CERNER CORP /MO/
Form DEF 14A
April 29, 2019

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant ý
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Check the appropriate box:
¨ Preliminary Proxy Statement

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ý 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)

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

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(4) Date Filed:

April 29, 2019

Dear fellow Cerner shareholders:

I am pleased to invite you to attend the Annual Shareholder Meeting to be held on May 30, 2019 at 10:00 a.m., in The Cerner Round Auditorium located at 2850 Rockcreek Parkway, North Kansas City, Missouri 64117.

This meeting will give shareholders a forum to receive an update on the Company's performance and to ask questions about other topics of importance. Cerner is fortunate to be in a sector-health information technology-that we believe is bolstered by some of the most powerful and reliable drivers of sustainable performance in any industry. As the world's populations steadily grow, rising living standards are creating greater demand for quality, affordable health care, and the vast opportunity for technology to play a significant role in improving health care while reducing costs. These macro factors should fuel demand for Cerner® solutions.

The Board recently welcomed four new independent directors - John J. Greisch, George A. Riedel, Melinda J. Mount and R. Halsey Wise. With Denis A. Cortese's upcoming retirement, the previously announced retirement of co-founder Clifford W. Illig, and the additions of the four new directors, Cerner will have refreshed more than one half of its Board since 2017.

At Cerner's 2019 annual shareholders' meeting, four directors are up for re-election, including two of our recently added directors. We will also be voting on the ratification of the appointment of KMPG LLP, the compensation of our Named Executive Officers, and the amendment and restatement of our omnibus equity incentive compensation plan, including the authorization of additional shares.

It has been an interesting and eventful first year of my tenure. During this time, our leadership team and I have reviewed nearly every facet of Cerner. I believe the company is poised for the next phase of growth by virtue of the following:

- A new "Greenhouse" R&D organization will operate as an incubator and develop and cross-pollinate Cerner solutions across the client base.

- Our newly created Strategic Growth organization is focused on capturing growth from 'megatrends' affecting health care and the significant market opportunities outside the core electronic health record market.

- We have streamlined operations to be more efficient, highly collaborative and consistent with best practices.

Another important component of my first year was delivering better returns to our shareholders via an enhanced capital allocation program. Given our strong balance sheet and confidence in our future, Cerner has been repurchasing shares and recently announced an amendment to our stock repurchase program, authorizing the repurchase of an additional $1.2 billion of shares of common stock. We also recently announced our intent to initiate a quarterly dividend, which further underscores our commitment to shareholder returns.

We believe that our actions in the past year demonstrate our commitment to a renewed client focus, strong operations, improved governance, and enhanced shareholder returns. We therefore ask for your voting support (FOR) each matter presented on your proxy card.

On behalf of the entire Board of Directors, thank you for your continued support of Cerner.

Brent Shafer
Chairman of the Board of Directors and
Chief Executive Officer

CERNER CORPORATION
2800 ROCKCREEK PARKWAY
NORTH KANSAS CITY, MISSOURI 64117

NOTICE OF 2019 ANNUAL SHAREHOLDERS' MEETING
MAY 30, 2019

TO OUR SHAREHOLDERS:

The 2019Annual Shareholders' Meeting of Cerner Corporation will be held on Thursday, May 30, 2019, at 10:00 a.m., local time, in The Cerner Round Auditorium in the Cerner Vision Center, located on the Cerner campus at 2850 Rockcreek Parkway, North Kansas City, Missouri 64117, for the following purposes:

1. To elect four Class III Directors: Gerald E. Bisbee, Jr., Ph.D., M.B.A., Linda M. Dillman, George A. Riedel, M.B.A. and R. Halsey Wise, M.B.A., each to serve for a three-year term (see Proposal #1);

2. To ratify the appointment of KPMG LLP as the independent registered public accounting firm of Cerner Corporation for 2019 (see Proposal #2);

3. To conduct an advisory vote to approve the compensation of our Named Executive Officers (see Proposal #3);

4. To approve the proposed amendment and restatement of the Cerner Corporation 2011 Omnibus Equity Incentive Plan, including an increase in the number of authorized shares under the plan (Proposal #4); and

5. Any other business that may properly come before the 2019 Annual Shareholders' Meeting or any postponement or 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 Tuesday, April 30, 2019, is entitled to receive notice of and to vote at the 2019 Annual Shareholders' Meeting or any adjournment or postponement of the meeting. Shares of common stock can be voted at the 2019 Annual Shareholders' Meeting only if the holder is present in person or by valid proxy.

It is important that your shares be voted at the 2019 Annual Shareholders' Meeting. Even if you plan to attend the 2019 Annual Shareholders' Meeting, the Board of Directors of Cerner Corporation requests that you submit your proxy by telephone or the Internet or by marking, signing, dating and promptly mailing the Proxy Card or voting instruction form in the enclosed postage prepaid envelope.

A copy of our 2018 Annual Report to Shareholders, which includes audited consolidated financial statements, is enclosed and available at www.cerner.com and www.proxyvote.com. The Annual Report is not part of our proxy soliciting material.

BY ORDER OF
THE BOARD
OF
DIRECTORS,

Randy D. Sims
Secretary

You may submit your proxy by telephone, via the Internet or by completing, signing, dating and mailing your Proxy Card. 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. If you are present at the meeting, you may choose to vote your shares in person, and any previously submitted proxy will not be used. If you hold shares through a broker, bank or other nominee, please check the voting instructions used by that broker, bank or nominee.

Important Notice Regarding the Availability of Proxy Materials for the 2019 Annual Shareholders' Meeting to be held on May 30, 2019: The 2019 Proxy Statement and 2018 Annual Report to Shareholders are available at www.proxyvote.com and on www.cerner.com under "Investor Relations, Financial Information, Proxy Materials."

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CERNER CORPORATION
2800 ROCKCREEK PARKWAY
NORTH KANSAS CITY, MISSOURI 64117
PROXY STATEMENT

2019 ANNUAL SHAREHOLDERS' MEETING
MAY 30, 2019

This Proxy Statement, which is first made available on or about April 29, 2019, 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 2019 Annual Shareholders' Meeting of the Company to be held on May 30, 2019, commencing at 10:00 a.m., local time, in The Cerner Round Auditorium in the Cerner Vision Center, located on Cerner's campus at 2850 Rockcreek Parkway, North Kansas City, Missouri 64117, and any postponement or adjournment thereof (the "2019 Annual Shareholders' Meeting"). Your vote is very important. For this reason, the Board is requesting that you allow your shares of common stock, par value $0.01 per share, of the Company ("Common Stock") to be represented at the 2019 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 if our records show that you held your shares as of the close of business on Tuesday, April 30, 2019, the record date for our meeting. At the close of business on April 11, 2019, 325,406,145 shares of Common Stock were outstanding and entitled to vote. Each share of Common Stock is entitled to one vote. Your 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.
What is the difference between a shareholder of record and a "street name" holder?	If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered the shareholder of record with respect to those shares. If your shares are held in a stock brokerage account or by a broker, bank or other nominee, then the broker, bank or other nominee is considered to be the shareholder of record with respect to those shares. However, you still are considered the beneficial owner of those shares and your shares are said to be held in "street name." Street name holders generally cannot vote their shares directly and must instead instruct the broker, bank or other nominee how to vote their shares using the voting instruction form provided by such broker, bank or other nominee.

How do I vote?	If your Common Stock is held by a broker, bank or other nominee (i.e., in street name or through the Cerner Corporation Foundations Retirement Plan), you will receive instructions from the broker, bank or other nominee that you must follow in order to have your shares voted. These instructions should indicate if Internet or telephone voting is available and, if so, provide details regarding how to use those systems to submit your voting instructions. Additionally, you may vote these shares in person at the 2019 Annual Shareholders' Meeting if you have requested and received a legal proxy from your broker, bank or other nominee (the shareholder of record) giving you the right to vote these shares in person at the 2019 Annual Shareholders' Meeting. If you hold your shares in your own name (i.e., as a holder of record), you may vote in person at the meeting or submit your proxy over the Internet, by telephone, in person or by mail. PLEASE CHOOSE ONLY ONE OF THE FOLLOWING: 1. By Internet: To submit your proxy by Internet, go to www.proxyvote.com. You may submit your proxy via the Internet 24 hours a day, 7 days a week until 11:59 p.m. (ET) on Wednesday, May 29, 2019. 2. By Telephone: You may submit your proxy by telephone 24 hours a day, 7 days a week until 11:59 p.m. (ET) on Wednesday, May 29, 2019. If you are in the United States or Canada, you may call toll-free 1 (800) 690-6903. 3. By Mail: You may instruct the persons named as proxies how to vote your Common Stock by completing, 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 Thursday, May 30, 2019, the day of the 2019 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 Wednesday, May 29, 2019, the last business day before the 2019 Annual Shareholders' Meeting. 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 methods above prior to the meeting and still attend the 2019 Annual Shareholders' Meeting. In all cases, a vote at the 2019 Annual Shareholders' Meeting will revoke any prior votes. In order to vote, 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. Depending on the number of accounts in which you hold Common Stock, you may receive and need to vote more than one control number. If you submit your proxy by Internet or telephone, you do not need to return a Proxy Card.
How do I vote if my shares are held in the Cerner Corporation Foundations Retirement Plan?	If you hold any shares in the Cerner Corporation Foundations Retirement Plan (the "401(k) Plan"), you are receiving, or are being provided access to, the same proxy materials as any other shareholder of record. However, your proxy vote will serve as voting instructions to the 401(k) Plan trustee. Your voting instructions must be received at least three business days prior to the 2019 Annual Shareholders' Meeting in order to count. In accordance with the terms of the 401(k) Plan, the trustee will vote all of the shares held in the 401(k) Plan in the same proportion as the actual proxy votes submitted by 401(k) Plan participants as of 11:59 p.m. (ET) on Friday, May 24, 2019. We encourage you to provide instructions to the trustee regarding the voting of

your shares.

How may I revoke or change my proxy instructions?

If you are a shareholder of record and you submit a proxy with your voting instructions, and later desire to revoke or change your voting instructions (prior to the 2019 Annual Shareholders' Meeting), you may revoke and then change your initial proxy instructions by any of the following procedures:

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

2. Completing, signing and returning another signed Proxy Card with a later date that we receive before 10:00 a.m. (CT) on Thursday, May 30, 2019; or

3. Attending the 2019 Annual Shareholders' Meeting and voting your shares in person.

Your attendance at the 2019 Annual Shareholders' Meeting will not automatically revoke your proxy unless you vote again at the 2019 Annual Shareholders' Meeting or specifically request that your prior proxy be revoked by delivering to the Corporate Secretary a written notice of revocation prior to the 2019 Annual Shareholders' Meeting.

If your shares are held in "street name" through a broker, bank or other nominee, you must contact your broker, bank or nominee to receive instructions as to how to revoke your proxy if such instructions have not already been provided to you. In any case, your last properly-received and timely voted proxy or ballot will be the vote that is counted.

How are votes counted?

The 2019 Annual Shareholders' Meeting will be held if a quorum represented by a majority of our outstanding shares entitled to vote is represented at the meeting, either in person or by properly executed proxy. 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. Broker non-votes (which are discussed below) will also be counted for the purpose of determining whether there is a quorum. If a quorum is not present or represented by proxy, the 2019 Annual Shareholders' Meeting may be adjourned from time to time, without notice other than announcement at the meeting, 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 2019 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 postponed or 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 Inspectors of Election appointed by the Board.

What is a broker non-vote?

A "broker non-vote" occurs when a broker, bank or other nominee holding shares for a beneficial owner does not vote on a particular proposal because the broker, bank 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 2019 Annual Shareholders' Meeting, if such shares are otherwise properly represented at the meeting in person or by proxy.

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If you are a beneficial shareholder and your broker, bank or other nominee holds your shares in its name, the broker, bank or other nominee is permitted to vote your shares on the ratification of the appointment of KPMG LLP (Proposal #2) as the Company's independent registered public accounting firm, even if the broker, bank or other nominee does not receive voting instructions from you.

Brokers, banks and other nominees do not have discretionary voting rights with respect to the election of Directors (Proposal #1), the advisory vote to approve the compensation of our Named Executive Officers (Proposal #3), or the proposed amendment and restatement of the Cerner Corporation 2011 Omnibus Equity Incentive Plan (Proposal #4). Therefore, if you do not instruct your broker, bank or other nominee how you would like your shares voted with respect to these proposals, your shares will not be voted on such proposals.

May I attend the 2019 Annual Shareholders' Meeting?

If you were a holder of record on the record date, Tuesday, April 30, 2019, you may attend and vote at the 2019 Annual Shareholders' Meeting. If you want to vote in person any shares you hold in street name, you must get a proxy in your name from your broker, bank or other nominee.

If you are unable to attend the meeting in person, you may listen to the meeting via audio webcast through Cerner's website, www.cerner.com. Please go to our website prior to the annual meeting for details, which can be found under Investor Relations (Presentations and Webcasts). For those who cannot listen to the live broadcast, a replay will be available shortly after the meeting.

What vote is required?

With respect to Proposal #1 (the election of Directors), you may vote "For" or "Against" each of the nominees for Director, or you may "Abstain" from voting for one or more nominees. In an uncontested Director election, such as this one, the affirmative vote of a majority of the votes cast, in person or by proxy, is required for the election of Directors (meaning the number of shares voted "For" a nominee must exceed the number of shares voted "Against" a nominee). If any nominee for Director receives a greater number of votes "Against" his or her election than votes "For" such election, our Bylaws require that such person tender his or her resignation to the Board following certification of the vote as further discussed below under "Consideration of Director Nominees - Majority Voting for Directors." Abstentions and broker non-votes are not considered votes cast for the foregoing purpose and will have no effect on the election of nominees. No shareholder may vote in person or by proxy for more than four nominees at the 2019 Annual Shareholders' Meeting. Shareholders do not have cumulative voting rights in the election of Directors.

