
Neal L. Patterson	03/11/2011	867,188	1,156,250	1,907,813					110,000	51.60	2,829,228
Marc G. Naughton	03/11/2011	253,125	337,500	556,875					28,000	51.60	720,167
Jeffrey A. Townsend	03/11/2011	356,250	475,000	783,750		40,000					2,064,000
Michael R. Nill	03/11/2011	346,875	462,500	763,125		40,000					2,064,000
Zane M. Burke	05/16/2011	75,400	325,000	536,250					30,000	59.12	873,851
Michael G. Valentine (6)	03/11/2011	45,000	60,000	99,000		40,000					2,064,000

- (1) These amounts represent the lowest level of payouts, if any payout is triggered, for each metric under the Performance-Based Compensation Plan.
- (2) These amounts reflect the maximum available under the Performance-Based Compensation Plan. There is a further limit on the maximum payout relative to Section 162(m) of the Internal Revenue Code. This maximum is set at 200% of base salary for our CEO and 175% of base salary for the other executive officers.
- (3) These amounts reflect the number of shares subject to performance metrics as discussed in Vesting of Performance-Based Restricted Stock Grants .
- (4) The exercise price is equal to the closing fair market value of our Common Stock on the date of grant.
- (5) These amounts reflect the grant date fair value of the awards granted. Refer to the Notes to the Consolidated Financial Statements included in the Annual Report on Form 10-K for fiscal year ended December 31, 2011 for the relevant assumptions used to determine the valuation of our option awards.
- (6) Mr. Valentine's employment ended on May 13, 2011; therefore, the amounts reported were available through this date. His restricted stock award was forfeited and no shares vested.

Table of Contents**OUTSTANDING EQUITY AWARDS AT 2011 FISCAL YEAR-END**

The following table provides information regarding outstanding awards to the NEOs that have been granted but not vested or exercised as of December 31, 2011.

Name (4)	Grant Date	Option Awards				Stock Awards			
		Number of Securities		Option Exercise Price (\$)	Option Expiration Date	Number of Stock That Have Not Vested (#)	Market Value of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards	
		Underlying Unexercised Options						Number of Unearned Shares That Have Not Vested (3)	Market Value of Unearned Shares That Have Not Vested (\$)
		Exercisable (#)	Unexercisable (#)						
Neal L. Patterson	06/12/2003	100,000		5.65	06/12/2013	(1)			
	06/03/2004	120,000		10.50	06/03/2014	(1)			
	06/03/2005	160,000		15.70	06/03/2015	(1)			
	09/16/2005	168,000		20.56	09/16/2015	(1)			
	03/09/2006	200,000		21.76	03/09/2016	(1)			
	03/09/2007	128,000	32,000	26.91	03/09/2017	(1)			
	03/14/2008	86,400	57,600	20.11	03/14/2018	(1)			
	03/06/2009	56,000	84,000	18.36	03/06/2019	(1)			
	03/12/2010		120,000	42.60	03/12/2020	(1)			
	03/11/2011		110,000	51.60	03/11/2021	(1)			
	06/28/1995	1,180,000		7.40	06/28/2020	(2)			
Marc G. Naughton	04/05/2002	15,000		11.56	04/05/2012	(1)			
	06/03/2004	8,000		10.50	06/03/2014	(1)			
	06/03/2005	50,000		15.70	06/03/2015	(1)			
	03/09/2006	40,000		21.76	03/09/2016	(1)			
	03/09/2007	32,000	8,000	26.91	03/09/2017	(1)			
	03/14/2008	27,000	18,000	20.11	03/14/2018	(1)			
	03/06/2009	12,000	18,000	18.36	03/06/2019	(1)			
	03/12/2010		30,000	42.60	03/12/2020	(1)			
	03/11/2011		28,000	51.60	03/11/2021	(1)			

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Jeffrey A. Townsend	02/24/1997	41,168		3.75	02/24/2022	(2)		
	06/12/2003	20,000		5.65	06/12/2013	(1)		
	09/04/2003	20,000		9.02	09/04/2013	(1)		
	06/03/2004	48,000		10.50	06/03/2014	(1)		
	06/03/2005	60,000		15.70	06/03/2015	(1)		
	03/09/2006	50,000		21.76	03/09/2016	(1)		
	03/09/2007	40,000	10,000	26.91	03/09/2017	(1)		
	03/14/2008	36,000	24,000	20.11	03/14/2018	(1)		
	03/06/2009	22,000	33,000	18.36	03/06/2019	(1)		
	02/24/1997	9,832		3.75	02/24/2022	(2)		
	06/01/2010						45,000	2,756,250
	03/11/2011						40,000	2,450,000
Michael R. Nill	06/03/2005	50,000		15.70	06/03/2015	(1)		
	04/25/2006	40,000		20.42	04/25/2016	(1)		
	04/24/2007	40,000	10,000	27.31	04/24/2017	(1)		
	04/25/2008	30,000	20,000	23.16	04/25/2018	(1)		
	03/06/2009	22,000	33,000	18.36	03/06/2019	(1)		
	11/08/1996	2,600		3.50	11/08/2021	(2)		
	11/10/1997	1,560		7.00	11/01/2022	(2)		
	06/01/2010						45,000	2,756,250
Zane M. Burke	03/11/2011						40,000	2,450,000
	04/25/2006	8,000		20.42	04/25/2016	(1)		
	04/24/2007	32,000	8,000	27.31	04/24/2017	(1)		
	04/25/2008	24,000	16,000	23.16	04/25/2018	(1)		
	05/01/2009	12,000	18,000	26.34	05/01/2019	(1)		
	05/03/2010		15,000	43.35	05/03/2020	(1)		
	05/16/2011		30,000	59.12	05/16/2021	(1)		
	10/10/1997	440		6.50	10/10/2022	(2)		
	10/05/1998	800		5.50	10/01/2023	(2)		

- (1) Option vests over a five-year period with a 40% vest increment two years from date of grant and 20% vest increments for each of the next three years. Option expires 10 years from date of grant.

- (2) Option vests over a 10-year period with 10% vest increments for each of the 10 years from date of grant. Option expires 25 years from date of grant.
- (3) Restricted stock awards that are subject to performance metrics. These awards are scheduled to vest as follows assuming attainment of the performance metrics: 10,000 shares on June 1, 2012; 43,000 shares on June 1, 2013; and 32,000 shares on June 1, 2014.
- (4) No data is reported for Mr. Valentine since his employment ended on May 13, 2011 and he has no options or awards outstanding.

Table of Contents**2011 OPTION EXERCISES AND STOCK VESTED**

The following table provides information regarding option exercises by our NEOs during 2011.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$ (1))	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Neal L. Patterson	250,000	9,602,040		
Marc G. Naughton	25,000	1,222,760		
Jeffrey A. Townsend	126,160	5,076,762	5,000	297,875
Michael R. Nill	47,200	1,884,814	5,000	297,875
Zane M. Burke	27,000	794,687		
Michael G. Valentine	205,134	7,718,167		

(1) Represents the difference between the exercise price and the fair market value of our Common Stock on the date of exercise.

EMPLOYMENT AGREEMENTS &**POTENTIAL PAYMENTS UNDER TERMINATION OR CHANGE IN CONTROL****Employment Agreements**

Employment agreements entered into with our associates primarily serve to: i) create an at-will employment relationship, ii) assign to us any intellectual property rights the associate may otherwise have to any discoveries, inventions or improvements related to our business made while in our employ or within one year thereafter and iii) provide for restrictive covenants of the associate in favor of Cerner during and after employment with Cerner, including: confidentiality, non-compete and non-solicit obligations. Such employment agreements help ensure protection of our intellectual property, client-base/relationships and associates. We enter into such employment agreements with all of our associates, including all of the NEOs.

Effective January 1, 2008, we entered into an updated employment agreement with Mr. Patterson, replacing his prior employment agreement. The material terms of Mr. Patterson's employment agreement provide for: a) at-will employment, b) an annual base salary, specified use of our aircraft and a potential bonus as determined annually by the Board, c) severance payments and benefits upon certain termination events, as discussed in detail below, d) an assignment provision wherein Mr. Patterson will assign all discoveries, inventions or improvements related to our business to us, e) a nondisclosure provision that survives in perpetuity, f) noncompetition and non-solicitation provisions that are effective during the term of Mr. Patterson's employment and for two years following termination of employment, for any reason, with us and g) a general mutual indemnification provision by Mr. Patterson and us.

We have entered into at-will employment agreements with each of our other NEOs. Under these agreements, each executive agrees not to compete with us during the executive's employment with us and for at least two years thereafter; to protect our confidential business information; and, to assign to us any intellectual property rights the executive may otherwise have to any discoveries, inventions or improvements related to our business made while in our employ or within one year thereafter.

Our Enhanced Severance Pay Plan applies to all of our U.S. based permanent, full-time salaried associates other than Mr. Patterson (whose severance benefits are set forth in his Employment Agreement) and offers severance pay upon: i) certain termination without cause events (the severance benefits for our NEOs other than Mr. Patterson currently range from 16 weeks to 52 weeks and are contingent upon the NEO satisfying certain conditions, including without limitation the execution of a severance and release agreement with us providing for a complete release of all employment related claims), or ii) qualifying terminations or resignations for Good Reason following a Change in Control, which severance benefits will be paid at 1.5 times the calculated severance (based on role and tenure) as set forth below in the Severance Matrix, and will include both base salary and average cash bonus.

