

CERNER CORP /MO/
Form 4
March 12, 2003

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549**

FORM 4

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

**Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public Utility Holding Company Act of 1935
or Section 30(h) of the Investment Company Act of 1940**

- Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b)

<p>1. Name and Address of Reporting Person* <i>(Last, First, Middle)</i></p> <p>Krebs, Douglas M.</p>	<p>2. Issuer Name and Ticker or Trading Symbol</p> <p>Cerner Corporation (CERN)</p>	<p>3. I.R.S. Identification Number of Reporting Person, if an entity <i>(Voluntary)</i></p>
<p>2800 Rockcreek Parkway</p> <p style="text-align: center;"><i>(Street)</i></p> <p>Kansas City, MO 64117</p> <p><i>(City) (State) (Zip)</i></p>	<p>4. Statement for <i>(Month/Day/Year)</i></p> <p>March 10, 2003</p>	<p>5. If Amendment, Date of Original <i>(Month/Day/Year)</i></p>
<p>6. Relationship of Reporting Person(s) to Issuer <i>(Check All Applicable)</i></p> <p><input type="checkbox"/> Director <input type="checkbox"/> 10% Owner</p> <p><input checked="" type="checkbox"/> Officer <i>(give title below)</i></p> <p><input type="checkbox"/> Other <i>(specify below)</i></p> <p style="text-align: center;">President, Cerner Global</p>	<p>7. Individual or Joint/Group Filing <i>(Check Applicable Line)</i></p> <p><input checked="" type="checkbox"/> Form filed by One Reporting Person</p> <p><input type="checkbox"/> Form filed by More than One Reporting Person</p>	

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, *see* instruction 4(b)(v).

Table I Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security <i>(Instr. 3)</i>	2. Transaction Date <i>(Month/Day/Year)</i>	2a. Deemed Execution Date, if any. <i>(Month/Day/Year)</i>	3. Transaction Code <i>(Instr. 8)</i>	4. Securities Acquired (A) or Disposed of (D) <i>(Instr. 3, 4 and 5)</i>	5. Amount of Securities Beneficially Owned Following Reported Transactions(s) <i>(Instr. 3 and 4)</i>	6. Ownership Form: Direct (D) or Indirect (I) <i>(Instr. 4)</i>	7. Nature of Indirect Beneficial Ownership <i>(Instr. 4)</i>
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(A)
or
Code V Amount (D) Price

Common Stock					4,698	D	
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Common Stock	3/10/03		I	131 A	\$34.08	824	I by Trust
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Table II Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security <i>(Instr. 3)</i>	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date <i>(Month/Day/Year)</i>	3a. Deemed Execution Date, if any <i>(Month/Day/Year)</i>	4. Transaction Code <i>(Instr. 8)</i>	5. Number of Derivative Securities Acquired (A) or Disposed of (D) <i>(Instr. 3, 4 and 5)</i>
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CodeV (A)(D)

Table II Derivative Securities Acquired, Disposed of, or Beneficially Owned Continued
(e.g., puts, calls, warrants, options, convertible securities)

6. Date Exercisable and Expiration Date <i>(Month/Day/Year)</i>	7. Title and Amount of Underlying Securities <i>(Instr. 3 and 4)</i>	8. Price of Derivative Security <i>(Instr. 5)</i>	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) <i>(Instr. 4)</i>	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) <i>(Instr. 4)</i>	11. Nature of Indirect Beneficial Ownership <i>(Instr. 4)</i>
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Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Explanation of Responses:

<u>Douglas M. Krebs</u> **Signature of Reporting Person	<u>3/12/03</u> Date
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** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

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Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Page 4

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Roman;font-size:10pt;font-weight:normal;font-style:normal;text-transform:none;font-variant: normal;">

\$

291.0

\$

459.7

\$

502.4

\$

1,051.4

\$

1,008.7

Depreciation

20.2

20.4

40.2

40.0

80.5

80.7

Non-GAAP adjusted EBITDA

\$

262.6

\$

311.4

\$

500.0

\$

542.4

\$

1,131.8

\$

1,089.4

(a) Reflects integration costs related to the acquisition of the BNS business, transaction costs related to potential and consummated acquisitions and costs related to secondary stock offerings.