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

- the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2019 (Proposal #2);
- the approval, on an advisory basis, of the compensation of our Named Executive Officers (Proposal #3);
- the approval of the proposed amendment and restatement of the Cerner Corporation 2011 Omnibus Equity Incentive Plan, including an increase in the number of authorized shares under the plan (Proposal #4); and
- any other proposal that might properly come before the meeting.

This means that of the shares present in person or by proxy and entitled to vote at the meeting, a majority of them must be voted "For" the proposal for it to be approved. With respect to Proposal #s 2, 3 and 4, you may vote "For," "Against" or "Abstain." Abstentions and broker non-votes are considered to be "present" and "entitled to" vote at the meeting with respect to Proposal #s 2, 3 and 4, and as a result, abstentions and broker non-votes will have the same effect as a vote "Against" these proposals. However, as discussed above, brokers, banks and other nominees may use their discretionary voting authority with respect to the ratification of our independent registered public accounting firm (Proposal #2), so no broker non-votes are expected for this proposal.

The results of the vote on Proposal #3 (the advisory say-on-pay vote on the compensation of our Named Executive Officers) is not binding on the Board, whether or not the proposal is approved at the 2019 Annual Shareholders' Meeting. In evaluating the shareholder vote on this advisory resolution, the Board will consider the voting results in their entirety.

How does the Board recommend that I vote?

The Board recommends a vote in favor of:

• each nominee included in this Proxy Statement for Director (Proposal #1);
• the ratification of the appointment of KPMG LLP as the independent registered public accounting firm of the Company for 2019 (Proposal #2);
• the approval, on an advisory basis, of the compensation of our Named Executive Officers (Proposal #3); and
• the approval of the proposed amendment and restatement of the Cerner Corporation 2011 Omnibus Equity Incentive Plan, including an increase in the number of authorized shares under the plan (Proposal #4).

Who pays the cost of this proxy solicitation?

This Proxy Statement and the accompanying proxy card are being furnished to shareholders in connection with the solicitation of proxies by the Board of the Company. We will bear all costs of solicitation of such proxies.

In addition to solicitation of proxies by mail, our Directors, officers and associates (employees), at no additional compensation, may solicit proxies from shareholders by telephone, email, Internet or in person. We will request brokers, banks, custodians, fiduciaries and other nominees 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.

What does it mean if I receive more than one proxy card or voting instruction form?

It generally means your shares are registered differently or are in more than one account. Please provide voting instructions for each proxy card or voting instruction form or, if you vote via the Internet or by telephone, vote once for each proxy card or voting instruction form you receive to ensure that all of your shares are voted.

How can I receive my proxy materials by e-mail in the future?

This year we are mailing paper copies of our proxy materials to all shareholders, including to those who have previously elected to receive proxy materials by e-mail. If you have previously elected to receive your proxy materials by e-mail, there is no need to opt in again, and you will receive future copies of proxy materials by e-mail. For those who have not yet opted to receive your proxy materials by e-mail but would like to do so for future annual shareholders' meetings, you can elect to receive an e-mail with links to these documents, your control number and instructions for voting over the Internet. Opting to receive your proxy materials by e-mail will save the cost of producing and mailing documents to you and will also help conserve resources. Your e-mail address will be kept separate from any other company operations and will be used for no other purpose.

	If you would like to sign up to receive our proxy materials by e-mail in the future, you can choose this option by: • following the instructions on your Proxy Card or voting instruction form; or • following the instructions provided when you submit your proxy over the Internet. Your election to receive proxy materials by email will remain in effect until you terminate it.
Who should I call if I have questions?	If you have questions about the 2019 Annual Shareholders' Meeting or voting, please call our Corporate Secretary, Randy D. Sims, at (816) 221-1024.

Important Notice Regarding the Availability of Proxy Materials for the 2019 Annual Shareholders' Meeting to be held on May 30, 2019: The 2019 Proxy Statement and 2018 Annual Report to Shareholders are available at www.proxyvote.com and www.cerner.com under "Investor Relations, Financial Information, Proxy Materials."

INFORMATION CONCERNING DIRECTORS AND NOMINEES

Effective April 8, 2019, the Board increased the size of the Board from eight to eleven Directors, and, in connection therewith, expanded the number of Directors comprising each of Class II and Class III by one and two, respectively. As part of the Board's planned refreshment, it appointed each of John J. Greisch and R. Halsey Wise to the Board. In addition, the Board appointed Melinda J. Mount and George A. Riedel, who were recommended by one of our shareholders and appointed to the Board in accordance with a cooperation agreement with such shareholder as further explained in the next section. Mr. Riedel and Mr. Wise were each appointed as Class III Directors, and Mr. Greisch and Ms. Mount were each appointed as Class II Directors, with Mr. Greisch filling the existing vacancy in Class II left by Clifford W. Illig, who retired from the Board in January 2019. The size of the Board will be decreased to ten Directors immediately prior to the 2019 Annual Shareholders' Meeting upon Denis A. Cortese's retirement.

Our Board is divided into three classes, with each of the classes serving staggered terms of three years. The terms of our Class III Directors will expire at this year's 2019 Annual Shareholders' Meeting. Those elected as Class III Directors this year will serve as Directors until the 2022 Annual Shareholders' Meeting. The terms of the Class I and Class II Directors will expire at the 2020 and 2021 Annual Shareholders' Meetings, respectively. Proxies cannot be voted for a greater number of persons than the number of nominees named for Class III.

The Board has determined that all ten current non-employee Directors of the Board are independent as required by the rules of the Securities and Exchange Commission ("SEC") and The Nasdaq Stock Market LLC ("Nasdaq"). The names and biographies of the Company's current Directors and nominees for election as Class III Directors, except for Dr. Cortese who is not standing for re-election to the Board and who will retire from the Board immediately prior to the 2019 Annual Shareholders' Meeting, are set forth below. Ages provided are as of the date of our 2019 Annual Shareholders' Meeting.

Agreement with Starboard Value LP

On April 9, 2019, the Company announced that it entered into an agreement (the "Agreement") with Starboard Value LP and certain of its affiliates named therein (collectively, "Starboard") regarding the composition of the Company's Board, among other matters. Under the terms of the Agreement, effective immediately, John J. Greisch, Melinda J. Mount, George A. Riedel and R. Halsey Wise were appointed to the Board. Messrs. Greisch and Wise were both identified by our NG&PP Committee (defined below) as part of our ongoing search effort to refresh the Board with highly qualified candidates. Ms. Mount and Mr. Riedel were introduced to members of the NG&PP Committee by representatives of Starboard. The Agreement further provides, among other things, that at the 2019 Annual Shareholders' Meeting Starboard would vote all shares of common stock beneficially owned by it in favor of the Company's nominees for election to the Board and would vote in accordance with the Board's recommendation on all other proposals, subject to certain conditions. A complete copy of the Agreement is filed as Exhibit 10.1 to the Company's current report on Form 8-K filed with the SEC on April 9, 2019.

CLASS I (Serving for a Term to Expire at the 2020 Annual Shareholders' Meeting)

Julie L. Gerberding, M.D., M.P.H. (Age 63) Member of the: • Compensation Committee • Nominating, Governance & Public Policy Committee	Dr. Gerberding has been a member of the Board of Directors of the Company since March 2017. She has been the Executive Vice President and Chief Patient Officer, Strategic Communications, Global Public Policy and Population Health of Merck & Co., Inc. ("Merck") (NYSE: MRK) since July 2016. Merck is a global health care company that delivers innovative health solutions through its prescription medicines, vaccines, biologic therapies and animal health products, which it markets directly and through its joint ventures. In this position, Dr. Gerberding is responsible for Merck's global public policy, corporate responsibility and communications functions, as well as the Merck Foundation and the Merck for Mothers program. Dr. Gerberding also leads new partnership initiatives that accelerate Merck's ability to contribute to improved population health, a measure of impact that is increasingly valued by governments and other global health organizations. Dr. Gerberding joined Merck as President of Merck Vaccines in January 2010 and was promoted to Executive Vice President for Strategic Communications, Global Public Policy and Population Health in December 2015. Prior to joining Merck, Dr. Gerberding served as Director of the U.S. Centers for Disease Control and Prevention ("CDC") from 2002-2009 and before that served as Director of the Division of Healthcare Quality Promotion. Before joining the CDC, Dr. Gerberding was a tenured faculty member in Infectious Diseases at the University of California at San Francisco ("UCSF"). She continues as an Adjunct Associate Clinical Professor of Medicine at UCSF. The following experience, qualifications, attributes and/or skills led the Board to conclude that Dr. Gerberding should serve as a Director: her medical and science-based professional background and experience, current and previously held senior-executive level leadership positions at a global public company, her knowledge of and experience with global public policy, health care leadership and population health, her information protection (data privacy and cybersecurity) expertise, and her independence from the Company.
Brent Shafer (Age 61)	Mr. Shafer joined the Company as Chairman of the Board and Chief Executive Officer in February 2018. Prior to joining the Company, he served as Chief Executive Officer of Philips North America, a health technology company and the North American division of Koninklijke Philips N.V. ("Philips") (NYSE: PHG), since February 2014. In that position, Mr. Shafer led an organization of 17,000 employees and oversaw a health technology portfolio that included a broad range of solutions and services covering patient monitoring, imaging, clinical informatics, sleep and respiratory care as well as a group of market-leading consumer-oriented brands. For 12 years, Mr. Shafer played a key role in helping Philips develop and strengthen its health care focus, increase its profitability and grow its market share. Prior to his most recent position, Mr. Shafer served as Chief Executive Officer of the global Philips' Home Healthcare Solutions business, a home healthcare services provider with 6,000 employees, from May 2010 until May 2014, as Chief Executive Officer of the North America region for Royal Philips Electronics from January 2009 until May 2010, and as President and Chief Executive Officer of the Healthcare Sales and Service business for Philips North America from May 2005 until May 2010. Prior to

joining Philips, Mr. Shafer served in various senior leadership positions with other companies, including Hill-Rom (NYSE: HRC), GE Medical Systems (NYSE: GE) and Hewlett-Packard (NYSE: HPE).

The following experience, qualifications, attributes and/or skills led the Board to conclude that Mr. Shafer should serve as a Director: his appointment as CEO of the Company, his significant experience in senior-executive level leadership positions of the health care technology division of a large, publicly traded company, his leadership in the growth and strategies of a complex, multinational organization over a number of years, his experience in global business, his commitment to innovation, and his knowledge of and experience from the provider and supplier side of the health care industry.

William D. Zollars (Age 71) Member of the: • Audit Committee • Compensation Committee • Nominating, Governance & Public Policy Committee • Finance & Strategy Committee	Mr. Zollars has been a member of the Board of Directors of the Company since May 2005. He is the former Chairman, President and Chief Executive Officer of YRC Worldwide (now known as YRC Freight) (Nasdaq: YRCW), which positions he held from November 1999 to July 2011. Prior to that, 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 also serves on the boards of directors of Prologis, Inc. (NYSE: PLD) and CIGNA Corporation (NYSE: CI). 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 (Serving for a Term to Expire at the 2021 Annual Shareholders' Meeting)

Mitchell E. Daniels, Jr., J.D. (Age 70) Member of the: • Audit Committee • Nominating, Governance & Public Policy Committee (Chairperson)	Mr. Daniels has been a member of the Board of Directors of the Company since December 2013. Mr. Daniels is the 12th President of Purdue University, a post he assumed in January 2013, at the conclusion of his term as Governor of Indiana. He was elected Indiana's 49th governor in 2004 in his first bid for any elected office. He was re-elected in 2008 to a second and final term, receiving more votes than any candidate for any public office in the state's history. As governor, Mr. Daniels spearheaded a host of reforms aimed at strengthening the Indiana economy, and improving the ethical standards, fiscal condition and performance of state government. Mr. Daniels came from a successful career in business and government, holding numerous top management positions in both the private and public sectors. He served as the Chief Executive Officer of the Hudson Institute and as President of Eli Lilly & Company's North American Pharmaceutical Operations (NYSE: LLY). He also served as Chief of Staff to Senator Richard Lugar, a senior advisor to President Ronald Reagan, and Director of the Office of Management and Budget under President George W. Bush. Mr. Daniels currently serves as a member of the boards of directors of Energy Systems