Table of Contents**Severance Matrix - Determined by Years of Service**

	>5, Less Than			
	Less Than 2	>2, Less Than	10	>10
	Years	5	Years	Years
	Severance	Years Severance	Severance	Severance
	Weeks	Weeks	Weeks	Weeks
Associates				
NEOs other than the CEO	16	24	36	52

The amount of any severance benefit paid out under the Enhanced Severance Pay Plan is in lieu of, and not in addition to, any other severance an eligible associate may otherwise be entitled to receive from us, including under a Cerner Associate Employment Agreement or other document.

Potential Payments Upon Termination or Change in Control

The following summaries set forth potential payments payable to our NEOs upon termination of employment or a Change in Control in the Company under (and as defined in) their current employment agreements and our other compensation programs, including our Enhanced Severance Pay Plan. The Compensation Committee may at its discretion revise, amend or add to the benefits if it deems advisable.

Neal L. Patterson

Termination by us without Cause (prior to a Change in Control): If Mr. Patterson's employment is terminated by us without Cause (as defined in his Employment Agreement), Mr. Patterson will be entitled to:

Severance Pay: i) three years' base salary (based on his annual base salary at the time of the termination) (less normal tax and payroll deductions) and ii) three times the average annual cash bonus received during the prior three year period (less normal tax and payroll deductions) (which severance amounts will be reduced pursuant to his employment agreement to the extent any amounts are classified as a parachute payment under Section 280G of the Internal Revenue Code, unless, even with the imposition of the 20% excise tax on Mr. Patterson, he would receive a larger benefit than he would if his parachute payments were reduced (the Reduced Amount)). These severance payments will generally be payable pro rata during the three-year severance term on Cerner's regular paydays, other than amounts during the first six months that qualify as excess severance payments as defined under Section 409A (which amounts will be paid at a later date in accordance with the Employment Agreement).

Benefits: health benefits for a three-year period following the termination of employment.

Equity Awards: immediate vesting of all equity incentive awards granted to Mr. Patterson to the extent such grants would have vested based on the passage of time during the three year period following the date of Mr. Patterson's termination without Cause had he not been terminated. Upon termination by us without Cause, Mr. Patterson will forfeit any equity awards granted prior to the date of his Employment Agreement, unless otherwise provided in the equity award agreement entered into with Mr. Patterson at the time of grant, except that he will generally have a period of time following termination of employment to exercise any vested options in accordance with the terms of each specific option agreement.

Termination by us without Cause or Resignation by Mr. Patterson for Good Reason (both upon or following a Change in Control): If there is a Change in Control of the Company (as defined in Mr. Patterson's Employment Agreement), and either: a) Mr. Patterson's employment with us is terminated without Cause within 12 months following the date the Change in Control becomes effective, or b) Mr. Patterson resigns his employment with Good Reason (as defined in his Employment Agreement) within 12 months after the Change in Control becomes effective, then Mr. Patterson will be entitled to:

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Severance Pay: i) three years' base salary (based on his annual base salary at the time of the termination or resignation) (less normal tax and payroll deductions) and ii) three times the average annual cash bonus received during the prior three-year period (less normal tax and payroll deductions) (less any Reduced Amount). These severance payments will be payable either pro rata or in a lump sum payment depending on whether the Change in Control event meets the definition of change in control under Section 409A.

Benefits: health benefits for a three-year period following the termination or resignation.

Equity Awards: following the Change in Control, 50% of each equity incentive award granted to Mr. Patterson under any of our equity incentive plans that has not yet vested will become vested on the date the Change in Control becomes effective. The remaining 50% of each equity incentive award that has not yet vested will continue to vest according to its vesting schedule, unless Mr. Patterson's employment is terminated without Cause or he resigns with Good Reason within 12 months following the date the Change in Control becomes effective, in which case 100% of all equity incentive awards will become fully vested upon the effective date of such termination or resignation. The Compensation Committee or Board, however, may decide to accelerate the vesting of any of Mr. Patterson's options.

Termination by us for Cause or Resignation by Mr. Patterson (other than for Good Reason upon a Change in Control): In the event we terminate Mr. Patterson's employment for Cause or if Mr. Patterson resigns his employment (other than for Good Reason within 12 months following a Change in Control), Mr. Patterson will be entitled to no further compensation or benefits under his Employment Agreement other than: unpaid salary earned through the termination date and earned but unpaid incentive pay in accordance with our policies.

Equity Awards: unless otherwise provided in the award agreement entered into with Mr. Patterson at the time of grant, upon termination for Cause (as defined in the award agreements) or resignation by Mr. Patterson (other than for Good Reason within 12 months following a Change in Control), Mr. Patterson will forfeit any outstanding unvested awards on the termination date, and he will generally have a period of time following termination of employment to exercise any vested options in accordance with the terms of each specific option award agreement.

Termination upon Death or Disability: In the event Mr. Patterson's employment is terminated as a result of a Disability (as defined in his Employment Agreement) or in the event of Mr. Patterson's death, we will owe Mr. Patterson no further compensation under his Employment Agreement other than: unpaid salary earned through the termination date and earned but unpaid incentive pay in accordance with our policies.

Benefits: if Mr. Patterson's employment is terminated as a result of his death, his estate is entitled to life insurance benefits under our group life insurance program equal to \$500,000. In the event of accidental death, Mr. Patterson's estate would receive an additional \$500,000. In the event Mr. Patterson died in a travel accident while on Cerner business, his estate would receive an additional \$200,000.

Equity Awards: unless otherwise provided in the award agreement entered into with Mr. Patterson at the time of grant, upon termination due to Disability or death, Mr. Patterson will forfeit any outstanding awards, except that he or his estate will generally have a period of time following termination of employment to exercise any vested options in accordance with the terms of each specific option agreement. The Compensation Committee or Board, however, may decide to accelerate the vesting of any of Mr. Patterson's options.

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Assuming Mr. Patterson's employment was terminated under each of these circumstances on December 31, 2011, such payments and benefits would have an estimated value of:

Name	Payment/Benefit	Termination Without Cause or Resignation for Good Reason (following a CIC)(1)		For Cause Termination or Resignation (without Good Reason following a CIC)		Death(2)	Disability
		Termination Without Cause (prior to a CIC)	Termination Without Cause or Resignation for Good Reason (following a CIC)(1)	Termination Without Cause or Resignation for Good Reason (following a CIC)	For Cause Termination or Resignation (without Good Reason following a CIC)		
Neal L. Patterson	Cash Severance(3)	\$ 6,764,950	\$ 6,764,950				
	Benefits(4)	\$ 52,149	\$ 52,149			\$ 500,000	
	Value of Accelerated Equity(5)	\$ 8,399,724	\$ 10,370,964(6)				

- (1) Assumes an effective Change in Control date of December 31, 2011.
- (2) The value of death benefits includes the value of basic life insurance. In the event of accidental death, Mr. Patterson's estate would receive an additional \$500,000. In the event Mr. Patterson died in a travel accident while on Cerner business, his estate would receive an additional \$200,000.
- (3) Cash severance payments could be made in a lump sum or as salary continuation on regularly scheduled paydays for the applicable severance period as determined by us.
- (4) In the case of a termination without Cause or Resignation for Good Reason, this includes the cost of premiums for health, vision and dental benefits over a three year period, based on the rates in effect on January 1, 2012.
- (5) The payments relating to equity represent the value of unvested, accelerated stock options as of December 31, 2011, calculated by multiplying the number of accelerated options by the difference between the exercise price and the closing price of our Common Stock on December 30, 2011. Does not include the value of Mr. Patterson's vested options of \$107,561,012 as of December 31, 2011.
- (6) 50% of this amount relates to options that would vest automatically upon a Change in Control even if Mr. Patterson's employment continued and 50% represents options that would vest upon his termination of employment without Cause or he resigns with Good Reason within 12 months following the date the Change in Control becomes effective.

Marc G. Naughton, Jeffrey A. Townsend, Michael R. Nill and Zane M. Burke

Termination by us without Cause (with or without a Change in Control event) or Resignation (for Good Reason following a Change in Control event): If we terminate any one of the above NEO's employment without cause (as defined in the employment agreement), each one will be entitled to:

Severance Pay: the equivalent of two weeks' base salary (exclusive of commissions, advances against commissions, bonus and other non-salary compensation and benefits), except Mr. Townsend (who does not have a severance pay provision in his employment agreement). In addition, if we terminate any one of the above NEO's employment without Cause (as defined in our Enhanced Severance Pay Plan, see discussion above), with or without a Change in Control event, each one may be entitled to certain additional severance pay under our Enhanced Severance Pay Plan if he is found to be an Eligible Associate (as defined in the Enhanced Severance Pay Plan), which eligibility would entitle him to both non-Change in Control Severance and Change in Control Severance (both defined in the Enhanced Severance Pay Plan) and such amounts would be in lieu of and not in addition to the severance, if any, set forth in their employment agreement.

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If any one of the above resigns for Good Reason upon a Change in Control event, he may be entitled to certain additional severance pay under our Enhanced Severance Pay Plan if he is found to be an Eligible Associate, which eligibility would entitle him to Change in Control Severance in such amounts as set forth in the Enhanced Severance Pay Plan.

Equity Awards: unless otherwise provided in the award agreement at the time of grant, upon termination by us without cause, the above NEOs will forfeit any outstanding unvested awards except that they will generally have a period of time following termination of employment to exercise any vested options in accordance with the terms of each specific option agreement. Additionally, stock options issued after June 1, 2005 provide that upon termination of the NEO by us other than for Cause (as defined in the option agreement) or upon resignation for Good Reason (as defined in the option agreement) within 12 months following a Change in Control, all remaining unvested options shall vest immediately (at the time of the Change in Control; 50% of such unvested options would have vested upon the Change in Control under the terms of such option agreements). The restricted stock issued in 2010 and 2011 was performance-based and therefore did not contain any change in control provisions.