(b) Reflects non-cash charges resulting from purchase accounting adjustments.

CCS Segment

Three Months
Ended

Six Months
Ended

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	June 30,		June 30,	
	2017	2016	2017	2016
	(in millions)			
Operating income	\$74.8	\$92.9	\$122.5	\$143.0
Adjustments:				
Amortization of purchased intangible assets	42.9	50.6	86.5	98.8
Restructuring costs, net	9.6	6.6	14.4	7.7
Equity-based compensation	6.5	5.3	12.0	10.3
Asset impairments	—	—	—	15.3
Integration and transaction costs	12.5	13.5	26.2	27.6
Purchase accounting adjustments	—	(0.4)	—	0.6
Non-GAAP adjusted operating income	\$146.3	\$168.5	\$261.6	\$303.3

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CMS Segment

	Three Months Ended		Six Months Ended	
	June 30, 2017	2016	June 30, 2017	2016
	(in millions)			
Operating income	\$63.0	\$91.0	\$136.6	\$131.6
Adjustments:				
Amortization of purchased intangible assets	24.1	25.4	48.1	50.8
Restructuring costs, net	4.2	1.0	4.8	6.0
Equity-based compensation	4.7	4.1	8.6	7.9
Integration and transaction costs	0.2	1.0	—	2.8
Non-GAAP adjusted operating income	\$96.1	\$122.5	\$198.1	\$199.1

Note: Components may not sum to total due to rounding.

Contractual Obligations

In March 2017, we issued the 2027 Notes, redeemed the 2020 Notes and repaid a portion of our senior secured term loans. In May 2017, we repriced the 2022 Term Loan. The following table summarizes our contractual obligations at June 30, 2017:

Contractual Obligations	Total Payments of Due (in millions)	Amount of Payments Due per Period			
		Remainder 2017	2018-2019	2020-2021	Thereafter
Long-term debt, including current					
maturities (a)	\$4,646.3	\$—	\$ —	\$ 650.0	\$ 3,996.3
Interest on long-term debt (a)(b)	1,666.6	117.8	466.6	448.2	634.0
Operating leases	114.1	19.8	49.9	29.8	14.6
Purchase obligations (c)	11.2	11.2	—	—	—
Pension and other postretirement					
benefit liabilities (d)	14.6	7.0	3.2	1.9	2.5
Restructuring costs, net (e)	31.7	13.6	18.1	—	—
Unrecognized tax benefits (f)	—	—	—	—	—
Total contractual obligations	\$6,484.5	\$169.4	\$ 537.8	\$ 1,129.9	\$ 4,647.4

- (a) No other prepayment or redemption of any of our long-term debt balances has been assumed. Refer to Note 5 in the Notes to Condensed Consolidated Financial Statements included in this Form 10-Q and Note 6 in the Notes to Consolidated Financial Statements included in our 2016 Annual Report for information regarding the terms of our long-term debt agreements.
- (b) Interest on long-term debt excludes the amortization of debt issuance costs and original issue discount. Interest on variable rate debt is estimated based upon rates in effect at June 30, 2017.
- (c) Purchase obligations include minimum amounts owed under take-or-pay or minimum requirements contracts. Amounts covered by open purchase orders are excluded as there is no contractual obligation until goods or services are received.
- (d) Amounts reflect expected contributions related to payments under the postretirement benefit plans through 2026 and expected pension contributions of \$6.2 million during the remainder of 2017 (see Note 10 in the Notes to Consolidated Financial Statements included in our 2016 Annual Report).
- (e) Future restructuring payments exclude payments due under lease arrangements which are included in operating leases above.
- (f) Due to the uncertainty in predicting the timing of tax payments related to our unrecognized tax benefits, \$45.7 million has been excluded from the presentation. We anticipate a reduction of up to \$10.0 million of unrecognized tax benefits during the remainder of 2017 (see Note 11 in the Notes to Consolidated Financial Statements included in our 2016 Annual Report).