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	Network, Norfolk Southern Corporation (NYSE: NSC) and Urban Institute. He served on the board of directors of Interactive Intelligence Group, Inc. (formerly Nasdaq: ININ) from 2015 to 2016. The following experience, qualifications, attributes and/or skills led the Board to conclude that Mr. Daniels should serve as a Director: his government and public policy professional background and experience, his current and previously held leadership positions, his service on other public and private company boards, Cerner board experience, board attendance and participation, his health care business and operations experience, his extensive understanding of financial statements, and his experience with global business.
John J. Greisch, M.B.A. (Age 63) Member of the: • Audit Committee • Finance & Strategy Committee (Chairperson)	Mr. Greisch is the former President & Chief Executive Officer of Hill-Rom Holdings, Inc. ("Hill-Rom") (NYSE: HRC), a global medical technology company, a position he held from January 2010 until his retirement in May 2018. Prior to Hill-Rom, Mr. Greisch was President International Operations for Baxter International, Inc. ("Baxter") (NYSE: BAX), a position he held from 2006 until 2009. During his tenure with Baxter, he also served as Baxter's Chief Financial Officer and as President of its BioScience division. Before his time with Baxter, he was President and Chief Executive Officer for FleetPride Corporation. Prior to that, he held various positions at The Interlake Corporation, including serving as President of its Materials Handling Group. Mr. Greisch currently serves on the Board of Directors of Catalent, Inc. (NYSE: CTLT) and, Idorsia Pharmaceuticals Ltd. (SIX Swiss Exchange: IDIA) and previously served on the boards of Hill-Rom (NYSE: HRC), Actelion Ltd, TomoTherapy, Inc. (formerly Nasdaq: TOMO), and The Advanced Medical Technology Association (AdvaMed). Additionally, he serves as a senior advisor to TPG Capital and is on the board of directors for the Ann & Robert H. Lurie Children's Hospital of Chicago. The following experience, qualifications, attributes and/or skills let the Board to conclude that Mr. Greisch should serve as a Director: his experience in multiple roles in global public health care companies, including serving as Chief Executive Officer and Chief Financial Officer, his health care business and operations experience, experience in preparing and analyzing complex public company financial statements, experience on the board of directors of private and public companies, and independence.
Melinda J. Mount, M.B.A. (Age 59) Member of the: • Audit Committee • Finance & Strategy Committee	Ms. Mount most recently served as President of AliphCom, Inc. (d/b/a Jawbone), a consumer technology and wearable products company, which position she held from June 2013 until February 2014. Previously, she held various senior level positions at Microsoft Corporation ("Microsoft") (Nasdaq: MSFT), including Corporate Vice President and Chief Financial Officer of the Online Services Division, from 2010 until May 2013, and Corporate Vice President of Operations and Finance and Chief Financial Officer of the Entertainment and Device Division, from 2006 until 2010. Prior to joining Microsoft, Ms. Mount served as the Vice President of Strategy and Development at Time Warner, Inc. ("Time Warner") (formerly NYSE: TWX), from 1995 until 2001, and then as Executive Vice President and Co-Managing Director of the United Kingdom Division of AOL Inc. (formerly NYSE: AOL), a web portal and online service provider and a subsidiary of Time Warner, from 2001 until 2003. Prior to that, she served as Vice President of Mergers and Acquisitions at Morgan Stanley (NYSE: MS) from 1987 until 1995. Ms. Mount has served as a member of the board of directors

of Technicolor S.A. (TCH: FP) since April 2016, and currently serves as Vice Chairman of the board, and has served as a member of the board of the directors of the Learning Care Group, Inc. since December 2014. Ms. Mount has also served as a member of the Board of Dean’s Advisors at Harvard Business School since April 2015.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Ms. Mount should serve as a Director: her extensive financial and operations experience developing innovative solutions for driving growth and profit in both the start-up and Fortune 100 company settings, and her experience in senior leadership positions of global private and public companies.

CLASS III (Serving for a Term to Expire at the 2019 Annual Shareholders' Meeting)

Gerald E. Bisbee, Jr., Ph.D., M.B.A. (Age 76) Member of the: • Audit Committee (Chairperson) • Nominating, Governance & Public Policy Committee	Dr. Bisbee has been a member of the Board of Directors of the Company since February 1988. He is the co-founder and Executive Chairman of The Health Management Academy ("The Academy"), a network of executives from the nation's largest integrated health systems and the industry's most innovative companies striving to shape the future of health care. The Academy facilitates the exchange of best practices and benchmarking data, focused on increasing the quality, appropriateness and efficiency of care. Prior to assuming the role of Executive Chairman in September 2018, Dr. Bisbee served as Chairman and Chief Executive Officer of The Academy for more than five years. Dr. Bisbee was Chairman of the Board of Directors, Chief Executive Officer and President of ReGen Biologics, Inc. ("ReGen") (OTCMKTS: RGBOQ) from 1998 to September 2011. Dr. Bisbee was President, Chief Executive Officer and 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 (the research and development arm of the American Hospital Association); and a faculty member in graduate management programs at Yale University and Northwestern University. The following experience, qualifications, attributes and/or skills led the Board to conclude that Dr. Bisbee should serve and be nominated 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 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.

Linda M. Dillman (Age 62) Member of the: • Compensation Committee (Chairperson)	Ms. Dillman has been a member of the Board of Directors of the Company since May 2010. She is the former Chief Information Officer of QVC, Inc. (NYSE: QVCD), a role she held from January 2012 until she retired in January 2017. QVC, Inc. is 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 (NYSE: HPQ) 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. (NYSE: WMT), 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 and be nominated as a Director: her professional background and experience, current and previously held senior-executive level leadership positions at public companies, Cerner board experience, board attendance and participation, and her extensive knowledge of information technology, information protection (data privacy and cybersecurity), human resources and health care insurance and health care plans for large employers.
George A. Riedel, M.B.A. (Age 61) Member of the: • Compensation Committee • Finance & Strategy Committee • Nominating, Governance & Public Policy Committee	Mr. Riedel has served on the Board of Directors of Xperi Corporation (NASDAQ:XPER) (f/k/a Tessera Holding Corporation ("Tessera Holding")), a creator, developer and licensor of innovative audio, computational imaging, computer vision and semiconductor packaging and interconnect technologies, since December 2016 when Tessera Technologies, Inc. ("Tessera") and DTS, Inc. became wholly owned subsidiaries of Tessera Holding pursuant to a merger. Prior to the merger, he had served on the Board of Directors of Tessera (formerly NASDAQ:TSRA) since May 2013. Mr. Riedel is also a professor at Harvard Business School, a position he has held since January 2018. Mr. Riedel previously served as the Chairman of the Board of Directors of Accedian Networks Inc., a performance assurance solution specialist for mobile networks and enterprise-to-data center connectivity, from 2010 until March 2017, when it was sold to Bridge Growth Partners. He also served as the Chairman and Chief Executive Officer of Cloudmark, Inc., a leader in security, protecting traffic, data and infrastructure from network threats ("Cloudmark"), until January 2017. Mr. Riedel joined the Cloudmark Board in June 2013, became Chairman in January 2014 and CEO in December 2014. He also previously served on the Boards of Directors of NextDocs Corporation, a clinical trial and compliance management software company from July 2013 to April 2015, PeerApp Ltd, an optimized video content delivery service to network operators and providers, from 2011 to September 2015, and Blade Network Technologies, a top of rack switch vendor, from 2009 until its sale to IBM in 2010. Mr. Riedel's career has also included various senior management positions at Nortel Networks Corporation, a then publicly traded, global telecommunications equipment manufacturer ("Nortel"). In March 2006, Mr. Riedel joined Nortel as part of the turnaround team as the Chief Strategy Officer. His role changed after Nortel initiated creditor protection under the respective restructuring regimes of Canada under the Companies' Creditors Arrangement Act, the U.S. under the Bankruptcy Code, and the United Kingdom under the Insolvency Act 1986, on January 14, 2009, and subsequently, Israel, to lead the sale/restructuring of various carrier and enterprise business

units through a series of transactions to leading industry players such as Ericsson, Avaya and Ciena. Mr. Riedel led the efforts to create standalone business units, carve out the relevant P&L and balance sheet elements and assign predominately used patents to enable sales of the assets. In 2010, Mr. Riedel's role changed to President of Business Units and Chief Strategy Officer as he took leadership of the effort to monetize the remaining 6,500 patents and applications patents as well as manage the P&L for several business units that were held for sale. The 2011 patent sale led to an unprecedented transaction of $4.5 billion to a consortium of Apple, Ericsson, RIM, Microsoft and EMC. Prior to Nortel, Mr. Riedel was the Vice President of Strategy and Corporate Development of Juniper Networks, Inc. (NYSE:JNPR), a designer, developer and manufacturer of networking products, from 2003 until 2006, where he led the acquisition of Netscreen Technologies. Mr. Riedel was also previously a Senior Partner at McKinsey & Company, a global management consulting firm, where he spent 15 years serving clients in the telecom and technology sectors in Asia and North America on a range of strategy and growth issues.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Mr. Riedel should serve and be nominated as a Director: his extensive knowledge of the technology industry, both from a cloud and consumer perspective and an enterprise software perspective, and intellectual property licensing, his experience in senior leadership positions of global private and public companies, his independence, his service on public and private company boards, his extensive understanding of financial statements, and his knowledge of and experience in information protection (data privacy and cybersecurity).

R. Halsey Wise,
M.B.A.
(Age 54)
Member of the:
• Compensation Committee
• Finance & Strategy Committee

Mr. Wise is the founder, Chief Executive Officer and Chairman of Lime Barrel Advisors, LLC, a private investment firm he founded in 2010. He has served on the board of WellSky and Aspen Technology, Inc. (Nasdaq: AZPN) since July 2016. He joined the board of MedAssets, Inc. (formerly Nasdaq: MDAS), a health care technology performance improvement company, in March 2014 and served as Chairman and Chief Executive Officer from February 2015 until the company was acquired by Pamplona Capital Management in January 2016. He served on the board of Cotiviti Holdings, Inc. (formerly NYSE: COTV), a provider of analytics-driven payment solutions focused on the health care sector, from December 2017 until the company was acquired by Verscend Technologies, Inc. in August 2018. From September 2006 to December 2011, Mr. Wise served on the board of Acxiom Corporation (Nasdaq: ACXM), a provider of marketing technology and services. From 2003 through 2010, Mr. Wise was Chairman, President and Chief Executive Officer of Intergraph Corporation (formerly Nasdaq: INGR), a global provider of engineering and geospatial software. Prior to his service at Intergraph, Mr. Wise was President and Chief Executive Officer, North America of Solution 6 Holdings, Ltd., and President and Chief Operating Officer of Computer Management Sciences, Inc. (formerly Nasdaq: CMSX), a software and services company, which was acquired by Computer Associates International, Inc. (now named CA, Inc.). At Computer Associates, he served as the General Manager, North America, for Global Professional Services. Prior to that, Mr. Wise was engaged in investment banking at The Robinson-Humphrey Company (a division of Smith Barney), specializing in software and services.

The following experience, qualifications, attributes and/or skills led the Board to conclude that Mr. Wise should serve and be nominated as a Director: his 30

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years of strategic leadership and value creation experience in leading, operating and advising software and HCIT companies, his experience in global business, his experience in government contracting, his financial expertise, his independence, his health care business and operations experience, his health care technology experience, his business transformation experience, his current and previously held leadership positions, and his service on other public company boards.

MEETINGS OF THE BOARD AND COMMITTEES

The Board has established Audit, Compensation, Nominating, Governance & Public Policy ("NG&PP") and Finance & Strategy ("F&S") Committees. The Board has adopted a written charter for each of the Audit, Compensation and NG&PP Committees. The full text of each such charter is available on our website at www.cerner.com under "About Us, Leadership." The Board does not have an Executive Committee.

During 2018, the Board held four regular meetings; the Audit Committee held seven regular meetings; the Compensation Committee held two regular meetings; and the NG&PP Committee held three meetings. The F&S Committee was formed in April 2019. 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 past fiscal year.

Under applicable Nasdaq Marketplace Rules ("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 or nominees 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 and nominees are "independent" as defined under Rule 5605 (a)(2) of Nasdaq Rules: Gerald E. Bisbee; Denis A. Cortese; Mitchell E. Daniels; Linda M. Dillman; Julie L. Gerberding; Melinda J. Mount; George A. Riedel; John J. Greisch; R. Halsey Wise; and William D. Zollars. In making this determination with respect to Dr. Cortese, Mr. Daniels, Mr. Wise and Mr. Zollars, the Board considered their directorships on the boards of several companies that have either purchased solutions and services from us, or from which we have procured certain products and services, all in the ordinary course of business. Additionally, with respect to Dr. Cortese, the Board considered his service on the board of directors of Essence Group Holding Corporation ("EGHC"), an entity in which we acquired a minority interest for $266.25 million, and his service on the board of directors of Lumeris Healthcare Outcomes, LLC, a subsidiary of EGHC and an entity with which we have entered into a collaboration to develop and bring to market Maestro Advantage™, an EHR-agnostic offering designed to help providers who participate in value-based arrangements control costs and improve outcomes. In making this determination with respect to Dr. Gerberding, the Board considered her executive position with Merck & Co., Inc., which has purchased certain solutions and services from us in the ordinary course of business and in which we hold certain investments in commercial paper. In making this determination with respect to Mr. Greisch, the Board considered his executive position with and service on the board of directors of Hill-Rom during a portion of 2018. Cerner has purchased certain solutions and services from Hill-Rom, and Hill-Rom has purchased certain solutions and services from us, in the ordinary course of business. The Board concluded that none of the noted Directors had a direct or indirect material interest in the transactions referred to above. Additionally, all current and proposed members of the Audit Committee satisfy the additional independence requirements of Rule 10A-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Except with respect to our first-time nominees, whose independence was considered at the time of nomination, 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 are expected to attend the 2019 Annual Shareholders' Meeting. All other Directors, barring unforeseen circumstances, are expected to attend the 2019 Annual Shareholders' Meeting as well. All eight of our current Directors who were Directors at the time of the 2018 Annual Shareholders' Meeting attended the 2018 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. Audit Committee membership is reviewed annually by the Company's NG&PP Committee, which then recommends the Audit Committee membership to the full Board. Audit Committee members are generally approved by the full Board each May. 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 Nasdaq Rules for audit committees. In particular, each member of the Audit Committee is an "independent director" as defined by Nasdaq Rules. All Audit Committee members possess the required level of financial literacy, and at least one member of the Audit Committee meets the current standard of requisite financial management expertise. The Board has determined that Gerald E. Bisbee, 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, as amended.