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Termination by us for Cause or upon Resignation (other than for Good Reason following a Change in Control event): If we terminate one of the above NEO's employment for Cause (as defined in their employment agreements) or if one of the above NEOs resigns his employment (other than for Good Reason following a Change in Control event), he will be entitled to no further compensation or benefits under his employment agreement other than: unpaid salary earned through the termination date and earned but unpaid incentive pay in accordance with our policies.

Equity Awards: unless otherwise provided in the award agreement at the time of grant, upon termination for Cause (as defined in the award agreements) or resignation (other than for Good Reason if addressed and defined in the award agreement), the above NEO will forfeit any outstanding unvested awards on the termination date, and he will generally have a period of time following termination of employment to exercise any vested options in accordance with the terms of each specific option agreement. The restricted stock issued in 2010 and 2011 was performance-based and therefore did not contain any change in control provisions.

Termination upon Death or Disability: In the event one of the above NEO's employment is terminated as a result of his disability or in the event of death, we will owe no further compensation under the employment agreement other than: unpaid salary earned through the termination date and earned but unpaid incentive pay in accordance with our policies.

Benefits: if employment is terminated as a result of death, the NEO's estate is entitled to life insurance benefits under our group life insurance program equal to one year's salary, with a cap of \$500,000, based upon his base salary at the time of death. In the event of accidental death, the NEO's estate would receive an additional one year's salary, with a cap of \$500,000, based on his base salary at the time of death. In the event the NEO died in a travel accident while on Cerner business, his estate would receive an additional \$200,000.

Equity Awards: unless otherwise provided in the award agreement at the time of grant, upon termination due to Disability or death, the above NEO will forfeit any outstanding unvested awards except that he or his estate will generally have a period of time following termination of employment to exercise any vested options in accordance with the terms of each specific option agreement.

Non-compete Payments: If any of the above NEOs (other than Mr. Townsend) is unable to obtain employment within three months after termination of his employment due solely to the non-compete restrictions set forth in his employment agreement, the non-compete provisions will continue to be enforceable only so long as we make to him monthly payments, during the remaining non-compete period, equivalent on an annualized basis, to his average cash earnings during the last three years of his employment. Mr. Townsend's employment agreement, while containing a non-compete provision, does not address severance pay or non-compete payments.

Assuming employment was terminated on December 31, 2011 for each of the four NEOs (excluding Mr. Patterson, see table above) under each set of circumstances set forth above; the following table provides information regarding the estimated value of all such payments and benefits:

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Name	Payment/Benefit	Termination Without Cause or Resignation for Good Reason (following a CIC)(1)		Termination Without Cause or Resignation for Cause Termination or Resignation (without Good Reason following a CIC)		Death(2)	Disability
		Termination Without Cause (prior to a CIC)	Good Reason (following a CIC)(1)	Termination Without Cause or Resignation for Good Reason (following a CIC)	Termination or Resignation (without Good Reason following a CIC)		
Marc G. Naughton	Cash Severance(3)	\$ 420,000	\$ 1,134,300				
	Benefits					\$ 420,000	
	Value of Accelerated Equity(4)		\$ 2,617,000(5)				
	Non-compete Payments(6)	\$ 1,273,542	\$ 1,273,542				
Jeffrey A. Townsend	Cash Severance(3)	\$ 500,000	\$ 1,492,113				
	Benefits					\$ 500,000	
	Value of Accelerated Equity(4)		\$ 2,746,180(5)				
	Non-compete Payments(6)						
Michael R. Nill	Cash Severance(3)	\$ 500,000	\$ 1,410,125				
	Benefits					\$ 500,000	
	Value of Accelerated Equity(4)		\$ 2,516,620(5)				
	Non-compete Payments(6)	\$ 1,496,396	\$ 1,496,396				
Zane M. Burke	Cash Severance(3)	\$ 323,000	\$ 1,103,542				
	Benefits					\$ 323,000	
	Value of Accelerated Equity(4)		\$ 1,841,780(5)				
	Non-compete Payments(6)	\$ 1,273,465	\$ 1,273,465				

(1) Assumes an effective Change in Control date of December 31, 2011.

(2) The value of death benefits includes the value of basic life insurance. In the event of accidental death, each NEO's estate would receive the value of one additional year's salary based upon his salary at the time of death, with a cap of \$500,000. In the event an NEO died in a travel accident while on Cerner business his estate would receive an additional \$200,000.

(3) Cash severance payments could be made in a lump sum or as salary continuation on regularly scheduled paydays for the applicable severance period as determined by us.

(4) The payments relating to equity represent the value of unvested, accelerated stock options as of December 31, 2011, calculated by multiplying the number of accelerated options by the difference between the exercise price and the closing price of our Common Stock on December 30, 2011. Does not include the value of the NEO's vested options as of December 31, 2011, which would equal the following amounts: Mr. Naughton, \$10,100,263; Mr. Townsend, \$13,664,250; Mr. Nill, \$7,589,435 and Mr. Burke, \$2,814,650.

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- (5) 50% of this amount relates to options that would vest automatically upon a Change in Control even if each NEO's employment continued and 50% represents options that would vest upon each NEO's termination of employment without Cause or each resigns with Good Reason within 12 months following the date the Change in Control becomes effective.
- (6) Non-compete payments represent payments for months four to 21 per the terms of the employment agreement, assuming the executive officer is unable to obtain employment within three months after termination of his employment due solely to the non-compete restrictions set forth in his employment agreement. Mr. Townsend's employment agreement does not address non-compete payments.

Michael G. Valentine

Mr. Valentine resigned from the Company effective May 13, 2011. He did not receive any payment upon termination, other than salary and bonus earned and accrued as of the date of his resignation. Mr. Valentine forfeited all equity and option grants that were not vested as of May 13, 2011 and has no equity grants or options outstanding.

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

None of our Directors is an executive officer of a public company of which a Company executive officer is a director. Other than Dr. Bisbee, none of our non-employee Directors has an interest in a reportable transaction that would be required to be disclosed under the section in this Proxy Statement titled Certain Transactions. Both of our non-independent directors, Mr. Patterson and Mr. Illig, have an interest in certain reportable transactions set forth under the section of this Proxy Statement titled Certain Transactions. All such reportable transactions have been approved by the disinterested Directors.

During the last fiscal year, none of the Company's current Compensation Committee members (Gerald E. Bisbee, Jr., Ph.D., Denis A. Cortese, M.D., John C. Danforth, Linda M. Dillman, William B. Neaves, Ph.D. and William D. Zollars) was: i) an officer or employee of the Company or ii) a former officer of the Company.

CORPORATE GOVERNANCE

Code of Business Conduct and Ethics

We have adopted a Code of Conduct for all Cerner associates and Directors (including our Chief Executive Officer, Chief Financial Officer and corporate controller). Any amendments to or waivers of the Code of Conduct applicable to our Chief Executive Officer, Chief Financial Officer or corporate controller will be posted on www.cerner.com.

Governance Documents

Our Corporate Governance Guidelines, the charters of the Audit, Compensation, and Nominating, Governance & Public Policy Committees of the Board, and the Code of Conduct can be found on our website at www.cerner.com under About Cerner, Leadership. Shareholders may also request a free copy of these documents from: Cerner Corporation, c/o Corporate Secretary, 2800 Rockcreek Parkway, North Kansas City, Missouri 64117.

Board Leadership Structure

Our Board is currently comprised of six independent Directors, plus Mr. Patterson, the Chairman of the Board, and Mr. Illig, Vice Chairman. Messrs. Patterson and Illig are both associates of the Company. Additionally, as prescribed by our Corporate Governance Guidelines (the Guidelines), the Board has designated the Chairperson of the NG&PP Committee to preside over all executive sessions of the Board (the Lead Director). The Lead Director's responsibilities include acting as chairperson for all meetings of the independent Directors, convening meetings of the independent Directors at the request of any of them, and establishing the agenda and approving the materials for those meetings, and acting as a liaison between the Chairperson and the independent Directors. The independent Directors generally meet in executive sessions at each regularly scheduled Board meeting and may hold additional executive sessions as they determine necessary or appropriate. As discussed above, the Board has established three standing Committees: i) Audit, ii) Compensation and iii) Nominating, Governance & Public Policy. Each of the Board Committees is composed solely of independent Directors, each with a different independent Director serving as Committee chair. The Board may also establish other committees as it deems appropriate and delegate to those committees any authority permitted by applicable law and Cerner's Bylaws as the Board deems reasonable and appropriate. We believe that the mix of experienced independent and management Directors that make up our Board, along with the independent role of Dr. Neaves, our current Lead Director, and our independent Board Committees, benefits the Company and its shareholders.

The NG&PP Committee oversees an annual self-evaluation by the Board and each Committee, part of which focuses on the governance structure of the Board and its Committees, and seeks recommendations with respect to the structures and practices best suited for us and our shareholders.