Off-Balance Sheet Arrangements

We are not party to any significant off-balance sheet arrangements except for operating leases. There have not been any material changes to our off-balance sheet arrangements during the six months ended June 30, 2017.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q or any other oral or written statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance.

These forward-looking statements are generally identified by their use of such terms and phrases as “intend,” “goal,” “estimate,” “expect,” “project,” “projections,” “plans,” “anticipate,” “should,” “could,” “designed to,” “foreseeable future,” “be,” “scheduled,” “outlook,” “target,” “guidance” and similar expressions, although not all forward-looking statements contain such terms. This list of indicative terms and phrases is not intended to be all-inclusive.

These statements are subject to various risks and uncertainties, many of which are outside our control, including, without limitation, our ability to integrate the BNS business in a timely and cost-effective manner; our reliance on TE Connectivity for transition services for the BNS business; our ability to realize expected growth opportunities and cost savings from the BNS business; our dependence on customers’ capital spending on data and communication systems; concentration of sales among a limited number of customers and channel partners; changes in technology; industry competition and the ability to retain customers through product innovation, introduction and marketing; risks associated with our sales through channel partners; changes to the regulatory environment in which our customers operate; product quality or performance issues and associated warranty claims; our ability to maintain effective management information systems and to successfully implement major systems initiatives; cyber-security incidents, including data security breaches or computer viruses; the risk our global manufacturing operations suffer production or shipping delays, causing difficulty in meeting customer demands; the risk that internal production capacity or that of contract manufacturers may be insufficient to meet customer demand or quality standards for our products; changes in cost and availability of key raw materials, components and commodities and the potential effect on customer pricing; risks associated with our dependence on a limited number of key suppliers for certain raw material and components; the risk that contract manufacturers we rely on encounter production, quality, financial or other difficulties; our ability to fully realize anticipated benefits from prior or future acquisitions or equity investments; potential difficulties in realigning global manufacturing capacity and capabilities among our global manufacturing facilities, including delays or challenges related to removing, transporting or reinstalling equipment, that may affect our ability to meet customer demands for products; possible future restructuring actions; substantial indebtedness and maintaining compliance with debt covenants; our ability to incur additional indebtedness; our ability to generate cash to service our indebtedness; possible future impairment charges for fixed or intangible assets, including goodwill; income tax rate variability and ability to recover amounts recorded as deferred tax assets; our ability to recover value-added tax receivables; our ability to attract and retain qualified key employees; labor unrest; obligations under our defined benefit employee benefit plans may require plan contributions in excess of current estimates; significant international operations exposing us to economic, political and other risks, including the impact of variability in foreign exchange rates; our ability to comply with governmental anti-corruption laws and regulations and export and import controls worldwide; our ability to compete in international markets due to export and import controls to which we may be subject; changes in the laws and policies in the United States affecting trade; cost of protecting or defending intellectual property; costs and challenges of compliance with domestic and foreign environmental laws; and other factors beyond our control. These and other factors are discussed in greater detail in our 2016 Annual Report on Form 10-K. Although the information contained in this Quarterly Report on Form 10-Q represents our best judgment as of the date of this report based on information currently available and reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviation will not be material. Given these uncertainties, we caution you not to place undue reliance on these forward-looking statements, which speak only as of the date made. We are not undertaking any duty or obligation to update this information to reflect developments or information obtained after the date of this report, except as otherwise may be required by law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Other than the changes disclosed below, there have been no material changes in the interest rate risk, commodity price risk or foreign currency exchange rate risk information previously reported under Item 7A of our 2016 Annual Report on Form 10-K, as filed with the SEC on February 23, 2017.

Interest Rate Risk

The table below summarizes the expected interest and principal payments associated with our variable rate debt outstanding at June 30, 2017 (mainly the \$1.1 billion of variable rate term loans). The principal payments presented below are based on scheduled maturities and assume no borrowings under the revolving credit facility. The interest payments presented below assume the interest rate in effect at June 30, 2017. The impact of a 1% increase in the interest rate index on projected future interest payments on the variable rate debt is also included in the table below.