Compensation Committee

The Compensation Committee's primary responsibilities are to review and approve our compensation policies and practices, review and recommend compensation for non-employee 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 grants to our Section 16 officers and adopt and approve major changes in our benefit plans and compensation philosophy. The Compensation Committee has the authority to obtain advice and assistance from and receive appropriate funding from the Company for outside compensation consultants, independent legal counsel and other consultants as the Compensation Committee deems necessary to carry out its duties.

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 Nasdaq Rules. 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 generally 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 reviews its Charter annually and any recommended amendments to the Charter are considered for approval by the full Board of Directors. The Compensation Committee's Charter was last updated in March 2019. The Compensation Committee's scope of authority is as set forth in its Charter. The Compensation Committee delegated its authority in May 2018 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 "non-employee directors" for purposes of Section 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 consists of "non-employee directors" for purposes of Section 16b-3 promulgated under the Exchange Act 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 consists of "non-employee directors" for purposes of Section16b-3 promulgated under the Exchange Act and has authority to ensure timely administration of our performance-based compensation plan for matters that require action between regularly scheduled Compensation Committee meetings and to make decisions with regard to any discretionary second tier match contribution made by the Company under our 401(k) Plan. 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

- Cerner Corporation 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 the third party administrator, record-keeper, custodian and trustee of our 401(k) Plan; ii) monitor the 401(k) Plan's reporting to the IRS and Department of Labor, the 401(k) Plan's ERISA compliance, 401(k) Plan audits and the payment of 401(k) Plan expenses; iii) monitor the compensation received by the 401(k) Plan's service providers; iv) monitor and evaluate disclosures by the 401(k) Plan to participants and beneficiaries; v) ensure maintenance of fiduciary liability insurance coverage and the ERISA fidelity bond coverage; vi) research and recommend 401(k) Plan amendments; vii) adopt, review and carry out investment policies and objectives for the 401(k) Plan; viii) review and select the investment options offered under the 401(k) Plan; ix) select and monitor the 401(k) Plan's investment managers and fund providers; x) supervise, monitor and evaluate on a semi-annual basis the performance of the investment options offered under the 401(k) Plan and periodically review the 401(k) Plan's investment performance as a whole; xi) carry out any special assignments given by the Compensation Committee; and xii) retain independent outside consultants.

Compensation Consultant

The Compensation Committee was advised in 2018 by a compensation consultant, Deloitte Consulting LLP. See "Compensation Discussion and Analysis - Compensation Strategy and Objectives."

Relationship between Compensation and Risk Management

In 2018, the Compensation Committee utilized Cerner's Enterprise Risk Management ("ERM") team to perform a review of the Company's 2018 incentive compensation arrangements. More specifically, the ERM team reviewed and tested fifteen metrics, comprising over 55% of the total planned incentive compensation, for the following: segregation of duties between the associates setting the metric targets, providing the results, and being compensated on the metric; and the accuracy of the payout calculation. In addition, all metrics were evaluated for qualitative factors which may increase the risk of incenting unintended behaviors. Based on this evaluation, seven metrics were reviewed and tested for: appropriateness related to the roles compensated and existence of controls to prevent any unintended behaviors such metrics may incent. The ERM team also reviewed material plan changes for 2018, the most significant of which was the addition of the corporate performance factor (CPF), which was intended to align the associate's individualized plan with Cerner's overall success. The ERM team reviewed the philosophy around the addition of CPF and also tested the controls related to its impact on incentive payouts. The Compensation Committee assessed the ERM team's report 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 incentive compensation 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 financial plan;

- incentive plan metrics and goals for Section 16 officers were approved by the Compensation Committee within the first 90 days of the year for the 2018 quarterly and annual metrics, and the Compensation Committee approved adjusted targets for the second quarter through year-end on May 18, 2018 after reviewing the Company's first quarter performance;

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

- performance-based cash and equity compensation is subject to "claw back" for all associates receiving such incentive compensation.

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 Committee's goal is to ensure that the composition, practices and operation of the Board contribute to value creation and effective representation of the Company's shareholders and to foster Cerner's commitment to operate its business worldwide in a manner consistent with the rapidly changing demands of society.

The NG&PP Committee reviews its Charter annually and any recommended amendments to the Charter are considered for approval by the full Board of Directors. The NG&PP Committee's Charter was last updated in March 2014.

Finance & Strategy Committee
The F&S Committee oversees the Company's operational and financial improvement initiatives. The F&S Committee will work closely with management and AlixPartners, LLP, a leading outside consulting firm, as the Company executes its strategy to achieve its identified operational targets. The F&S Committee is currently comprised of five Directors, with Mr. Greisch serving as the Chairperson of the F&S Committee. Each member of the F&S Committee is an "independent director" as defined by Nasdaq Rules.

DIRECTOR COMPENSATION

For each of the 2017-2018 Board year (from the 2017 Annual Shareholders' Meeting to the 2018 Annual Shareholders' Meeting) and the 2018-2019 Board year (from the 2018 Annual Shareholders' Meeting to the 2019 Annual Shareholders' Meeting), non-employee Directors received an annual cash retainer of $66,000, except for those Directors appointed on April 8, 2019, whose compensation is described below. In addition, each Committee Chairperson (except for the F&S Committee Chairperson, which was constituted in April 2019) received an additional annual cash retainer as follows: $30,000 for the Audit Committee Chairperson, $20,000 for the Compensation Committee Chairperson and $15,000 for the NG&PP Committee Chairperson. Also, each member of the committees (except the F&S Committee and excluding the Chairperson of each committee) received an additional annual cash retainer as follows: $12,500 for the Audit Committee, $7,500 for the Compensation Committee and $5,000 for the

NG&PP Committee. The Directors are not paid meeting fees. All cash retainers as disclosed above are paid in quarterly installments.

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 2018 - 2019 Board year was set at approximately $250,000. In May 2018, pursuant to the Board equity compensation program, 4,100 shares of restricted stock of the Company were granted to each of the then-current non-employee Directors: Dr. Bisbee, Dr. Cortese, Mr. Daniels, Ms. Dillman, Dr. Gerberding and Mr. Zollars. These restricted stock grants will vest on the earlier of May 29, 2019 or the calendar day immediately preceding the date of the 2019 Annual Shareholders' Meeting.

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. Mr. Greisch, Mr. Riedel, Ms. Mount and Mr. Wise will each be granted an initial grant of shares of restricted stock of the Company on April 29, 2019, and each will be entitled to receive compensation consistent with the compensation payable to the Company's other Directors, beginning as of the new Board term commencing immediately following the 2019 Annual Shareholders' Meeting.

The independent compensation consultant retained by the Compensation Committee works with our human resources compensation team each year to review our current Board compensation package relative to our peer group. See discussion under "Compensation Discussion and Analysis - Compensation Strategy and Objectives" for more information on our 2018 peer group. Our Chief People Officer reviews this work and makes compensation recommendations to our Compensation Committee and Board with respect to the non-employee Directors. The Compensation Committee (or one of its subcommittees), after review and discussion of the items set forth above, makes the ultimate decision as to the total compensation and compensation components of our non-employee Directors.

The Directors are subject to the same Stock Ownership Guidelines that apply to the Company's officers. The guidelines are further discussed under "Compensation Discussion and Analysis" below. As of January 1, 2019, at the annual measurement date, all non-employee Directors who were Directors on such date were in compliance with these guidelines.

As discussed in Proposal #4, in connection with the proposed amendment and restatement of the Cerner Corporation 2011 Omnibus Equity Incentive Plan, the Compensation Committee has approved a cap on non-employee Director compensation. If approved by the shareholders, the aggregate value of all compensation paid or granted to any individual for service as a non-employee Director (other than a non-employee Director who is also Chairman of the Board) with respect to any calendar year, including equity awards granted under the Cerner Corporation 2011 Omnibus Equity Incentive Plan and cash fees paid by the Company to such non-employee Director outside of the Cerner Corporation 2011 Omnibus Equity Incentive Plan, will not exceed six hundred thousand dollars ($600,000), calculating the value of any grants awarded during such calendar year based on the grant date fair value of such grants for financial reporting purposes, excluding special compensation paid to any non-employee Director when serving as a Committee Chair or as Lead Independent Director. For a non-employee director who is Chairman of the Board, the cap will be nine hundred thousand dollars ($900,000). The foregoing limitations will not take into account any grant made in connection with the initial appointment of a non-employee Director and any shares deferred pursuant to a nonqualified deferred compensation arrangement will count against the foregoing limitation only during the calendar year in which such grant is initially made and not in the calendar year in which the deferred shares are ultimately issued.

2018 Director Compensation Table

The following table contains information regarding the compensation earned by non-employee Directors during our 2018 fiscal year.

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., M.B.A.	104,750	251,494	—	—	—	—	356,244
Denis A. Cortese, M.D.	78,500	251,494	—	—	—	—	329,994
Mitchell E. Daniels, Jr., J.D.	93,500	251,494	—	—	—	—	344,994
Linda M. Dillman	98,500	251,494	—	—	—	—	349,994
Julie L. Gerberding, M.D., M.P.H.	91,000	251,494	—	—	—	—	342,494
William B. Neaves, Ph.D.[3]	39,250	—	—	—	—	—	39,250
William D. Zollars	88,500	251,494	—	—	—	—	339,994

(1) These amounts reflect the aggregate grant date fair value of each award granted to the non-employee Director computed in accordance with FASB ASC Topic 718. As of December 29, 2018, each then-current non-employee Director had the following number of restricted stock awards outstanding: Gerald E. Bisbee, 4,100; Denis A. Cortese, 4,100; Mitchell E. Daniels, 4,100; Linda M. Dillman 4,100; Julie L. Gerberding, 7,100; and William D. Zollars, 4,100.

(2) As of December 29, 2018, none of the non-employee Directors who were Directors on such date had any stock options outstanding.

(3) Dr. Neaves retired from the Board on May 18, 2018.

AUDIT COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, 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 of Directors (all of whom have been determined by the Board to meet the independence requirements of the SEC and Nasdaq) and operates under a written charter adopted by the Board of Directors that is available at the Company's website, www.cerner.com. 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 of Directors on its findings.

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 Public Company Accounting Oversight Board Auditing Standard No. 16 (codified as Auditing Standard No. 1301), Communications with Audit Committees.

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 of Directors include the audited consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 29, 2018 for filing with the Securities and Exchange Commission.

Members of the Audit Committee who participated in these activities:
Gerald E. Bisbee, Jr., Ph.D., M.B.A.
Mitchell E. Daniels, Jr., J.D.
Linda M. Dillman
Julie L. Gerberding, M.D., M.P.H.
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 KPMG, LLP ("KPMG"), our independent registered public accounting firm, to perform services for the Company. For audit services, audit-related services and permissible non-audit services, the independent auditor will provide the Audit Committee with an engagement letter during the first quarter of each year outlining the scope of 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 its first quarterly Audit Committee meeting of the year.

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 provide our management a detailed scope of service description and fee range. A request is then made for pre-approval of such services or fees from the Chairperson of the Audit Committee. To ensure prompt handling of unexpected matters, the Chairperson of the Audit Committee has been delegated authority from the Audit Committee to amend or modify the scope of pre-approved permissible audit, audit-related or non-audit services and the fees related thereto.

All action taken with respect to pre-approval of audit, audit-related or non-audit services and fees will be included in the independent registered public accounting firm's materials shared with the Audit Committee as part of their required communications with the Audit Committee. With respect to any such pre-approval of non-audit services, the independent registered public accounting firm will confirm to the Audit Committee Chairperson that such non-audit services are permissible under all applicable legal requirements and do not impair the independent registered public accounting firm's independence under applicable professional standards.

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 (or the Chairperson, as applicable).

COMPENSATION COMMITTEE REPORT

Notwithstanding anything to the contrary set forth in any of the Company's filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, 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 has 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 who participated in the review, discussion and recommendation:
Gerald E. Bisbee, Jr., Ph.D., M.B.A.
Denis A. Cortese, M.D.
Linda M. Dillman
Julie L. Gerberding, M.D., M.P.H.
William D. Zollars

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.

	Title During 2018
Brent Shafer	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)[(1)]
Clifford W. Illig	Vice Chairman of the Board (Principal Executive Officer for a portion of 2018)[(1)]
Marc G. Naughton	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Michael R. Nill	Executive Vice President and Chief Operating Officer
John T. Peterzalek	Executive Vice President and Chief Client Officer
Jeffrey A. Townsend	Executive Vice President and Chief of Innovation

(1) Mr. Illig served as Chairman of the Board and Interim Chief Executive Officer until the appointment of Mr. Shafer as Chairman of the Board and Chief Executive Officer on February 1, 2018. At that time, Mr. Illig resumed his previous role as Vice Chairman of the Board and served in that capacity until his retirement on January 15, 2019.

In addition, as discussed in Proposal #3 below, we are conducting our annual advisory "say-on-pay" vote requesting your non-binding advisory 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 made specific compensation decisions regarding our NEOs.

References to the Compensation Committee in this Compensation Discussion and Analysis also refer to its subcommittees, where applicable.