With respect to the roles of Chairman and CEO, the Guidelines reserve the right to the Board to vest the responsibilities of Chairman of the Board and CEO in the same individual, and the Board has exercised its discretion in combining these positions and appointing Neal L. Patterson, one of the founders of the Company, to serve as Chairman and CEO. The Board believes that it is in Cerner's best interests for the CEO to serve as the Chairman of the Board in light of Mr. Patterson's vision as a co-founder of the Company and his unique knowledge, experience and relationship with the Board, the health care IT industry and the Company's management. The Board believes that the combination or separation of these positions should continue to be considered as part of the succession planning process and that it is important to retain the flexibility to allocate the responsibilities of the offices of Chairman of the Board and CEO in any manner that it determines to be in the best interests of the Company and our shareholders.

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Board Oversight of Enterprise Risk

Much attention has recently been given to the subject of corporate risk and how companies identify and manage risk. We believe that carefully taken risks lead to innovation and business success. We also recognize that reckless acceptance of risk or the failure to appropriately identify and mitigate risks could be destructive to our overall health and shareholder value.

Our Enterprise Risk Management team conducts an annual survey to identify risks, and together with our other compliance focused teams (such as Regulatory Affairs, Human Resources and Legal) and executive management, is responsible for assessing and managing our various exposures to risk on a day-to-day basis, including the creation of appropriate risk management programs and policies. The risk assessment process is global in nature and has been developed to identify and assess our risks, including the nature, likelihood, magnitude of and ability to control the risk, as well as to identify steps to mitigate and manage each risk. Our executive management team and other managers are surveyed and/or interviewed to develop this information.

While risk oversight is a full Board responsibility, responsibility for overseeing management of our ERM team has been delegated to the Audit Committee. The Audit Committee also periodically reviews and explores with management our major financial risk exposures and the steps management has taken to monitor and control such exposures, including our risk assessment and risk management policies. Due to the dynamic nature of risk, the overall status of our significant risks are updated and significant risks are reviewed and updated at each quarterly Audit Committee meeting and adjustments are made to Board and Committee agendas throughout the year so that risks are reviewed at relevant times. This process facilitates the Board's ability to fulfill its oversight responsibilities of our risks.

In addition, an overall review of risk is inherent in the Board's consideration of our long-term strategies and in the transactions and other matters presented to the Board, including significant capital expenditures, acquisitions and divestitures and financial matters. The Board's role in risk oversight is consistent with our leadership structure, with the CEO and other members of senior management having responsibility for assessing and managing our risk exposure, and the Board and its Committees providing oversight in connection with those efforts.

CONSIDERATION OF DIRECTOR NOMINEES

Director Qualifications

The Board's NG&PP Committee considers candidates for Board membership suggested by its members and other Board members, as well as management and shareholders. The NG&PP Committee has the ability to retain third-party executive search firms to identify candidates as well, but has not traditionally relied upon this resource. Upon screening and recommendation by the NG&PP Committee, the Board has the responsibility for nominating candidates for election to the Board and for filling vacancies on the Board as they arise. In identifying and evaluating potential candidates, regardless of the source of the nomination, the Board considers the qualifications listed in our Corporate Governance Guidelines and the NG&PP Committee Charter, including without limitation: the requirement that nominees should possess the highest personal and professional ethics, integrity and values and be committed to representing the long-term interests of the shareholders. We endeavor to have a Board representing diverse and in depth experience in business, health care, information technology, government and in areas that are relevant to our global activities. The NG&PP Committee also considers the composition of the Board as a whole, looking to achieve a balance of the above noted experience across the full Board and a blend of management and independent Directors, while also covering the need for specific skill-sets such as Audit Committee and Compensation Committee expertise. Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively and should be committed to serve on the Board for an extended period of time.

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The NG&PP Committee and the Board believe that a diverse board leads to improved Company performance by encouraging new ideas, expanding the knowledge base available to management and fostering a boardroom culture that promotes innovation and vigorous deliberation. Thus, our Director nomination process is designed to consider diversity among the many factors that the Board considers in evaluating prospective nominees. Diversity, as considered by the NG&PP Committee, can encompass many attributes, from business experience, to substantive expertise, to background, to age, gender and race. The goal of this process is to assemble a group of Board members with deep, varied experience, sound judgment and commitment to our success.

For a discussion of the individual experience and qualifications of our Board members, please refer to the section entitled, *Information Concerning Directors* above.

Nomination Process and Shareholder Access to Directors

As stated above, the NG&PP Committee will consider recommendations for directorships submitted by shareholders. Shareholders who wish the NG&PP Committee to consider their recommendations for nominees for the position of Director should submit their recommendations in writing to the NG&PP Committee in care of our Corporate Secretary, Cerner Corporation, 2800 Rockcreek Parkway, North Kansas City, Missouri 64117 in accordance with the procedures described below in *Shareholder Proposals*. Recommendations by shareholders that are made in accordance with these procedures will receive the same consideration given to other potential nominees considered by the NG&PP Committee.

The Director nominees nominated for election at the 2012 Annual Shareholders Meeting, as set forth below in *Proposal #1*, were recommended by the NG&PP Committee and nominated for re-election by the full Board.

The Board provides a process for shareholders and other interested parties to send communications to the Board or any of the individual Directors. Shareholders may send written communications to the Board or any of the individual Directors c/o Corporate Secretary, Cerner Corporation, 2800 Rockcreek Parkway, North Kansas City, Missouri 64117. All communications will be compiled by our Corporate Secretary and submitted to the Board or the individual Directors, as applicable, on a periodic basis.

Majority Voting for Directors

Cerner's Bylaws provide that, in the case of an uncontested Director election (i.e., where the number of nominees is the same as the number of Directors to be elected), Directors are elected by the affirmative vote of a majority of the votes cast, in person or by proxy, by the holders of outstanding shares of stock entitled to vote for the election of Directors. Any incumbent nominee for Director who fails to receive the requisite majority vote at an annual or special meeting held for the purpose of electing Directors, where the election is uncontested, must promptly following certification of the shareholder vote tender his or her resignation to the Board. The independent Directors (excluding the Director who tendered the resignation) will evaluate any such resignation in light of the best interests of Cerner and its shareholders in determining whether to accept or reject the resignation, or whether other action should be taken. In reaching its decision, the Board may consider any factors it deems relevant, including the Director's qualifications, the Director's past and expected future contributions to Cerner, the overall composition of the Board and whether accepting the tendered resignation would cause Cerner to fail to meet any applicable rule or regulation (including NASDAQ Stock Market Marketplace Rules and federal securities laws). The Board will act on the tendered resignation, and publicly disclose its decision and rationale, within 90 days following certification of the shareholder vote.

CERTAIN TRANSACTIONS

The Company participates in the Health Management Academy, an industry-wide education forum, together with over 160 competitors, clients and potential clients of the Company. Dr. Bisbee, a member of our Board, owns approximately 50% of the common stock of the Health Management Academy. The total amount of fees paid by the Company in 2011 to the Health Management Academy was \$150,673. The Company intends to continue its participation in the Health Management Academy in 2012.

As disclosed in our 2010 and 2011 Proxy Statements, during 2009, as part of our long-term space planning analysis, we determined that we would require additional office space for associates to accommodate our anticipated growth. We evaluated various sites in the Kansas City metropolitan area and negotiated with several different governmental entities regarding available incentives. Upon completion of this review, we decided to proceed with an office development in Wyandotte County, Kansas, which is part of the Village West development. In order to maximize available incentives, we agreed to pursue the Village West office development in conjunction with the development of an 18,000 seat, multi-sport stadium and related recreational athletic complex.

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The Village West stadium complex was developed by Kansas Unified Development, LLC (the Developer), an entity controlled by Mr. Patterson and Mr. Illig. Sporting Kansas City (Sporting KC formerly known as The Kansas City Wizards) is the principal tenant of the stadium complex. OnGoal LLC (OnGoal), the owner of the Sporting KC professional soccer club, is also controlled by Messrs. Patterson and Illig. In 2011, we paid \$121,393 to OnGoal for a corporate suite at Livestrong Sporting Park, Sporting KC season and event/group tickets and related expenses.

The total construction and development cost of the office complex has initially been estimated to be approximately \$160.0 million. Since our 2011 Proxy Statement disclosure, we now believe we will receive incentives totaling approximately \$80.0 million from the Developer, the Unified Government of Wyandotte County/Kansas City, Kansas (the Unified Government) and the Kansas Department of Commerce. Incentives from the Kansas Department of Commerce will include cash grants, tax exemptions and tax credits. The value of some of these incentives may ultimately increase or decrease depending upon the final capital invested and the number of new jobs created. Since our 2011 Proxy Statement disclosure, we now expect our net investment in the Village West office complex, after applying expected government incentives and payments from the Developer, to be approximately \$80.0 million.

In connection with the Village West office complex development and the related incentives, we have initially entered into three agreements:

Land Transfer and Specific Venture Agreement (the Land Transfer Agreement) dated January 19, 2010 with the Unified Government and the Developer,

Workforce Services Training Agreement (the Workforce Agreement) dated January 20, 2010 with the Kansas Department of Commerce, as amended by the First Amendment to Workforce Services Training Agreement dated June 7, 2011, and

Interparty Agreement dated January 19, 2010 with OnGoal and the Developer.

Pursuant to the Land Transfer Agreement, we acquired the land from the Unified Government with certain contingencies upon which the office complex is being constructed. The purchase price, equal to the site's fair market value as determined by a qualified appraiser, is being paid by the Developer.