	Remainder					There-
	of	2018	2019	2020	2021	after
	2017					
	(dollars in millions)					
Principal and interest payments						
on variable rate debt	\$18.8	\$37.5	\$37.5	\$36.8	\$36.2	\$1,132.4
Average cash interest rate	3.42%	3.42%	3.42%	3.36%	3.30%	3.30%
Impact of 1% increase in interest rate index	\$5.5	\$11.0	\$11.0	\$11.0	\$11.0	\$11.0

We also have \$3.6 billion aggregate principal amount of fixed rate senior notes. The table below summarizes our expected interest and principal payments related to our fixed rate debt at June 30, 2017.

	Remainder					There-
	of	2018	2019	2020	2021	after
	2017					
	(dollars in millions)					
Principal and interest payments						
on fixed rate debt	\$99.0	\$195.8	\$195.8	\$195.8	\$829.4	\$3,497.9
Average cash interest rate	5.51%	5.51%	5.51%	5.51%	5.57%	5.48%

Foreign Currency Risk

During the six months ended June 30, 2017, we entered into foreign exchange forward contracts that are designated as net investment hedges and are intended to mitigate a portion of the foreign currency risk on the Euro net investment in a foreign subsidiary. As of June 30, 2017, the notional value of the forward contracts was \$75.0 million and the fair value of the forward contracts was a \$5.4 million loss. The forward contracts expire in the fourth quarter of 2017.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by this report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company continues to rely on TE Connectivity to provide various services under transition service agreements related to portions of the acquired BNS business that have not yet been integrated into legacy CommScope systems. Management continues to evaluate the design of the control procedures relating to BNS and make changes as necessary. Management expects that further changes to internal control over financial reporting, including those related to further system conversions, will take place during the remainder of 2017 (see Risk Factors in our 2016 Annual Report on Form 10-K).

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The material set forth under “Commitments and Contingencies” in Note 1 of Notes to the Condensed Consolidated Financial Statements in Part 1, Item 1 of this Quarterly Report on Form 10-Q is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes from our risk factors as previously reported in Item 1A of our 2016 Annual Report on Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Recent Sales of Unregistered Securities:

None.

Issuer Purchases of Equity Securities:

On February 23, 2017, the Company announced that its Board of Directors had authorized the repurchase of up to \$100.0 million of the Company’s outstanding common stock. The program was completed in April 2017. The Company has no remaining authorization under the stock repurchase program as of June 30, 2017.

The following table summarizes the stock purchase activity for the three months ended June 30, 2017:

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased Publicly Announced Plans or Programs	Maximum Value of Shares that May Yet be Purchased Under the Plans or Programs
April 1, 2017 - April 30, 2017	854,525	\$ 41.04	852,534	\$ —
May 1, 2017 - May 31, 2017	978	\$ 38.62	—	\$ —
June 1, 2017 - June 30, 2017	49	\$ 37.57	—	\$ —
Total	855,552	\$ 41.04	852,534	

(1) The total number of shares purchased includes 1,991 shares in April; 978 shares in May; and 49 shares in June that were withheld to satisfy the minimum withholding tax obligations related to RSUs and PSUs that vested during the period.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

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ITEM 6. EXHIBITS

- 10.1 * Amendment Agreement, dated as of May 31, 2017, to the Credit Agreement, dated as of January 11, 2011, among CommScope, Inc., as the Borrower, CommScope Holding Company, Inc., as Holdings, the several banks and other financial institutions or entities from time to time parties thereto as Lenders, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent and the other agents and arrangers party thereto (Incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-36146), filed with the SEC on May 31, 2017).
- 31.1 ** Certification of Principal Executive Officer pursuant to Rule 13a-14(a).
- 31.2 ** Certification of Principal Financial Officer pursuant to Rule 13a-14(a).
- 32.1 ** Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32)(ii) of Regulation S-K).
- 101.INS XBRL Instance Document, furnished herewith.
- 101.SCH XBRL Schema Document, furnished herewith.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document.

* Previously filed.

** Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMMSCOPE HOLDING COMPANY, INC.

August 2, 2017 /s/ Mark A. Olson

Date

Mark A. Olson

Executive Vice President and Chief Financial Officer

(Principal Financial Officer and duly authorized officer)