Executive Summary

2018 Business Results. A significant portion of the total compensation of our NEOs is linked to our performance. Highlights of the year include:

- A 6% increase in bookings to $6.72 billion compared to $6.32 billion in 2017. Bookings reflect the value of executed contracts for software, hardware, professional services and managed services.

- A 4% increase in our revenues to $5.37 billion compared to $5.14 billion in 2017. The increase in revenue reflects ongoing demand from new and existing clients for Cerner's solutions and services driven by their needs to keep up with regulatory requirements, adapt to changing reimbursement models, and deliver safer and more efficient care.

- A 27% decrease in GAAP net earnings and a 26% decrease in GAAP diluted earnings per share in 2018 compared to 2017. However, on a non-GAAP basis, our adjusted net earnings and our adjusted diluted earnings per share increased 2% and 3%, respectively, in 2018 compared to 2017. A reconciliation of adjusted net earnings and adjusted diluted earnings per share to their most directly comparable financial measures prepared in accordance with GAAP is provided in Appendix I.

- Cash collections of receivables of $5.49 billion in 2018 compared to $5.44 billion in 2017. Days sales outstanding was 79 days for the 2018 fourth quarter compared to 72 days for the 2017 fourth quarter.

- Operating cash flows were strong at $1.45 billion in 2018 compared to $1.31 billion in 2017. For the full year, free cash flow was $733.4 million. Free cash flow is a non-GAAP financial measure defined as GAAP cash flows from operating activities less capital purchases and capitalized software development costs. A reconciliation of free cash flow to its most directly comparable financial measure prepared in accordance with GAAP is provided at Appendix I.

Compensation Strategy. Our compensation strategy is designed to offer competitive compensation packages to attract, motivate, reward and retain 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 92% vote of support in favor of our executive compensation in our say-on-pay vote at the 2018 Annual Shareholders' Meeting. Given the say-on-pay vote and the results achieved with our compensation policies, the Compensation Committee has determined that our approach to compensation is appropriate and our 2019 compensation policies should generally remain consistent with our 2018 approach. But, in order to align more closely with shareholders' interests, we are implementing certain modifications to our performance-based compensation as discussed below, which are designed to more closely align with our business objectives and our peer group's compensation practices.

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 and linking executive compensation with shareholder value, as represented by our NEO pay mix. For 2018, 92% of Mr. Shafer's total compensation mix was at-risk and 54% was performance-based. In addition, for 2018, 84% of the total compensation mix for our other NEOs combined was at-risk and 60% was performance-based. Our at-risk compensation consists of our performance-based cash incentive plan and equity award grants. Our performance-based compensation consists of our performance-based cash incentive plan and performance-based equity award grants. As discussed below, in 2018, performance-based equity awards granted to our NEOs consisted of stock options. The use of stock options in our equity program is designed to reward key associates, including the NEOs, by allowing them to realize income as Cerner stock grows over time and creates ownership, motivation and a vested interest in long-term corporate performance. During 2018, we continued practices established to link pay to performance, but we also sought to provide some reduced risk in our long-term incentive compensation to promote retention of our associates (including our NEOs other than Mr. Shafer) during the transition of our leadership to Mr.

Shafer by placing more emphasis on time-based awards as compared to prior years. We continued to use a quarterly performance review process to provide quarterly assessments of executives on their performance and attainment of our goals. During 2019, we intend to place additional emphasis on linking pay to performance by adding additional performance metric targets under our performance-based cash compensation plan and granting equity with more performance conditions.

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

- An Equity-based Grant Policy, which is designed to ensure equity award grant dates 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 NEOs is subject to "claw back" pursuant to performance plan agreements with our NEOs.

- Stock ownership guidelines that require the retention of a percentage of the equity awards made to our executives and outside non-employee Directors, except that the ownership guidelines apply in decreasing percentages based on tenure, upon retirement or upon hardship. We believe our stock retention guidelines generally lead to significantly higher stock ownership requirements than other companies.

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

- A Hedging and Pledging Policy that prohibits our Section 16 officers (including our NEOs) and directors from (i) entering into hedging or monetization transactions with respect to Company stock, or (ii) pledging more than 50% of Company stock acquired pursuant to a bonus or benefit plan without prior approval from the Company's Securities Watch Team.

Compensation Structure. Compensation for our NEOs may include: i) base salary, ii) performance-based cash incentive compensation, iii) long-term incentive plan equity award compensation, which consisted of stock options and time-based restricted stock units ("RSUs") for our NEOs in 2018, and iv) certain limited perquisites as discussed below. 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 also offer medical, dental, vision, 401(k) and associate stock purchase plans in which the NEOs may elect to participate. The cost of these plans and opportunity for benefits thereunder are the same for the NEOs as for all other associates and any Company contributions are made to the NEOs on the same basis as all other associates.

Compensation Strategy and Objectives

Our overall 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 promote a pay for performance culture. This compensation strategy is linked to our performance management philosophy, which is designed to identify and reward associate performance through compensation.

We analyze the total compensation for our NEOs compared to the compensation of the corresponding NEOs in our peer group to support alignment with our strategy of paying aggregate compensation that approximates the median (50^{th} percentile) of 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, revenue growth, operating margin, total shareholder return (one year and three year), market capitalization, market capitalization as a multiple of revenue, and business model are similar to that of Cerner's. The Compensation Committee then reviews and approves our peer group for the upcoming year. The companies included in our 2018 peer group for compensation comparison were selected based on standard industrial classifications ("SIC") and/or financial measures. The SICs used were computer programming and data processing, computer programming services, prepackaged software, computer integrated system design and computer processing and data preparation services. The financial measures used to obtain information for our 2018 peer group were market capitalization of $4.1 billion to $43.7 billion, market capitalization to revenue multiple of at least 2 times and revenues of $2.4 billion to $15.0 billion. Our peer group changed slightly from 2017 due to the change in range of the financial measures we considered to more closely align with Cerner; therefore, F5 Networks, Inc. was removed from and Symantec Corporation was added to the peer group we used in 2018 as compared to 2017. The 18 companies included in our 2018 peer group were:

2018 Compensation Peer Group

Company Name	Ticker
Adobe Systems, Inc.	ADBE
Akamai Technologies, Inc.	AKAM
Autodesk, Inc.	ADSK
Cadence Design Systems, Inc.	CDNS
Citrix Systems, Inc.	CTXS
Cognizant Technology Solutions Corporation	CTSH
Equinix, Inc.	EQIX
Fidelity National Information Services, Inc.	FIS
Fiserv, Inc.	FISV
Genpact Limited	G
Global Payments, Inc.	GPN
Intuit, Inc.	INTU
Open Text Corporation	OTEX
Red Hat, Inc.	RHT
Salesforce.com, Inc.	CRM
Symantec Corporation	SYMC
Synopsys, Inc.	SNPS
VMWare, Inc.	VMW

At the beginning of each fiscal year, the Compensation Committee reviews our peer group and the history of all the elements of each NEO'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 of the companies in our peer group. Typically, our CEO, along with our Chief People Officer, makes compensation recommendations to the Compensation Committee with respect to the NEOs (excluding the CEO's compensation). The other NEOs do not participate in NEO compensation recommendations. The Compensation Committee Chairperson reviews the peer group comparisons with the Chief People Officer and makes compensation recommendations to the Compensation Committee with respect to the CEO. The Compensation Committee (or an authorized subcommittee), 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 the other NEOs.

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 Chief People Officer and the human resources compensation team, along with the outside consultant to carry-out its responsibilities. The Compensation Committee engaged Deloitte Consulting LLP ("Deloitte Consulting"), an independent compensation consultant, to assist it in fulfilling its responsibility during 2018. Deloitte Consulting was retained directly by the Compensation Committee and worked with the Compensation Committee for eleven years through 2011 and since the beginning of 2015. During 2018, Deloitte Consulting was engaged to advise the Compensation Committee regarding executive and

Board compensation matters, including competitive pay analysis, peer group selection, updates on trends in executive and

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director compensation, executive retention efforts, and review of the Compensation Discussion and Analysis and related tables included in our 2018 Proxy Statement.

The fees charged by Deloitte Consulting for compensation consulting services during 2018 were $64,714. During 2018, affiliates of Deloitte Consulting provided other services to Cerner that were unrelated to executive compensation matters. The decision to engage affiliates of Deloitte Consulting for these other services was made by our management. For these non-compensation related consulting services, we paid Deloitte Consulting and its affiliates approximately $1,171,000. The Compensation Committee and the Board have been informed of this ongoing work and the use of affiliates of Deloitte Consulting for services unrelated to executive compensation matters, but neither the Board nor the Compensation Committee specifically approved these services.

After considering the independence of Deloitte Consulting by applying the factors required by SEC and Nasdaq rules and determining that no conflict of interest exists, the Compensation Committee engaged Deloitte Consulting as its independent compensation consultant for 2019.

Aligning Pay with Performance

During 2018, we continued practices established to link pay to performance and also sought ways to more closely align our compensation practices with those of our peers. As a result, we incorporated time-based RSUs in our long-term incentive plan mix in addition to stock options, which we believe helped to reduce some of the volatility of our compensation program and improve the retention value of our equity awards. We continued to use a quarterly performance review process to provide regular assessments of executives (including the NEOs) on their performance and attainment of Company goals. Under this program, any executive whose performance was evaluated as being in the bottom 10% of all executives was not generally eligible for pay increases or additional stock option or other equity grants. In addition, such executive's performance-based cash incentive compensation award, if earned, may be reduced or eliminated due to the individual's performance rating. During 2019, we intend to place additional emphasis on linking pay to performance by adding additional performance metric targets under our performance-based cash compensation plan and granting equity with more performance conditions. We believe that this approach will more closely align compensation with our near and long-term performance objectives as outlined below under "Long-Term Incentive Plan Compensation."

Compensation Elements

Compensation for our NEOs includes: i) base salary, ii) performance-based cash incentive compensation, iii) long-term incentive plan equity award compensation and iv) certain limited perquisites as discussed below. In 2018, equity award compensation granted to our NEOs consisted of stock options and time-based RSUs. To provide incentives to attain our business goals, a significant portion of executive compensation is at-risk and tied to individual and Company performance. Our goal for allocating between short-term and long-term compensation is to ensure adequate base salaries and cash bonus opportunities 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. In 2018, cash compensation (i.e. base salary and annual bonus) approved for the NEOs ranged from 40% to 50% in base salary and 50% to 60% in targeted performance-based cash incentive compensation. Mr. Shafer's approved equity compensation in 2018 consisted of 52% in the form of non-qualified stock options and 48% in the form of a Make Whole Grant (as defined below). Mr. Shafer's total compensation mix in 2018 was 21% in cash compensation and 79% in equity compensation. In 2018, 62% of approved equity compensation for our other NEOs was in the form of non-qualified stock options and 38% was in the form of time-based RSUs. Our total approved compensation package mix for the other NEOs in 2018 ranged from 27% to 60% in cash compensation and 40% to 73% in equity compensation. We continued to grant the majority of our equity in non-qualified stock options to all of our other NEOs; however, we granted a higher percentage of time-based RSUs, compared to 2017, in order to more closely align our compensation practices to those of our peer group, reduce compensation volatility, and improve the retention value of our equity awards.

Base Salary. As set forth above, the Compensation Committee reviews peer group data and recommendations proposed by the CEO, Chief People Officer and human resources compensation team prior to approving the base salary of our NEOs during the first quarter of each calendar year. Base salary is based on the duties and responsibilities that each NEO is expected to discharge during the current year and on the NEO's performance during the prior year. We also perform external market comparisons for the NEOs, relative to industry-specific peers as disclosed above, based on individual job responsibility. This comparison data helps ensure that the proposed NEO'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 cash incentive compensation plans are designed to provide a meaningful incentive on both a quarterly and annual basis to key associates, including the NEOs, and to motivate them to assist in achieving short-term Company goals. In March 2018, the Compensation Committee adopted the Cerner Corporation 2018 Performance Compensation Plan, effective as of January 1, 2018 (the "Performance Compensation Plan"). The Compensation Committee adopted the Performance Compensation Plan to provide for incentive awards granted in 2018 and beyond following passage of The Tax Cuts and Jobs Act, which eliminated the exception under Section 162(m) of the Internal Revenue Code for qualified performance-based compensation payable to "covered employees." The Performance Compensation Plan permits the Company to grant awards of incentive compensation to a participant upon satisfaction of specified performance goals for a particular performance period. Each of our NEOs is eligible to participate in the Performance Compensation Plan. The Compensation Committee has discretion to increase or decrease any calculated performance metric payout under the Performance Compensation Plan based on a subjective performance factor rating for the NEO; provided, however, that the maximum performance-based cash incentive opportunity for an NEO may not exceed 200% of the NEO's annual target incentive amount.

Individual payments vary, depending on individual performance and, in some cases, business unit operational achievements.

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

During 2018, the Compensation Committee established the measure or measures of financial performance and/or the target levels of operational performance ("Performance Measures") within the first 90 days of the year for the quarterly and annual metrics, and then approved adjusted targets for Q2 through year-end on May 18, 2018 after reviewing the Company's first quarter performance. The measurement of the achievement of such Performance Measures is determined under pre-established objective formulas. Metrics such as earnings measures, operating/profit margin, cash flow, agreement margin or other metrics specifically permitted by the plan, which may include Generally Accepted Accounting Principles ("GAAP") and non-GAAP financial measures, may be selected as the Performance Measures. The Compensation Committee selects Performance Measures 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. The maximum cash-based award available will also be reduced if either the level of achievement of the Performance Measures is less than the maximum target incentive or management or the Compensation Committee elects to reduce the maximum payment amount due to an individual performance rating below a threshold level or for other reasons.