Pursuant to the Workforce Agreement, as amended, we agreed to establish positions for 4,500 employees with an average annual wage of at least \$31.00 per hour. In consideration of this commitment, we have elected to receive up to \$48.5 million from the Kansas Department of Commerce for project investment costs and employee training (the IMPACT Award). We can specify the date when the IMPACT Award will be distributed by the Kansas Department of Commerce, which must be by December 31, 2015. The State of Kansas has issued bonds in order to fund these incentives to us and has incurred costs of issuance and debt service obligations. We may be obligated to repay the Kansas Department of Commerce under the following circumstances:

If we do not request distribution of all or part of the IMPACT Award, we must pay \$64.9 million (which represents the Impact Award amount plus the state's estimated issuance costs)(the Gross Funded Amount) less an amount equal to any IMPACT Award amount not received,

If we fail to establish new jobs for at least 4,275 full time employees at the Village West office complex prior to December 31, 2017, we will repay an amount equal to \$48.0 million multiplied by the shortfall of total new jobs created by us, which is 4,500 less the number of jobs created as of December 31, 2017, divided by 4,500 (the MPI Repayment Amount), and

If we have not generated aggregate Kansas state tax withholdings from wages earned by new jobs at the Village West office complex of at least the Gross Funded Amount within 10 years after receiving the IMPACT Award, then we will repay the difference (the Withholding Tax Repayment Amount).

The MPI Repayment Amount is not due until 10 years after we first receive the IMPACT Award. Our total repayment obligations under the Workforce Agreement will not exceed the Gross Funded Amount less the aggregate Kansas state tax withholdings from wages earned by new jobs at the Village West complex during the 10 year period after the IMPACT Award is received.

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The Interparty Agreement provides that the Developer and OnGoal will be responsible for the repayment of any issuance costs plus the MPI Repayment Amount owed by us under the Workforce Agreement. The Developer and OnGoal will also indemnify and hold us harmless from and against any and all losses, costs, expenses, penalties and damages arising as a result of: a) the Developer's failure to pay any sum that it has agreed to pay, or b) the Developer's breach of any agreement with us which creates an obligation on our part for which the Developer has agreed to be responsible.

The Interparty Agreement further provides that the Developer or OnGoal will pay us a success fee of \$4.0 million if the terms and conditions of the Workforce Agreement are satisfied so that no MPI Repayment Amounts or issuance costs are due by the Developer under the Workforce Agreement.

The construction and development of the stadium complex cost approximately \$190.0 million, and over the life of the project, the Developer and OnGoal received approximately \$147.0 million in incentives from the State of Kansas and the Unified Government to help fund this construction and development.

Pursuant to the Multi-Sport Stadium Specific Venture Agreement, the Developer, recognizing that the Unified Government relied on our jobs creation goals in its decision to provide incentives for the stadium complex, agreed to make ten annual Office Payment Installments to the Unified Government, each in the amount of approximately \$3.0 million, commencing in 2017. The Office Payment Installments are intended to supplement the purchase prices paid to the Unified Government by the Developer for the stadium site and the office site. The Office Payment Installments may be reduced if the Developer meets certain conditions and if we commence construction of the office complex and meet the job creation goals.

The Company, OnGoal and the Developer believe that the amount of government incentives that the Developer and OnGoal received, as well as the government incentives received by us, were materially increased due to the fact that we agreed to build our office complex in close proximity to the stadium complex. The independent members of our Board of Directors, acting as a committee, reviewed and unanimously approved the decision to proceed with the development of the Village West office complex in 2009. The independent Directors received advice from outside legal counsel, retained a consultant with real estate expertise regarding the transaction and were briefed on the structure of the various expansion options by members of management (other than Messrs. Patterson and Illig) at six separate meetings.

The Company has entered into a Construction Coordinator Agreement with GRAND Construction, LLC (the Coordinator), a limited liability company owned in part by an entity controlled by Messrs. Patterson and Illig, to coordinate, supervise, schedule and assist with managing the development, design and construction of the Cerner Kansas Campus Phase I Building and site at the Village West development. Under the agreement, we will pay the Coordinator 2% of the total cost of the Phase I project, plus incentives. No fees were paid in 2011. Based on management's projected scope of services, it is anticipated that the fees will be approximately \$1.64 million, with incentives, and paid over two years. The independent members of the Company's Board of Directors, acting as a committee, reviewed and unanimously approved the Construction Coordinator Agreement with the Coordinator.

Certain executive officers and Board members have family members who are employed by the Company. The compensation of each such family member was established by the Company in accordance with the Company's employment and compensation practices applicable to employees with equivalent qualifications, experience, responsibilities and holding similar positions. Dr. David Nill is the brother of Julia M. Wilson, Sr. Vice President and Chief People Officer, and Michael R. Nill, Executive Vice President and Chief Operating Officer, both executive officers of the Company. Dr. Nill is employed by Cerner Health Connections, Inc. (a wholly-owned subsidiary of the Company) as Chief Medical Officer. Dr. Nill's aggregate compensation for fiscal year 2011 was \$293,817. Dr. Nill's compensation is not subject to approval by the Board of Directors. On May 3, 2011, Dr. Nill was awarded options under the Company's Stock Option Plan F to purchase 15,000 shares of the Company's Common Stock (which has been adjusted for the 2-for-1 stock split effective June 27, 2011) at an exercise price of \$59.64 per share, which was the closing price of the Company's Common Stock on the date the options were granted. The options granted to Dr. Nill vest at various amounts over a period of five years. Ms. Wilson's aggregate compensation for the fiscal year 2011 was \$620,038. As a Section 16 Officer, her compensation was approved by the Board of Directors. On March 11, 2011, Ms. Wilson was awarded options under the Company's Stock Option Plan G to purchase 25,000 shares of the Company's Common Stock (which has been adjusted for the 2-for-1 stock split effective June 27, 2011) at an exercise price of \$51.60 per share, which was the closing price of the Company's Common Stock on the date the options were granted. The options granted to Ms. Wilson vest at

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various amounts over a period of five years. Clay Patterson, the son of Neal L. Patterson, an executive officer of the Company, is employed by the Company as Managing Director, Community Health. Mr. C. Patterson's aggregate compensation for fiscal year 2011 was \$219,432. Mr. C. Patterson's compensation is not subject to approval by the Board of Directors. On May 3, 2011, Mr. C. Patterson was awarded options under the Company's Stock Option Plan G to purchase 2,600 shares of the Company's Common Stock (which has been adjusted for the 2-for-1 stock split effective June 27, 2011) at an exercise price of \$59.64 per share, which was the closing price of the Company's Common Stock on the date the options were granted. The options granted to Mr. C. Patterson vest at various amounts over a period of five years.

In 2010, we entered into a Non-Exclusive Aircraft Dry Lease with Maple Holdings, LLC (Maple Holdings), an entity controlled by Mr. Illig. The agreement gives us the right to lease an aircraft (the Aircraft) for business needs, which Aircraft is privately owned by Maple Holdings. The Aircraft is used by us to meet our aircraft business needs and to provide air travel to Directors and executives entitled to air travel pursuant to compensation packages. Payments by us to Maple Holdings in 2011 under this lease totaled \$128,712.

The Company believes that these various relationships and transactions were reasonable and in the best interests of the Company.

Policies and Procedures for Review and Approval of Transactions with Related Persons

We have established a conflict of interest policy to address instances in which an associate's or Director's private interests may conflict with the interests of the Company. We have established an *ad hoc* management committee, consisting of members from our Legal Department, to help administer our conflicts policy and to render objective determinations regarding whether any associate's or Director's private interests may interfere with the interests of the Company.

Conflicts of interest are also addressed in our Code of Conduct, which is published on our website at www.cerner.com under About Cerner, Investor Relations, Corporate Governance. Any waiver of any provision of our Code of Conduct for executive officers or Directors may be made only by the Board, and will be promptly disclosed as required by law or NASDAQ rule.

We solicit information annually from our Directors and executive officers in connection with the preparation of disclosures in our annual report on Form 10-K and our annual Proxy Statement. We specifically seek information in writing pertaining to any related person transaction. Additionally, management informs the Board and/or its Committees regarding any potential related person transaction (within the meaning of Item 404(a) of the SEC's Regulation S-K) of which management is aware, and such items are reviewed and approved by the Audit Committee on an annual basis.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our Directors, executive officers and persons who own more than 10% of a registered class of our equity securities to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of the Company. Executive officers, Directors and holders of 10% or more of our equity securities are required to furnish us with copies of all Section 16(a) reports they file.

Based solely on review of the copies of such reports furnished to us or written representations that no other reports were required, we believe that during the fiscal year ended December 31, 2011 all Section 16(a) filing requirements applicable to our executive officers, Directors and holders of 10% or more of our equity securities were appropriately satisfied, with the exception of a Form 4 filed on May 25, 2011 by John C. Danforth, which included late reporting of the purchase of 139 shares of Company Common Stock on April 4, 2011. The Cerner Common Stock was purchased by a trust sub-account management company, and Mr. Danforth and the Company were not immediately informed of the purchase.

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The table below sets forth information, as of March 23, 2012 (unless otherwise indicated below), with respect to the beneficial ownership of shares of Common Stock by: i) each person known to us to own beneficially more than 5% of the aggregate shares of Common Stock outstanding, ii) each Director and nominee for election as a Director, iii) each Named Executive Officer included in the Summary Compensation Table and iv) the executive officers and Directors of the Company as a group. Each of the persons, or group of persons, in the table below has sole voting power and sole dispositive power as to all of the shares shown as beneficially owned by them, except as otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Shares Outstanding
Neal L. Patterson (1)	15,180,274	8.91%
BlackRock, Inc. (2)	11,283,782	6.62%
FMR LLC (3)	9,507,420	5.58%
Clifford W. Illig (4)	9,055,865	5.32%
Jeffrey A. Townsend	359,131	*
Marc G. Naughton (5)	282,357	*
Michael R. Nill	200,821	*
Zane M. Burke	113,312	*
William B. Neaves (6)	79,200	*
William D. Zollars	46,800	*
Gerald E. Bisbee, Jr.	23,200	*
John C. Danforth (7)	16,742	*
Michael G. Valentine (8)	13,945	*
Linda M. Dillman	5,866	*
Denis A. Cortese	4,267	*
All Directors and executive officers, as a group (12 persons) (9)	25,367,835	14.89%

* Less than one percent.

(1) Mr. Patterson reports sole voting and dispositive power with respect to 8,265,881 shares of Common Stock and shared voting and dispositive power with respect to 6,914,393 shares of Common Stock. The address for Mr. Patterson is Cerner Corporation, 2800 Rockcreek Parkway, North Kansas City, Missouri 64117.

Such number of shares includes 1,609,346 held by Jeanne Lillig-Patterson, wife of Mr. Patterson, as trustee for their children.

Such number of shares excludes 69,276 shares beneficially owned by Jeanne Lillig-Patterson. Mr. Patterson disclaims beneficial ownership of such shares.

Such number of shares includes 1,000,000 shares pledged by Mr. Patterson to secure delivery obligations under a prepaid variable forward contract.

(2) Schedule 13G, dated February 13, 2012 and filed by BlackRock, Inc., reported sole voting and sole dispositive power with respect to 11,283,782 shares of Common Stock. The address for BlackRock, Inc. is 40 East 52nd Street, New York, New York 10022.

(3) Schedule 13G, dated February 14, 2012 and filed by FMR LLC, reported sole voting power with respect to 200,748 shares of Common Stock and sole dispositive power with respect to 9,507,420 shares of Common Stock. The address for FMR LLC is 82 Devonshire Street, Boston, Massachusetts 02109.

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- (4) Mr. Illig reports sole voting and dispositive power with respect to 8,165,197 shares of Common Stock and shared voting and dispositive power with respect to 890,668 shares of Common Stock. The address for Mr. Illig is Cerner Corporation, 2800 Rockcreek Parkway, North Kansas City, Missouri 64117.

Such number of shares includes 782,668 shares held in trust by Bonne A. Illig, wife of Mr. Illig, serving as trustee for their children. Such number of shares includes 1,000,000 shares pledged by Mr. Illig to secure delivery obligations under a prepaid variable forward contract.

- (5) Includes 27,736 shares held jointly with Janise Naughton, wife of Marc G. Naughton.

- (6) Includes 76,000 shares held with Priscilla Neaves, wife of William B. Neaves, Ph.D., in Joint Tenancy with Right of Survivorship.

- (7) Includes 1,720 shares held by Sally Danforth, wife of John C. Danforth.

- (8) Such number of shares is based on the last available information for Mr. Valentine as reported in his last Form 4 filed on March 15, 2011, as he resigned from the Company effective May 13, 2011.

- (9) Though Mr. Valentine was an NEO, his beneficial ownership is not reflected in the total for the Directors and executive officers, as a group, given his resignation from the Company effective May 13, 2011.

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PROPOSAL #1

ELECTION OF DIRECTORS

There are two Director nominees for election to the Board of Directors (the Board) this year. The Board has nominated: Clifford W. Illig and William B. Neaves, Ph.D., Class II Directors who have served continuously on our Board since 1980 and 2001, respectively. Unless otherwise instructed, the persons named as proxies will vote for the election of Mr. Illig and Dr. Neaves. Each of the Director nominees has agreed to be named in this Proxy Statement and to serve if elected.

We know of no reason why any of the nominees would not be able to serve. However, in the event a nominee is unable or declines to serve as a Director, or if a vacancy occurs before election (which events are not anticipated), the persons named as proxies will vote for the election of such other person or persons as are nominated by the Board.

Information concerning each Director nominee is set forth above, along with information about other members of our Board.

Recommendation of the Board

OUR BOARD RECOMMENDS A VOTE FOR

ELECTION OF THE NOMINEES

RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our independent registered public accounting firm during the year ended December 31, 2011 was KPMG LLP (KPMG). KPMG has audited our financial statements since 1983.

Audit and Non-Audit Fees

Audit Fees. KPMG billed us an aggregate of: \$1,307,326 and \$1,260,715 for professional services rendered for the audit of our consolidated financial statements for the years ended December 31, 2011 and January 1, 2011, its review of our consolidated financial statements included in our quarterly reports on Form 10-Q, and for routine consultation on accounting and reporting matters that directly affected the consolidated financial statements for the years ended December 31, 2011 and January 1, 2011, respectively. Additionally, KPMG billed us an aggregate of \$115,587 and \$138,203 for professional services rendered for audits of foreign subsidiaries in support of statutory reporting requirements for the years ended December 31, 2011 and January 1, 2011, respectively.

Audit-Related Fees. There were no audit-related fees billed to us by KPMG for the years ended December 31, 2011 and January 1, 2011.

Tax Fees. KPMG billed us an aggregate of \$102,959 and \$268,222 for tax services for the years ended December 31, 2011 and January 1, 2011, respectively, including fees for services relating to expatriate return services for associates who are not in a financial reporting oversight role and tax consultation and tax compliance services.

All Other Fees. There were no other fees billed to us by KPMG for the years ended December 31, 2011 and January 1, 2011.

The Audit Committee has determined that the provision of services by KPMG described in the preceding paragraphs is compatible with maintaining KPMG's independence. All permissible non-audit services provided by KPMG in 2011 were pre-approved by the Audit Committee. In addition, audit engagement hours were performed by KPMG's full-time, permanent employees and/or affiliated employees in non-U.S. offices.

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Pursuant to Section 202 of the Sarbanes-Oxley Act of 2002, our Audit Committee has approved all audit and non-audit services performed to date and currently planned to be provided related to the fiscal year 2012 by our independent registered public accounting firm, KPMG. The services include the annual audit, quarterly reviews, issuances of consents related to SEC filings and certain tax compliance services.

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PROPOSAL #2

RATIFICATION OF THE APPOINTMENT OF KPMG

AS INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has retained the firm of KPMG LLP as our independent registered public accounting firm for fiscal year 2012, and we are asking shareholders to ratify that appointment. In the event the shareholders fail to ratify the appointment, the Audit Committee will reconsider this appointment but will not necessarily select another firm. Even if the appointment is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and our shareholders. Representatives of KPMG will be present at the Annual Shareholders Meeting, and will have the opportunity to make a statement and be available to answer questions.

Recommendation of the Board

OUR BOARD RECOMMENDS A VOTE FOR

THE RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL YEAR 2012

PROPOSAL #3

ADVISORY VOTE TO APPROVE THE COMPENSATION

OF OUR NAMED EXECUTIVE OFFICERS

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 enables our shareholders to vote to approve, on an advisory or non-binding basis, the compensation of our Named Executive Officers (NEOs) as disclosed in this Proxy Statement in accordance with SEC rules.

Our compensation strategy is to offer competitive compensation packages to attract, motivate and reward qualified associates who contribute significant value to the Company and to reward performance, such as attainment of business and individual associate goals, business results, leadership, and strong relationships with clients, and is not based on rewarding seniority. This pay-for-performance compensation strategy is linked to our performance management philosophy that is designed to identify and reward associate performance through compensation. This approach, which has been used consistently over the years, has resulted in our ability to attract and retain the executive talent necessary to lead us during a period of tremendous growth and transformation. Please refer to Compensation Discussion and Analysis Executive Summary for an overview of the compensation of our NEOs.

We are asking our shareholders to indicate their support for our NEOs compensation as described in this Proxy Statement. This proposal, commonly known as a say-on-pay proposal, gives our shareholders the opportunity to express their views on the compensation of our NEOs. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we are asking our shareholders to approve, on an advisory basis, the following resolution:

RESOLVED, that the compensation paid to the Company's Named Executive Officers, as disclosed pursuant to Item 402 of Regulation S-K, including Compensation Discussion and Analysis, compensation tables and narrative discussion is hereby **APPROVED**.

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This vote is advisory and therefore not binding on the Company, the Compensation Committee or the Board of Directors. The Board and the Compensation Committee value the opinions of Cerner shareholders and to the extent there is any significant vote against the compensation of our NEOs as disclosed in this Proxy Statement, we will consider those shareholders' concerns, and the Compensation Committee will evaluate whether any actions are necessary to address those concerns.

Vote Required

The affirmative vote of a majority of the shares of Cerner Common Stock present in person or represented by proxy and entitled to be voted on the proposal at the annual meeting is required for advisory approval of this proposal.

Recommendation of the Board

**OUR BOARD RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF
CERNER'S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT
PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC**

PROPOSAL #4

SHAREHOLDER PROPOSAL TO REPEAL OUR CLASSIFIED BOARD OF DIRECTORS

The Illinois State Board of Investment has informed us that it intends to present the following proposal for action at the annual meeting. We will provide shareholders with the proponent's address and the number of shares of Common Stock held by the proponent promptly upon receipt of an oral or written request to our Corporate Secretary, Cerner Corporation, 2800 Rockcreek Parkway, North Kansas City, Missouri 64117, (816) 201-1024. All statements contained in the shareholder proposal and supporting statement are the sole responsibility of the proponent.