Between Compensation Committee meetings, the Incentive Compensation Plan - Quarterly Administration Subcommittee may approve quarterly Performance Measures and determine whether one or more Performance Measures have been satisfied, prior to payment by us to any NEO.

During 2018, the Performance Measures for our NEOs (with the exception of Mr. Peterzalek) consisted solely of adjusted diluted earnings per share ("adjusted EPS"), which was chosen to help drive business growth and return to our shareholders while providing a meaningful incentive on both a quarterly and annual basis. We have primarily used adjusted EPS as the sole performance metric for our NEOs (other than Mr. Peterzalek) since 2007. Mr. Peterzalek became an executive officer in September 2018 and prior to that date, his performance metrics consisted of adjusted EPS and an operational metric of agreement margin (defined as bookings margin less internal costs) intended to more closely tie his compensation to the performance of our sales organization. Once he became an executive officer, his Performance Measures were realigned and consisted solely of adjusted EPS, like the other NEOs.

The adjusted EPS targets and results we use for our Performance Compensation Plan are non-GAAP financial measures and in 2018 excluded share-based compensation expense, share-based compensation permanent tax items, acquisition-related adjustments, and the impact of certain items that were not originally contemplated in setting plan targets, including an allowance on a non-current asset. We believe adjusted EPS is the best determination of our financial performance because it reflects how much value is being made for shareholders, while also taking into account the impact of certain items that were not originally contemplated in setting plan targets. As a result, our calculation of adjusted EPS may vary from year to year. Furthermore, our calculation of adjusted EPS for purposes of determining executive compensation may differ from similarly-titled financial measures that we publicly disclose. The initial 2018 adjusted EPS performance target for incentive compensation purposes was 7% earnings growth over 2017. In May 2018, the Compensation Committee approved an adjustment to the initial adjusted EPS target to 3% earnings growth over 2017 to align the target with revised financial guidance announced by the Company in its first quarter 2018 earnings release and to better incentivize the NEOs to perform under the Performance Compensation Plan.

As a result of our 2018 performance relative to the attainment of the established Performance Measures, we made cash awards to our NEOs under the Performance Compensation Plan at less than the established targets. Aggregate incentives paid to our NEOs in the 2018 fiscal year were 82% of the target incentive amount and 41% of the maximum cash incentive opportunity. Payouts were based solely on attainment of the established targets and no discretionary changes based on individual performance were made to the amounts earned. The following tables detail the payouts by Performance Measure for our NEOs in 2018 and the related Performance Measure attainment by quarter.

NEO	Performance Metric	Perform-ance Plan Target ($)	Results Relative to Performance Plan Target ($) (1)	Target Attain-ment %	Target Incentive Amount ($)	Actual Amount Earned ($) (3)	% Earned Relative to Target Incentive Amount	Maximum Cash Incentive Oppor-tunity ($)	% Earned of Maximum Cash Incentive Oppor-tunity
Brent Shafer	Adjusted Earnings Per Share	2.49	2.45	98%	1,094,505(2)	895,055	82%	2,189,010	41%
Clifford W. Illig	Adjusted Earnings Per Share	2.49	2.45	98%	543,956	452,060	83%	1,087,912	42%
Marc G. Naughton	Adjusted Earnings Per Share	2.49	2.45	98%	716,250	586,875	82%	1,432,500	41%
Michael R. Nill	Adjusted Earnings Per Share	2.49	2.45	98%	898,250	740,100	82%	1,796,500	41%
John T. Peterzalek	Adjusted Earnings Per Share	2.49	2.45	98%	407,669	326,553	80%	815,338	40%
	Agreement Margin	1,452,000,000	986,655,462	68%	129,471	120,524	93%	258,942	47%
	Total				537,140	447,077	83%	1,074,280	42%
Jeffrey A. Townsend	Adjusted Earnings Per Share	2.49	2.45	98%	898,250	740,100	82%	1,796,500	41%
					4,688,351	3,861,267	82%	9,376,702	41%

Totals of Named Executive Officers

(1) The adjusted diluted EPS results relative to the performance plan target reflect adjustments compared to results reported on a GAAP basis in our 2018 consolidated financial statements, included in our 2018 annual report on Form 10-K. The adjusted diluted EPS results have been adjusted for performance-based cash incentive calculation purposes to exclude share-based compensation expense, share-based compensation permanent tax

items, acquisition-related adjustments, and the impact of certain items that were not originally contemplated in setting plan targets, including an allowance on a non-current asset.

The following table provides a reconciliation of our GAAP diluted EPS compared to the adjusted diluted EPS results used for our Performance Compensation Plan for our fiscal year ended December 29, 2018:

(in thousands, except per share data)			
Net Earnings (GAAP)	$	630,059	
Pre-tax adjustments for Adjusted Net Earnings:			
Share-based compensation expense	102,419		
Health Services acquisition-related amortization	83,483		
Allowance on non-current asset	45,320		
Other adjustments	4,868		
After-tax adjustments for Adjusted Net Earnings:			
Income tax effect of pre-tax adjustments	(45,911		)
Share-based compensation permanent tax items	(1,696		)
Adjusted Net Earnings (non-GAAP)	$	818,542	
Diluted weighted average shares outstanding	333,572		
Adjusted Diluted Earnings Per Share (non-GAAP) (Performance-Based Compensation Plan)	$	2.45	

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(2) Mr. Shafer's approved Target Incentive Amount upon hire on February 1, 2018 was $1,200,000. The amount listed in the table above is prorated for his employment in 2018.

(3) Amounts earned were based solely on attainment of the established Performance Measure and do not include any reduction related to individual performance ratings.

Performance Metric Summary (Adjusted EPS)

Measurement Period	Target (1)	Results (2)	Attainment %	Payout %	Quarterly Weighting
Q1	$0.57	$0.57	100%	100%	15%
Q2 YTD	$1.17	$1.19	102%	100%	15%
Q3 YTD	$1.80	$1.79	99%	75%	15%
Q4 YTD	$2.49	$2.45	98%	75%	55%

(1) Target reflects the 100% performance payout level.

(2) The results relative to the performance plan target reflect adjustments compared to results reported on a GAAP basis. These numbers have been adjusted for performance-based cash incentive calculation purposes to exclude

share-based compensation expense, share-based compensation permanent tax items, acquisition-related adjustments, and the impact of certain items that were not originally contemplated in setting plan targets, including an allowance on a non-current asset.

Performance Metric Summary (Agreement Margin)

Measurement Period (1)	Target (2)	Results	Attainment %	Payout %	Quarterly Weighting (3)
Q1 Annual	$1,452,000,000	$286,797,712	20%	79%	25%
Q2 Annual	$1,452,000,000	$473,197,221	33%	130%	25%
Q3 Annual	$1,452,000,000	$226,660,529	16%	68%	23%

(1) Performance Measures for Mr. Peterzalek included adjusted EPS and Agreement Margin for most of 2018, until his appointment as an executive officer in September 2018, at which time his Performance Measures consisted solely of adjusted EPS for the remainder of the year.

(2) Target refers to the annual measurement of the parts of the business Mr. Peterzalek was responsible for each quarter and reflects the 100% performance payout level as if the Performance Measure goal were achieved.

(3) Quarterly weightings of the annual targeted incentive amounts resulted in a weighted-average aggregate incentive payout of 93% by multiplying the payout percentage for each quarter by that quarter's weighting.

During 2018, the NEOs, except for Mr. Shafer and Mr. Illig who are discussed separately below, earned total cash compensation as follows:

NEO	Base Salary Earned ($)	Performance Compensation Plan Payments Earned ($)	Total Cash Compensation Earned ($)
Marc G. Naughton	582,500	586,875	1,169,375
Michael R. Nill	683,750	740,100	1,423,850
John T. Peterzalek	516,183	447,077	963,260
Jeffrey A. Townsend	683,750	740,100	1,423,850

Performance-based compensation paid to our NEOs for all years beginning with 2008 is subject to "claw back" provisions pursuant to performance plan agreements with our NEOs. These agreements have language stating that in the event we implement a Mandatory Restatement (as defined in the Performance Compensation Plan), which restatement relates to the respective fiscal year, some or all of any amounts paid as an incentive payment earned by the participant and related to such restated period(s) will be recoverable and must be repaid as determined appropriate by our Board of Directors, in most cases within 90 days of such restatement(s). The amount to be repaid will be up to the amount by which the incentive compensation paid or received exceeds the amount that would have been paid or received based on the financial results reported in the restated financial statement(s). Additionally, if the NEO is individually found by our Board of Directors to have engaged in fraud or misconduct that caused or partially caused the need for a Mandatory Restatement, then all amounts paid as an incentive payment earned and related to the restated period(s) will be fully recoverable. And, commencing in 2016, all incentive compensation payments earned under our incentive compensation plans that are forfeitable or recoverable by Cerner pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank") and in accordance with any Cerner policies and procedures adopted by the Compensation Committee in order to comply with Dodd-Frank (even if such policies or procedures are adopted in the future), will also be forfeitable.

In 2019, our human resources compensation team, together with executive management, reviewed and considered with the Compensation Committee alternatives related to cash compensation, consisting of base salary and performance-based cash incentive compensation. Based on this review, the Compensation Committee determined that our framework for cash compensation generally meets the needs and serves the purposes as set forth in this Compensation Discussion and Analysis. However, the NEOs are not receiving cash compensation increases to demonstrate their commitment to improving shareholder returns and operating efficiency. The Compensation

Committee approved the addition of revenue and free cash flow (in addition to adjusted EPS) as Performance Measures for our NEOs (other than Mr. Illig) under the Performance Compensation Plan. We believe the continued use of adjusted EPS aligns well with our internal financial imperatives to expand operating margin and grow bottom line earnings, and the Compensation Committee believes this performance metric helps drive business growth and return to our shareholders while providing a meaningful incentive on both a quarterly and annual basis to our NEOs. The Compensation Committee also believes the addition of revenue and free cash flow as Performance Measures are important to drive focus on growing the top-line and cash flow in addition to earnings. The 2019 Performance Measure targets are derived from the 2019 financial plan approved by the Board of Directors. The adjusted EPS target reflects expected earnings growth of between 3% and 10%. The 2019 adjusted EPS target designated for each level of payout, as a percentage of the performance target, is consistent with the initial targets for prior years. The revenue target reflects expected revenue growth between 3% and 9% over 2018. The 2019 free cash flow target reflects an expected decrease in free cash flow as reported by the Company in 2018 of between 27% and 9%. The reason for the decreased free cash flow target over 2018 is because 2018 free cash flow included a tax refund, which is not expected for 2019, and less in capital expenditures than what is expected in 2019.

Long-Term Incentive Plan Compensation. Awards under our Cerner Corporation 2011 Omnibus Equity Incentive Plan (the "Long-Term Incentive Plan" or the "Omnibus Plan") may consist of stock options, restricted stock, RSUs 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. During 2018, the Compensation Committee continued practices established to link pay for performance by approving awards in the form of stock options and time-based RSUs, which aligns with the compensation practices of our peers, reduces compensation volatility and improves the retention value of our equity awards provided to our associates. During 2019, the Compensation Committee intends to place additional emphasis on linking pay to performance by granting equity awards to NEOs in the form of performance-based restricted stock units ("PSUs") that will only vest if pre-established performance metrics are achieved, in addition to granting time-based RSUs. For 2019, the Compensation Committee has approved adjusted operating margin as the performance metric under the PSUs to be granted to our NEOs.

Our Long-Term Incentive Plan is 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 the NEOs, other executive officers and members of the Board, as well as specific grant levels for the NEOs, other executive officers and members of the Board on an annual basis. Equity 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 also 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, for 2018, the Compensation Committee determined that a mix of stock options and time-based RSUs would provide an appropriate incentive for our associates and executives. In 2018, the majority of equity awards were delivered in stock options, with a smaller portion delivered in time-based RSUs that had a three-year cliff vest to more closely align with our peers, reduce some of the volatility in our long-term incentive compensation, and to promote retention of our associates (including our NEOs other than Mr. Shafer) during the transition of our leadership to Mr. Shafer.

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 Plan. This policy establishes grant dates for our equity awards that ensures grant dates 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 subcommittee of the Compensation Committee approves: i) the equity grant type, ii) the grant date and iii) the number of shares or an objective formula for calculation of the number of shares on the grant date of the annual performance review equity grants made to our NEOs and Section 16 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 of an annual performance review equity grant must be a date set at the time of grant approval, which date: a) will be on or after the grant approval date, b) will 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, will be a date that is at least one full trading day after the public disclosure of such material, non-public information. Equity grants for new hires will be the associate's first day of employment or a later equity grant program date or such other date after the associate's first day of employment as determined by the Board of Directors or Compensation Committee. 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 NEOs and other executive officers, consideration of the individual's current Cerner equity wealth accumulation.

Stock options granted during and before 2018 typically vest over a five-year period with 40% vesting at the end of the second year and 20% vesting each year thereafter. Based on a review of market practice, it was determined that our vesting schedule did not align with that of our peers, and the Compensation Committee agreed to award future stock options, beginning in 2019 with a four-year ratable vesting period that allows 25% of the award to vest each year. Stock option grants typically expire 10 years from the date of grant. Time-based RSUs granted during an annual performance review cycle typically vest over a one- to three-year period.