PROPOSAL TO REPEAL CLASSIFIED BOARD

RESOLVED, that shareholders of Cerner Corporation urge the Board of Directors to take all necessary steps (other than any steps that must be taken by shareholders) to eliminate the classification of the Board of Directors and to require that all directors elected at or after the annual meeting held in 2013 be elected on an annual basis. Implementation of this proposal should not prevent any director elected prior to the annual meeting held in 2013 from completing the term for which such director was elected.

SUPPORTING STATEMENT

This resolution was submitted by the Illinois State Board of Investment. The Harvard Law School Shareholder Rights Project represented and advised the Illinois State Board of Investment in connection with this resolution.

The resolution urges the board of directors to facilitate a declassification of the board. Such a change would enable shareholders to register their views on the performance of all directors at each annual meeting. Having directors stand for elections annually makes directors more accountable to shareholders, and could thereby contribute to improving performance and increasing firm value.

Over the past decade, many S&P 500 companies have declassified their board of directors. According to the data from FactSet Research Systems, the number of S&P 500 companies with classified boards declined by more than 50%; and the average percentage of votes cast in favor of shareholder proposals to declassify the boards of S&P 500 companies during the period January 1, 2010 – June 30, 2011 exceeded 75%.

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The significant shareholder support for proposals to declassify boards is consistent with empirical studies reporting that classified boards could be associated with lower firm valuation and/or worse corporate decision-making. Studies report that:

Classified boards are associated with lower firm valuation (Bebchuk and Cohen, 2005; confirmed by Faleye (2007) and Frakes (2007);

Takeover targets with classified boards are associated with lower gains to shareholders (Bebchuk, Coates, and Subramanian, 2002);

Firms with classified boards are more likely to be associated with value-decreasing acquisition decisions (Masulis, Wang, and Xie, 2007); and

Classified boards are associated with lower sensitivity of compensation to performance and lower sensitivity of CEO turnover to firm performance (Faleye, 2007).

Please vote for this proposal to make directors more accountable to shareholders.

STATEMENT BY THE BOARD OF DIRECTORS

IN OPPOSITION TO THE PROPOSAL TO REPEAL CLASSIFIED BOARD

Our Board is organized in a classified board structure. In accordance with our Restated Certificate, our Directors are divided into three classes. Each class serves a staggered three-year term, such that approximately one-third of our Directors stand for election each year.

Our Board, in conjunction with the NG&PP Committee, evaluates corporate governance issues affecting us on a regular basis. After careful consideration, the Board has concluded that our classified board structure offers important advantages and is in the best interests of the Company and our shareholders. Accordingly, our Board recommends that you vote **AGAINST** this proposal for the following reasons:

Classified Board Supports Long-Term Strategic Perspectives

We believe that electing Directors to three-year terms, rather than one-year terms, enhances the independence of non-management Directors. Having a longer period of time between elections discourages certain activist shareholders from using the threat of a proxy fight to pressure the Board to take actions that are geared towards short-term results. We also believe that our classified board structure protects long-term shareholder interests against abusive tactics because our Directors are able to voice their views without having to continually consider an upcoming nomination for re-election.

Furthermore, our Board believes that our current Board structure allows our Directors to develop a deeper knowledge of our business and encourages a long-term, strategic perspective. As a result, the Board believes that statements in the shareholder proposal create the erroneous impression that our classified board structure leads to lower firm valuation and/or worse corporate decision-making, as well as lower gains to shareholders, value-decreasing acquisition decisions and lower sensitivity of compensation to performance. These generalizations do not apply to the Company, as evidenced by the facts that (i) our stock price has consistently outperformed the market; (ii) we have, to date, made limited acquisitions, and we believe they have largely added value for shareholders; and (iii) we have had high performance to executive compensation ratings. As we reported in our 2011 Annual Report to shareholders, when measuring our stock performance over the 5-, 10- and 20-year periods using compound annual growth rates, the returns are 22%, 17% and 24%, respectively. These returns are significantly greater than the returns over the same time frames for the NASDAQ Composite Index (2%, 3% and 8%, respectively) and the S&P 500 (-2%, 1% and 6%, respectively). The following graph represents a comparison for the five-year period ended December 31, 2011 of the performance of our Common Stock with the NASDAQ Composite Index (U.S. companies) (as calculated by The Center for Research in Security Prices) and the NASDAQ Computer/Data Processing Group (as calculated by The Center for Research in Security Prices):

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Even with our long-term success at creating shareholder value, we remain subject to potential short-term setbacks. The value of our shares can be negatively impacted by quarterly operating results, regulatory developments and economic conditions. For example, our quarterly operating results and stock price performance have varied in the past, and may continue to vary in future periods, due to a number of reasons including demand for our solutions, devices and services; the financial condition of our current and potential clients; our long sales cycle; potentially long installation and implementation cycles for larger, more complex and higher-priced systems; accounting policy changes; weak economic conditions; stock market fluctuations; and other factors described in our Annual Report on Form 10-K. However, we believe our shareholders have realized the strong long-term performance described above due to the ability of management and the Board to remain focused on Cerner's long-term goals during short-term challenges. Cerner's classified Board of Directors is one of the elements of its corporate structure that was purposefully designed to encourage a long-term strategic perspective.

Additionally, in April 2010, our Chief Executive Officer was listed fourth on Forbes' list of America's Best-Performing Bosses based on a formula for calculating which executives delivered the best shareholder value relative to their total compensation. Factors included stock performance (including dividends) relative to industry peers over the past six years, annualized stock performance during the leader's tenure and performance relative to the S&P 500 over that time, and total compensation over the past six years.¹

The Board believes that a classified board structure promotes the best interests of shareholders by encouraging a stable board of independent, knowledgeable and experienced directors who are committed to the Company and who are in the best position to deliver long-term financial performance by the Company and long-term value to the shareholders.

Knowledge and Experience

We have exerted significant effort in recruiting and assembling talented outside Directors to serve on our Board. In addition to being accomplished business leaders, our Directors have substantial knowledge and experience relating to the Company, our operations and the competitive environment within the ever-changing health care industry. As such, they are valuable resources and are well-positioned to make the operational and strategic decisions that are best for the Company and our shareholders. We believe that an experienced and knowledgeable Board is better equipped to make decisions that are in the best interests of our shareholders and is particularly important in light of the opportunities and challenges arising from health care reform. Declassifying the Board would make it possible to lose the accumulated knowledge and experience of our Board in a single election cycle.

¹ DeCarlo, Scott, Bang for the Buck, Forbes Magazine (April 28, 2010), available at <http://www.forbes.com/2010/04/27/best-performing-chief-executive-shareholders-leadership-boss-10-bang-for-the-buck.html>.

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Stability and Continuity

Our classified board structure is designed to provide stability, prevent sudden disruptive changes to our Board composition, enhance long-term planning, and ensure that, at any given time, there are Directors serving on our Board who have substantial knowledge of the Company, our business and our strategic goals. The current classified board structure enables our Directors to build on their own past experience and the experience of continuing Directors for more effective long-term strategic planning. We believe that our classified board structure also benefits the Company and our shareholders because the longer terms of office help the Company attract and retain director candidates who are willing to make long-term commitments of their time and energy.

Accountability to Shareholders and Governance

Our Directors are accountable to the Company and our shareholders under our classified board structure and are committed to strong corporate governance. Each of our Directors takes his or her fiduciary duties seriously, regardless of how often he or she stands for election. The Board has implemented broad measures to ensure accountability of our Directors, including the adoption of Corporate Governance Guidelines (a copy of which is available on our website at www.cerner.com under "About Cerner, Investor Relations, Corporate Governance"). These Guidelines require that a majority of our Directors be independent, and they obligate the Board and each of its committees to perform an annual self-assessment of performance, which the NG&PP Committee oversees.

Protection Against Abusive Takeover Tactics

We believe our classified board structure strongly encourages any potential acquirers to deal directly with our Board and better positions our Board to negotiate effectively on behalf of shareholders to maximize possible shareholder value. Our classified board structure protects us from a potential acquirer unilaterally and rapidly gaining control of our business and assets without paying fair value for them by removing a majority or all of our Directors at a single annual meeting. Because only approximately one-third of the Directors are elected at any annual meeting of shareholders, at least two annual shareholder meetings would be required to effect a change in a majority of the Directors serving on our Board, providing incumbent Directors substantial leverage to negotiate the best results for our shareholders.

Conclusion

After careful consideration of this proposal, the NG&PP Committee and the entire Board have determined that retention of the classified structure of our Board remains in the best interests of the Company and our shareholders. We believe that the benefits of the classified structure of our Board do not come at the cost of our Directors' accountability to shareholders or to the value of the Company. The Company and the Board have a long-standing commitment to sound corporate governance practices. The Board believes that the current classified board structure is consistent with this commitment, is appropriate for the Company and will continue to serve and protect shareholders' interests. If, however, this proposal is approved by the shareholders, it will not become effective unless our Restated Certificate is amended, which requires a resolution by our Board to adopt an amendment followed by the approval of 80% of the outstanding shares of voting stock of the Company.

Vote Required

The affirmative vote of the holders of a majority of the votes represented at the Annual Meeting, in person or by proxy, is required to approve this shareholder proposal.

Recommendation of the Board

OUR BOARD UNANIMOUSLY RECOMMENDS A VOTE AGAINST

THE APPROVAL OF THE PROPOSAL TO REPEAL CLASSIFIED BOARD

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SHAREHOLDER PROPOSALS

You may submit proposals for consideration at future shareholder meetings. For a shareholder proposal to be considered for inclusion in the Company's proxy statement for the annual meeting next year, the Corporate Secretary must receive the written proposal at our principal executive offices no later than December 11, 2012. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of shareholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary

Cerner Corporation

2800 Rockcreek Parkway

North Kansas City, Missouri 64117

For a shareholder proposal that is not intended to be included in the Company's proxy statement under Rule 14a-8, the shareholder must provide the information required by the Company's Bylaws and give timely notice to the Corporate Secretary in accordance with the Company's Bylaws, which, in general, require that the notice be received by the Corporate Secretary between:

the close of business on January 14, 2013; and

the close of business on February 18, 2013, unless, the date of the shareholder meeting is moved more than 30 days before or after May 14, 2013 (the second Tuesday in May as set forth in the Bylaws), then notice of a shareholder proposal that is not intended to be included in the Company's proxy statement under Rule 14a-8 must be received not later than the close of business on the later of 120 calendar days in advance of such annual meeting or ten calendar days following the date on which public announcement of the date of the meeting is first made.

You may propose director candidates for consideration by the Board's NG&PP Committee. Any such recommendations should include the nominee's name and qualifications for Board membership and should be directed to the Corporate Secretary at the address of our principal executive offices set forth above.

In addition, the Company's Bylaws permit shareholders to nominate directors for election at an annual shareholder meeting. To nominate a director, the shareholder must deliver the information required by the Company's Bylaws. A shareholder may send a proposed director candidate's name and information to the Board at any time. Generally, such proposed candidates are considered at the Board meeting prior to the annual meeting.

To nominate an individual for election at an annual shareholder meeting, the shareholder must give timely notice to the Corporate Secretary in accordance with the Company's Bylaws, which, in general, require that the notice be received by the Corporate Secretary between the close of business on January 14, 2013 and the close of business on February 18, 2013, unless the date of the shareholder meeting is moved more than 30 days before or after May 14, 2013 (the second Tuesday in May as set forth in the Bylaws), then the nomination must be received not later than the close of business on the later of 120 calendar days in advance of such annual meeting or ten calendar days following the date on which public announcement of the date of the meeting is first made.

You may contact the Corporate Secretary at our principal executive offices for a copy of the relevant Bylaw provisions regarding the requirements for making shareholder proposals and nominating director candidates. The Company's Bylaws also are available on our website at www.cerner.com under About Cerner, Investor Relations, Corporate Governance.

HOUSEHOLDING OF PROXY MATERIALS

In an effort to reduce printing costs and postage fees, we have adopted a practice approved by the SEC called "householding." Under this practice, shareholders who have the same address and last name will receive only one paper copy of our Annual Report and Proxy Statement, unless one or more of these shareholders notifies us that he or she wishes to receive individual copies. Upon such notice, by written or oral request, we will

promptly deliver a separate copy of the Annual Report and Proxy Statement to a shareholder at a shared address.

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If: (1) you share an address with another shareholder and received only one copy of our Annual Report and Proxy Statement, and would like to request separate paper copies; or (2) you share an address with another shareholder and together you would in the future like to receive only a single paper copy of the Annual Report and Proxy Statement, please notify our Corporate Secretary by mail at 2800 Rockcreek Parkway, North Kansas City, Missouri 64117 or by telephone at (816) 201-1024.

OTHER MATTERS

We know of no other matters to be brought before the Annual Shareholders Meeting. If any other matter properly comes before the Annual Shareholders Meeting, it is the intention of the persons named in the enclosed Proxy Card to vote the shares represented by the proxies as the Board may recommend.

BY ORDER OF THE BOARD OF DIRECTORS,

Randy D. Sims
Secretary

North Kansas City, Missouri

April 9, 2012

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Izquierdo, John

From: SPECIMEN [id@ProxyVote.com]
Sent: Friday, April 06, 2012 8:12 AM
To: Berkowitz, Rebecca x57243
Subject: #CERNER12# CERNER CORPORATION Annual Meeting %P21033_0_012345678901_0000001%
TO: Cerner Corporation 401(k) Associate Participants

SUBJECT: Cerner 2012 Annual Shareholders Meeting: Electronic Voting Instructions

The Annual Shareholders Meeting of Cerner Corporation (the Company) will be held at 10:00 a.m., local time, on May 18, 2012. You have been enrolled to receive shareholder communications and to submit voting instructions via the Internet.

Please read the following information carefully.

As a participant in the Cerner Corporation Foundations Retirement Plan, you are entitled to instruct Fidelity (the Trustee) to vote the shares of Common Stock of the Company held by you under the Plan as of March 30, 2012. As of March 30, 2012 your Plan account reflected 123,456,789,012.000000 shares of Common Stock.

The number of shares of Common Stock shown includes any shares of Common Stock purchased as either an Associate contribution or Company contribution. Therefore, you may not be vested in the total number of shares of Common Stock indicated.

There are four items for which you may vote:

Proposal #1: The election of two director nominees.

Proposal #2: Ratification of the appointment of KPMG LLP as the independent registered public accounting firm of the Company for 2012.

Proposal #3: Approval, on an advisory basis, of the compensation of our named executive officers.

Proposal #4: Shareholder proposal to repeal our classified board of directors, if properly presented at the meeting. Details about each of these items are provided in the 2012 Proxy Statement.

The Board of Directors recommends that you vote:

1. FOR the election of director nominees Clifford W. Illig and William B. Neaves, Ph.D.,
2. FOR Proposal #2,
3. FOR Proposal #3,

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4. AGAINST Proposal #4.
CONTROL NUMBER: 012345678901

You can enter your voting instructions and view the shareholder material at the following Internet site. If your browser supports secure transactions you will be automatically directed to a secure site.

<http://www.proxyvote.com/0012345678901>

To access Proxy Vote, you will need the above CONTROL NUMBER and a four digit PIN. The PIN number you will need is the last four digits of your social security number. Internet voting is accepted up to 11:59 p.m. EDT, May 17, 2012.

The 2011 Annual Report and 2012 Proxy Statement can be found at the following Internet site:

http://www.cerner.com/About_Cerner/Investor_Relations/Proxy_Materials/

The Company's 2011 Annual Report and its 2012 Proxy Statement may also be provided, at the participant's request, in hard copy form. To receive a paper copy of the Company's 2011 Annual Report and 2012 Proxy Statement, please contact Taina Fitzgerald at (816) 201-3841.

Once you submit your votes, the process is complete and your votes will remain confidential.

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CERNER CORPORATION
2800 ROCKCREEK PARKWAY
NORTH KANSAS CITY, MO 64117

VOTE BY INTERNET - www.proxyvote.com

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time on May 17, 2012. Have your Proxy Card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time on May 17, 2012. Have your Proxy Card in hand when you call and then follow the instructions.

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

The Board of Directors recommends you vote FOR the following
:

1. Election of Directors

For Against Abstain

Nominees

01 Clifford W. Illig

.. ..

02 William B. Neaves

.. ..

The Board of Directors recommends you vote FOR proposals 2 and 3.

For Against Abstain

.. ..

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2 Ratification of the appointment of KPMG LLP as the independent registered public accounting firm of Cerner Corporation for 2012.

3 Approval, on an advisory basis, of the compensation of our named executive officers.

.. ..

The Board of Directors recommends you vote AGAINST the following proposal:

For Against Abstain

4 Shareholder proposal to repeal our classified board of directors, if properly presented at the meeting.

.. ..

NOTE: This Proxy, when properly executed, will be voted in the manner directed herein by the undersigned shareholder(s). If no direction is made, this Proxy will be voted FOR proposals 1, 2 and 3 and AGAINST proposal 4. In their discretion, the appointed proxies are to vote upon such other business as may properly come before the meeting which the Board of Directors does not have knowledge of a reasonable period of time before the solicitation of this Proxy.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

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If you are a registered shareholder possessing a physical stock certificate and you need to update the address on your stock certificate, please contact our transfer agent, Computershare, to make this change. Computershare's contact information is as follows:

Internet: www.computershare.com/investor

Phone: (800) 884-4225

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Notice & Proxy Statement, and Annual Report is/are available at www.proxyvote.com.

CERNER CORPORATION

**This proxy is solicited by the Board of Directors of Cerner
Corporation**

This Proxy is for the 2012 Annual Shareholders' Meeting of Cerner Corporation, a Delaware corporation, to be held May 18, 2012, at 10:00 a.m., local time, at The Cerner Round auditorium in the Cerner Vision Center, located on the Cerner Campus at 2850 Rockcreek Parkway, North Kansas City, Missouri 64117.

The undersigned hereby appoints Clifford W. Illig and Neal L. Patterson, and each of them, jointly and severally, with full power of substitution, as attorneys-in-fact, to vote all the shares of Common Stock of Cerner Corporation which the undersigned is entitled to vote at the 2012 Annual Shareholders' Meeting of Cerner Corporation to be held on May 18, 2012, and at any adjournment thereof, on the transaction of any and all business which may come before said meeting, as fully and with the same effect as the undersigned might or could do if personally present for the purposes set forth. The undersigned hereby acknowledges receipt of the Notice of Annual Shareholders' Meeting, Proxy Statement, dated April 9, 2012, and the 2011 Annual Report to Shareholders.

This Proxy Card will be voted **FOR** the election of director nominees: Clifford W. Illig and William B. Neaves, Proposal #2, and Proposal #3, and **AGAINST** Proposal #4 if no choice is selected for any such proposal.

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If you want to vote in accordance with the recommendation of the Board of Directors, simply sign where indicated on the other side and return this card.

PLEASE MARK, SIGN, DATE AND MAIL THIS PROXY IN THE ENVELOPE PROVIDED.

Continued and to be signed and dated on reverse side

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