In accordance with our overall compensation philosophy and to align the executives' focus on our long-term performance, we granted stock option and time-based RSU awards to our NEOs, excluding Mr. Shafer, in March 2018. As discussed above, the Compensation Committee sought to more closely align our compensation practices with the market, reduce compensation volatility and improve the retention value of our long-term incentive awards granted to our NEOs (other than Mr. Shafer). Individual grants for NEOs, excluding Mr. Shafer, were based on job responsibilities, performance during 2017 and contributions to the achievement of our financial and strategic objectives, anticipated future contributions to the Company, market pay and equity wealth accumulation - all factors the Compensation Committee believes help ensure we are rewarding such executives competitively and fairly. The other considerations in determining the number of shares granted to each NEO were the size of past grants, the value of the grants and the market position of our compensation within our peer group. Although the size of each NEO's equity grant is based on the factors described above, we do not weight these factors or use a formula to determine the current year's award. The decision is based on the judgment of our CEO (for the other NEOs' awards) and Compensation Committee members who have extensive experience in setting motivating and reasonable compensation arrangements for our NEOs. Upon Mr. Shafer's hire in February 2018, he was granted an initial stock option grant and a one-time Make-Whole Grant (as defined below) of time-based RSUs to replace the potential value of equity compensation forfeited by Mr. Shafer as a result of his resignation from his former employer to accept his position with Cerner. Commencing in 2019, Mr. Shafer will be eligible for annual equity grants in conjunction with Cerner's executive annual performance and compensation cycle during the first quarter of each year.

The RSUs granted to our NEOs in 2018 are subject to time-based vesting conditions. The Compensation Committee has approved equity grants in the form of PSUs and time-based RSUs to our NEOs for 2019 to encourage continued focus on long-term value and growth for our shareholders, provide meaningful alignment to our corporate imperatives and financial performance, reduce some of the compensation volatility of our long-term incentive compensation, and promote retention. As discussed above, the Compensation Committee's decision to grant PSUs, in addition to time-based RSUs, for 2019 is intended to more closely align the compensation of our NEOs with our business objectives. Details of these grants to NEOs are discussed in "Compensation of the other NEOs" and "Compensation of the Chief Executive Officer."

Perquisites. We offer limited 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.

We utilize Company aircraft (whether owned, leased or otherwise made available via fractional leasehold or ownership interest or charter, herein referred to as "Corporate Aircraft") to, among other things, increase the number of client visits our key associates can make, respond quickly to clients (or partners) for meetings, client development or other business reasons, to permit efficiency and productivity in route to business meetings and to reduce costs of hotel rooms, rental cars and other expenses required when associates travel for business purposes. We were the primary lessor of four Corporate Aircraft during 2018, but we intend to reduce to two during 2019. In limited circumstances, the Corporate Aircraft is available for personal use by certain Cerner executives as approved by the Compensation Committee or executive management. During 2018, the Compensation Committee only approved a personal use value for Mr. Shafer (described below). Personal use of the Corporate Aircraft by the approved NEOs, other 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. Notwithstanding the foregoing, however, if there is an empty seat on a business flight, personal use by an NEO, executive officer or Director may be permitted if there is zero additional incremental cost to Cerner and such personal use is approved by a designated executive officer or the Compensation Committee. Business travel needs override all personal use requests.

In certain circumstances, we provide financial assistance to facilitate a move when we request an associate to relocate for Cerner business purposes. The Compensation Committee approved a relocation package for Mr. Townsend for his temporary relocation from Kansas City, Missouri to Salt Lake City, Utah consisting of approximately $20,000 per year for relocation assistance and a return to origin package of approximately $80,000, plus a tax gross-up on the full package. Mr. Townsend is in the process of relocating back to Kansas City and in 2018, received $29,342, plus a tax-gross up, of his approved return to origin package for moving expenses. In 2019, Mr. Townsend will continue the relocation process.

During 2018, the Compensation Committee also approved a relocation package for Mr. Shafer in connection with his hiring by Cerner for his relocation from Park City, Utah to Kansas City, Missouri. His relocation package includes, without limitation, reimbursement or payment of packing, shipping and certain home purchase assistance costs, two house-hunting trips, temporary accommodations for up to 90 days, and $95,000 in allowances. Mr. Shafer's relocation expenses are contractually capped at $380,000, plus any related tax gross-up on the full package.

The Compensation Committee believes that the relatively limited number of perquisites provided to our NEOs are reasonable. Except as specifically noted, we generally do not pay any tax gross-ups with regard to the taxable income related to these perquisites.

Compensation of the Chief Executive Officer

The Compensation Committee generally determines compensation for the CEO using the same criteria it uses for other NEOs; provided, that the Compensation Committee may deviate from this approach in certain situations, such as in connection with a CEO transition. The Compensation Committee meets each year in executive session to evaluate the performance of the CEO and determine his compensation package, including base salary, performance-based cash incentive compensation, long-term incentive compensation, benefits and perquisites, if any.

Mr. Illig served as Interim Chief Executive Officer until Mr. Shafer's appointment as Chief Executive Officer became effective on February 1, 2018. Below we describe the compensation for both Mr. Illig and Mr. Shafer.

Clifford W. Illig

Mr. Illig served as the Chairman of the Board and Interim Chief Executive Officer from July 2017 until January 31, 2018. The Compensation Committee approved for Mr. Illig, effective August 20, 2017, an annualized base salary of $1,000,000 and a performance-based cash incentive target opportunity of $1,000,000 under our performance-based compensation plan. Upon the appointment of Mr. Shafer as Chairman of the Board and Chief Executive Officer on February 1, 2018, Mr. Illig resumed his position as Vice Chairman of the Board, at which time his annualized base salary was reduced to $500,000 and his performance-based cash incentive compensation target opportunity was reduced to $500,000. Mr. Illig's maximum performance-based cash incentive opportunity for 2018 was $1,087,912 (which represents the maximum possible payout opportunity for him under the Performance Compensation Plan). On

March 2, 2018, Mr. Illig was also issued a stock option grant of 22,000 shares, with a grant date fair value of $488,085, and time-based RSU's equivalent to 2,640 shares, with a grant date fair value of $166,162. The unvested options and RSUs were forfeited upon Mr. Illig's retirement from Cerner effective January 15, 2019.

During 2018, Mr. Illig earned total cash compensation of $996,291, which included $544,231 in base salary and $452,060 in payments earned under our Performance Compensation Plan. Mr. Illig earned 83% of the target incentive amount and 42% of the maximum cash incentive opportunity available to him under the Performance Compensation Plan during 2018.

Brent Shafer

Mr. Shafer was appointed Chief Executive Officer and Chairman of the Board, effective February 1, 2018. In connection with his hiring, the Compensation Committee approved an employment agreement, effective as of the date of his appointment (the "Shafer Employment Agreement"), setting forth the initial terms of his employment. Pursuant to the Shafer Employment Agreement, Mr. Shafer is entitled to an annual base salary of $800,000 and an initial performance-based cash incentive compensation target of $1,200,000. Mr. Shafer's maximum performance-based cash incentive opportunity for 2018 under the terms of our Performance Compensation Plan was $2,189,010 (which represents the maximum possible payout opportunity for him under the Performance Compensation Plan). Pursuant to the Shafer Employment Agreement, on February 8, 2018, Mr. Shafer was also issued a stock option grant of 182,006 shares, with a grant date fair value of $4,000,014. The options will vest over a five-year period with 40% vesting at the end of the second year, and 20% vesting each year thereafter, subject to Mr. Shafer's continued employment through the applicable vesting date. Pursuant to the Shafer Employment Agreement, on February 8, 2018, Mr. Shafer was also awarded a one-time make-whole grant of time-based RSUs equivalent to 60,438 shares (the "Make Whole Grant"), with a grant date fair value of $3,700,014, to replace the value of equity compensation forfeited by Mr. Shafer as a result of his resignation from his former employer to accept his position with Cerner. The make-whole RSUs vest ratably in equal amounts on March 1, 2018, 2020 and 2021, subject to Mr. Shafer's continued employment through the applicable vesting date.

Pursuant to the Shafer Employment Agreement, the Compensation Committee also approved Mr. Shafer's personal use of Corporate Aircraft in 2018 up to a value of $100,000. 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 and any additional incremental cost incurred in connection with Cerner's decision to require an executive to use third party aircraft made available to Cerner under a fractional ownership or leasehold program or charter instead of Company leased aircraft when business needs dictate.

In 2018, Mr. Shafer earned total cash compensation of $1,835,002 which included i) $729,231 in base salary, ii) $895,055 in payments earned under our Performance Compensation Plan, iii) $37,200 in payments relating to Mr. Shafer's Corporate Aircraft benefit discussed below, and iv) $173,516 in payments relating to Mr. Shafer's relocation to Kansas City, including tax gross-up on the relocation package. He earned 82% of the target incentive amount and 41% of the maximum cash incentive opportunity available to him under the Performance Compensation Plan during 2018.

During 2018, Mr. Shafer's personal use of the Corporate Aircraft was below the Compensation Committee approved value, and therefore we paid him $37,200 which was the difference between the approved value and the value of his personal use. However, for SEC reporting purposes, the approved value of $100,000 plus deadhead costs of $32,499 (which were not counted against his personal use limit) must be aggregated and reported as a perquisite. Therefore, the incremental cost to us of Mr. Shafer's personal use of our Corporate Aircraft was $132,499.

The Compensation Committee has determined that Mr. Shafer's cash compensation for 2019 would remain the same as 2018 and approved his continued base salary of $800,000 and his performance-based cash incentive compensation target of $1,200,000. His maximum performance-based cash incentive opportunity for 2019 under the terms of our Performance Compensation Plan will be $2,400,000 (which represents the maximum possible payout opportunity for him under the Performance Compensation Plan and is consistent with 2018 except that his maximum during 2018 was pro-rated to align with his start date in February 2018). The Compensation Committee also approved Mr. Shafer's personal use of the Corporate Aircraft in 2019 up to a value of $100,000, calculated consistently with past practice (which is no change from Mr. Shafer's allotted personal use in 2018). The Compensation Committee (or a duly authorized subcommittee) also approved a grant to Mr. Shafer of PSUs equivalent to 77,547 shares and time-based RSUs equivalent to 77,547 shares, both of which will be granted to Mr. Shafer on April 29, 2019. The time-based RSUs will vest in equal portions on April 29, 2020, 2021 and 2022, subject to continued employment through the vesting date. Mr. Shafer's

PSUs will vest on April 29, 2022, subject to meeting the adjusted operating margin performance metrics approved by the Compensation Committee and continued employment through the vesting date.

Compensation of the other NEOs
The Compensation Committee approved the 2018 compensation packages, effective April 1, 2018 for base salaries and performance-based cash incentive compensation, and March 2, 2018 for annual equity grants, other than Mr. Peterzalek as noted below, as follows:

NEO	Base Salary ($)	Performance-based Cash Incentive Target ($)	Maximum Performance-based Cash Incentive Opportunity ($)	Equity Grant (Options and RSUs) (#)	Equity Grant ($) (1)
Marc G. Naughton	600,000	770,000	1,432,500	73,100(2)	1,621,772
				8,750(3)	550,725
Michael R. Nill	690,000	911,000	1,796,500	97,600(2)	2,165,320
				11,680(3)	735,139
John T. Peterzalek	650,000(4)	700,000(4)	1,074,280	61,247(5)	1,204,616
				7,145(6)	408,980
				31,139(7)	2,000,058
Jeffrey A. Townsend	690,000	911,000	1,796,500	97,600(2)	2,165,320
				11,680(3)	735,139

(1) These amounts reflect the grant date fair value of the option or RSU awards granted under our Long-Term Incentive Plan as described under "Compensation Elements - Long-Term Incentive Plan Compensation." Refer to Note 14 in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for fiscal year ended December 29, 2018 for the relevant assumptions used to determine the valuation of these awards.

(2) Non-qualified stock options. The options were granted with an exercise price equal to the closing fair market value on March 2, 2018, the date of grant, and will vest over a five-year period with 40% vesting at the end of the second year and 20% vesting each year thereafter, subject to continued employment through the applicable vesting dates.

(3) Time-based RSUs. The RSUs were granted on March 2, 2018 and will vest on March 2, 2021, subject to continued employment through the vesting date.

(4) Mr. Peterzalek's Base Salary and Performance-based Cash Incentive Target reflect his compensation package effective September 10, 2018, with his appointment to Chief Client Officer. Prior to this appointment, Mr. Peterzalek had a Base Salary of $460,500 and a Performance-based Cash Incentive Target of $474,500.

(5) Non-qualified stock options. The options were granted with an exercise price equal to the closing fair market value on May 4, 2018, the date of grant, and will vest over a five-year period with 40% vesting at the end of the second year and 20% vesting each year thereafter, subject to continued employment through the applicable vesting dates.

(6) Time-based RSUs. The RSUs were granted on May 4, 2018 and will vest on May 4, 2021, subject to continued employment through the vesting date.

(7) Time-based RSUs. The RSUs were granted to Mr. Peterzalek on September 7, 2018. The RSUs will vest 50% on September 7, 2020 and the remaining 50% on September 7, 2021, subject to continued employment through the

vesting date.

The Compensation Committee decided not to increase the base salaries or performance-based cash incentive compensation targets for the NEOs for 2019. Therefore, the Compensation Committee (or a duly authorized subcommittee) approved continuation of the base salaries and performance-based cash incentive compensation for the below listed NEOs and approved equity grants effective April 29, 2019 as follows:

NEO	Base Salary ($)	Performance-based Cash Incentive Target ($)	Maximum Performance-based Cash Incentive Opportunity ($)	Equity Grant (#)
Marc G. Naughton	600,000	770,000	1,540,000	20,906(1)
				20,906(2)
Michael R. Nill	690,000	911,000	1,822,000	27,773(1)
				27,773(2)
John T. Peterzalek	650,000	700,000	1,400,000	22,543(1)
				22,543(2)
Jeffrey A. Townsend	690,000	911,000	1,822,000	27,773(1)
				27,773(2)

(1) Performance-based restricted stock units. The PSUs will be granted to the NEOs on April 29, 2019 and will vest on April 29, 2022, subject to meeting the adjusted operating margin performance metrics approved by the Compensation Committee and continued employment through the vesting date.

(2) Time-based RSUs. The RSUs will be granted to the NEOs on April 29, 2019 and will vest in equal portions on April 29, 2020, April 29, 2021 and April 29, 2022, subject to continued employment through the vesting date.

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. Compensation decisions for 2018 and 2019 were in line with these guidelines.

Stock Ownership Guidelines

Under our stock ownership guidelines, our non-employee Directors and every associate that is a vice president or higher in rank, are required to have a certain level of stock ownership in our Company. Ownership in our Company demonstrates a long-term commitment and ensures strong alignment of interests of Directors and our leadership 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 guidelines in March 2019 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 45% to 75% of equity awards made to our executives and non-employee Directors. We believe this generally leads to significantly higher stock ownership requirements than other stock ownership policies.

Ownership Percentage Requirement	
Board of Directors (non-employees)	75%
Chief Executive Officer	75%
President and Executive Vice President	65%
Senior Vice President	55%
Vice President	45%

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Ownership Percentage Formula = Ownership Position (defined below) divided by the number of shares underlying stock options granted during the seven years immediately preceding the annual measurement date + 50% of restricted stock, PSU awards and RSU awards granted during the seven years immediately preceding the annual measurement date.

The "Ownership Position" includes any shares fully owned, including shares owned by a spouse, dependent children or a trust; outstanding stock options (unexercised vested and non-vested); fully vested shares held in our 401(k) plan; shares purchased through, and subject to restriction under, our Associate Stock Purchase Plan ("ASPP"); 50% of non-vested restricted stock, PSU awards and RSU awards; and shares held in our deferred compensation plan.

A reduced ownership requirement scale will be applied based on tenure. For non-employee Directors, a 10% per year reduced ownership requirement scale after the first year of service will be applied based on years of service with the Board, with a minimum ownership requirement of five times the annual cash retainer (as set for a given year), regardless of tenure. For our management subject to the guidelines, a 2% per year reduced ownership requirement scale will be applied after ten years of service with a minimum ownership requirement of one-half of the Ownership Percentage Requirement noted above 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, 2019, all of the NEOs and non-employee Directors who were Directors on that date were compliant with the stock ownership guidelines. The guidelines allow any officer or Director who is not compliant to submit a plan to the CEO and Chief People Officer indicating how compliance will be achieved within a five-year timeframe.

Retirement
We have a 401(k) retirement plan in which contributions are made to the NEOs on the same basis as 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 second tier discretionary match to participants' accounts deferring at least 2% of their base salary, if approved by the Compensation Committee or its Incentive Compensation Plan - Quarterly Administration Subcommittee. The discretionary match is calculated as a percentage of paid base salary to plan participants based on performance against established financial metric targets, such as adjusted EPS targets used in our Performance Compensation Plan. A second tier match was paid at 0.75% of eligible paid base salary for 2018.

Associate Stock Purchase Plan
We have an Associate Stock Purchase Plan under which participants may elect to contribute 1% to 20% of eligible compensation to the plan, subject to annual limitations determined in accordance with the Internal Revenue Code. Participants may purchase our Common Stock at a 15% discount on the last trading day of the purchase period. All associates that meet the eligibility requirements under the Associate Stock Purchase Plan, including the NEOs, 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 and Insurance
We also offer medical, dental, vision, group term life, accidental death and dismemberment and travel accident insurance plans in which our NEOs may elect to participate. The cost of these plans and opportunity for benefits thereunder are the same for the NEOs as for all other U.S. based associates and any Company contributions are made to the NEOs on the same basis as to all other U.S. based associates. We offer these plans as part of our overall benefits and compensation package to remain competitive in the market and retain talent.

Employment Agreements

We enter into employment agreements with all of our associates, including all of the NEOs. The material terms of the NEOs' employment agreements (and, in the case of our NEOs other than Messrs. Illig and Shafer, as supplemented and amended by a Cerner Executive Severance Agreement) provide for:

i) at-will employment;

ii) for Messrs. Shafer and Illig, an annual base salary, a potential annual bonus and specified use of our Corporate Aircraft, all as determined annually by the Chief Executive Officer or Board, as appropriate;
iii) severance payments and benefits upon certain termination events, as discussed in detail below under "Potential Payments Under Termination or Change in Control";
iv) assignment to us of all discoveries, inventions, improvements or other work product related to our business;
v) a nondisclosure provision that survives in perpetuity;
vi) for each of the NEOs other than Mr. Townsend, non-competition and non-solicitation provisions that are effective during the term of the executive's employment and for two years following termination of employment for any reason; for Mr. Townsend, non-competition provisions that are effective during the term of Mr. Townsend's employment and for three years following the termination of employment for any reason; and
vii) for Messrs. Shafer and Illig general mutual indemnification obligations with us.

Additionally, all of our NEOs have voluntarily executed a Cerner mutual arbitration supplement to their employment agreements, the form of which is substantially similar to that executed by most of our U.S. based associates, whereby the associate voluntarily agrees to mutual arbitration in the event of a dispute with Cerner.

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 employment agreement or as specifically set forth in our Enhanced Severance Pay Plan, which was first approved in 2005.

Our Enhanced Severance Pay Plan applies to all of our U.S.-based permanent, full-time associates (other than those associates who we have granted contractual severance benefits) and offers severance pay upon certain termination without cause events or qualifying terminations or resignations for good reason following a change in control. All of our NEOs are entitled to contractual severance benefits pursuant to their employment agreements, and, in the case of our NEOs other than Messrs. Illig and Shafer, their Cerner Executive Severance Agreements, which supersede any benefits that may have otherwise been available to the NEOs under the Enhanced Severance Pay Plan. We provide contractual severance benefits to promote the retention of our NEOs and to ensure continuity and stability in Cerner's business. Mr. Illig was entitled and Mr. Shafer is entitled to severance benefits pursuant to their respective employment agreements and, therefore, we have not entered into a separate Cerner Executive Severance Agreement with either of these executives.

We recognize that business needs, an associate's work performance or other reasons may require termination of employment. Our Enhanced Severance Pay Plan, as well as our limited contractual severance arrangements, are intended to: show that we value our associates; help recruit and retain qualified associates; 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.

Refer to "Potential Payments Under Termination or Change in Control" for further details.

Deductibility of Executive Compensation

Prior to January 1, 2018, any amounts that qualified under the "performance-based compensation" exception under Section 162(m) were excluded from the $1 million per fiscal year deduction limit for qualifying compensation paid to "covered employees". Pursuant to the tax reform legislation passed in December 2017, commonly referred to as The Tax Cuts and Jobs Act, this "performance-based compensation" exception was eliminated, effective for taxable years beginning after December 31, 2017, such that compensation paid to a public company's "covered employees" in excess of $1 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017 (the "Section 162(m) Grandfather"). While the scope of the Section 162(m) Grandfather will not be clear until the Treasury Department issues regulations, we intend to administer outstanding arrangements and plans to the extent compatible with business needs to preserve potential deductions that may be available under the Section 162(m) Grandfather.

As a general matter, in making its previous compensation decisions, the Compensation Committee sought to maximize the deductibility of compensation under Section 162(m) to the extent doing so was reasonable and consistent with our strategies and goals. Although deductibility of compensation is preferred, tax deductibility is not the primary objective of our compensation programs. The Compensation Committee considers the impacts of all relevant tax provisions in developing, implementing, and administering our compensation programs. However, the Compensation Committee balances this consideration with our primary goal of structuring compensation programs to attract, motivate, reward and retain qualified associates. As such, exceptions may occur when the Compensation Committee, after balancing tax efficiency with our strategies and goals, believes it is in the best interests of our shareholders. In addition, there can be no assurance that compensation intended to satisfy the requirements for deductibility under Section 162(m) will in fact be deductible. Further, the Compensation Committee reserves the right to modify compensation that was initially intended to be exempt under the Section 162(m) Grandfather if it determines that such modifications are consistent with our strategies and goals.

SUMMARY COMPENSATION TABLE

The following table sets forth information regarding compensation earned by our NEOs for the Company's last three fiscal years.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($) (1)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compen-sation ($) (4)	Total ($)
Brent Shafer Chairman of the Board and Chief Executive Officer	2018	729,231	—	3,700,014	4,000,014	895,055	—	308,687(5)	9,633,001
Marc G. Naughton Executive Vice President and Chief Financial Officer	2018	582,500	—	550,725	1,621,772	586,875	—	7,508	3,349,380
	2017	530,000	—	2,937,714	1,606,137	431,513	—	5,346	5,510,710
	2016	524,712	—	—	1,590,599	482,963	—	7,235	2,605,509
Michael R. Nill Executive Vice President and Chief Operating Officer	2018	683,750	—	735,139	2,165,320	740,100	—	7,508	4,331,817
	2017	665,000	—	4,923,966	2,569,819	668,650	—	5,346	8,832,781
	2016	657,596	—	—	2,544,958	750,675	—	7,235	3,960,464
John T. Peterzalek Executive Vice President and Chief Client Officer	2018	516,183	—	2,409,038	1,204,616	447,077	—	7,508	4,584,422
Jeffrey A. Townsend Executive Vice President and Chief of Innovation	2018	683,750	—	735,139	2,165,320	740,100	—	61,100(6)	4,385,409
	2017	665,000	—	4,923,966	2,569,819	668,650	—	43,046	8,870,481
	2016	657,596	—	—	2,544,958	750,675	—	44,935	3,998,164
Clifford W. Illig	2018	544,231	—	166,162	488,085	452,060	—	7,508	1,658,046
	2017	650,962	—	55,740	1,578,511	358,812	—	5,346	2,649,371

Former Vice Chairman of the Board
(Former Interim Chief Executive
Officer through January 31, 2018)

(1) These amounts reflect the grant date fair value of the RSUs granted under our Long-Term Incentive Plan as described under "Compensation Elements - Long-Term Incentive Plan Compensation" and "Compensation of the Chief Executive Officer" computed in accordance with FASB ASC Topic 718.

(2) These amounts reflect the grant date fair value of the option awards granted under our Long-Term Incentive Plan as described under "Compensation Elements - Long-Term Incentive Plan Compensation" and "Compensation of the Chief Executive Officer" computed in accordance with FASB ASC Topic 718. Refer to Note 14 in the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K

for the fiscal year ended December 29, 2018 for the relevant assumptions used to determine the grant date fair value of our option awards.

(3) Reflects payments earned under our Performance Compensation Plan as described above under "Compensation Elements - Performance-Based Cash Incentive Compensation" and "Compensation of the Chief Executive Officer."

(4) This column includes the aggregate incremental cost to us of providing perquisites and other personal benefits to the NEOs, as well as our matching contributions (both fixed and discretionary) to the NEOs' accounts pursuant to our 401(k) retirement plan.

(5) This amount includes perquisites and other personal benefits for Mr. Shafer consisting of personal use of our Corporate Aircraft by Mr. Shafer, which had an incremental cost to us in the amount of $132,499 in 2018. The incremental cost to us of Mr. Shafer's personal use of Corporate Aircraft was calculated by combining the variable operating costs of such travel, including the cost of fuel and oil, engine reserves, auxiliary power unit reserves, on-board catering and deicing fluids when applicable, the costs of deadhead hours, and the amount of $37,200 in cash paid to Mr. Shafer because his personal use did not exceed the Compensation Committee approved value. This amount also includes perquisites and other personal benefits for Mr. Shafer consisting of (i) $95,000 paid in 2018 pursuant to a relocation package approved by the Compensation Committee for Mr. Shafer's relocation to Kansas City, and (ii) $78,516 in tax gross-ups related to such relocation package.

(6) This amount includes perquisites and other personal benefits for Mr. Townsend consisting of (i) $29,342 paid in 2018 pursuant to a relocation package approved by the Compensation Committee for Mr. Townsend's return to Kansas City, Missouri from a short-term assignment in Salt Lake City, Utah to lead our partnership with Intermountain Healthcare, and (ii) $24,250 in tax gross-ups related to such relocation package.

2018 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 RSU awards made to the NEOs in 2018. During 2018, our non-equity incentive awards were granted to participants of our Performance Compensation Plan based upon pre-established performance targets set annually by the Compensation Committee and its Incentive Compensation Plan - Quarterly Administration Subcommittee. For more detailed information regarding our Performance Compensation Plan, see "Compensation Elements - Performance-Based Cash Incentive Compensation." Our equity incentive awards were granted under our shareholder approved Long-Term Incentive Plan. For more detailed information regarding our Long-Term Incentive Plan, see "Compensation Elements - Long-Term Incentive Plan Compensation."

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			Estimated Possible Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#) (3)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh) (4)	Grant Date Fair Value of Stock and Option Awards ($) (5)
		Threshold ($) (1)	Target ($)	Maximum ($) (2)	Threshold	Target (#)	Maximum				
Brent Shafer	2/8/2018 2/8/2018	547,253	1,094,505	2,189,010	—	—	—	—	182,006	61.22	4,000,014