SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 29, 2001

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _____________ to ___________

Commission File Number 0-15386

CERNER CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware	43-1196944
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

2800 Rockcreek Parkway
North Kansas City, Missouri 64117
(816) 221-1024
(Address of principal executive offices, including zip code; Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, par value $.01 per share
Preferred Stock Purchase Rights
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

At March 15, 2002, there were 35,390,736 shares of Common Stock outstanding, of which 7,611,087 shares were owned by affiliates. The aggregate market value of the outstanding Common Stock of the Registrant held by non-affiliates, based on the closing sale price of such stock on March 15, 2002, was $1,216,470,846.

Documents incorporated by reference: portions of the Registrant's Proxy Statement for the 2002 Annual Meeting of Stockholders are incorporated by reference in Part III hereof.

PART I

ITEM 1. BUSINESS

OVERVIEW

Cerner Corporation ("Cerner" or the "Company") is a Delaware corporation incorporated in 1980. The Company's principal offices are located at 2800 Rockcreek Parkway, North Kansas City, Missouri 64117, and its telephone number is (816) 221-1024.

Cerner designs, develops, markets, installs, hosts and supports software information technology and content solutions for healthcare organizations and consumers. Cerner implements these solutions as individual, combined or enterprise-wide systems.

Cerner's integrated suite of solutions enable healthcare providers to improve operating effectiveness, reduce costs, reduce medical errors, reduce variances and improve the quality of care as measured by clinical outcomes. Cerner(R) solutions are designed to provide the appropriate health information and knowledge to care givers, clinicians and consumers and the appropriate management information to healthcare administration on a real-time basis. Cerner solutions allow secure access to data by clinical, administrative and financial users in organized settings of care and by consumers from their home. These solutions can be implemented as a part of an enterprise-wide solution or individually, using the client's existing investment in information technology. Cerner solutions are available as integrated applications managed by its clients or as a service option under the application outsourcing (hosting) model. Hosted solutions are applications that are provided to clients from Cerner's solutions center in Lee's Summit, Missouri.

Cerner solutions are designed and developed using the Cerner Millennium(TM) Architecture, a single information architecture. Millennium(TM) is a unified technology infrastructure for combining clinical and management information applications. Millennium allows each participating healthcare organization to access an individual's clinical record at the point of care, to organize it for the specific needs of the physician, nurse, laboratory technician or other care provider on a real-time basis, and to use the information in management decisions to improve the efficiency and productivity of the entire enterprise.

HEALTHCARE INDUSTRY

The healthcare delivery industry in the United States remains highly fragmented, very complex and remarkably inefficient. While science and medical technology continue to make significant breakthrough progress in dealing with human disease and injury, the management and clinical processes of these complex delivery organizations have made little progress in the past twenty years. Even today, the major clinical workflow depends on manual, paper-based medical record systems augmented by spotty automation. This has resulted in an industry which is economically inefficient and produces significant variances in medical outcomes.

In November 1999, the Institute of Medicine (IOM) released a report called "To Err is Human" indicating that medical error is one of the top ten causes of death in the United States, with up to 98,000 lives lost each year. In March 2001, the IOM released a report titled "Crossing the Quality Chasm: A New Health System for the 21st Century" indicating the use of information technology is critical to improving the quality and safety of healthcare. The Leapfrog Group, a subgroup of large employers from the Business Roundtable, is also becoming a forceful proponent for systemic change to healthcare organizations. Leapfrog recommends that employers select health plans with hospitals that, among other recommendations, use a computerized physician-order-entry system as a primary method of eliminating medical errors in hospitals.

Another threat to the healthcare system is the growing shortage of hospital personnel. According to a 2001 American Hospital Association Workforce Study, there are approximately 126,000 unfilled nursing

positions. Many hospitals are beginning to turn to information technology to help reduce the impact of the nursing shortage. The use of information technology can significantly reduce the amount of paperwork a nurse performs, resulting in greater efficiency, improved quality of care, and increased job satisfaction.

While addressing staffing issues, healthcare providers must prepare for the very large increase in demand for healthcare services that will be caused by the aging of the baby boomers. By 2010, the average baby boomer will be approximately 65 years old. This upcoming increase in demand for services underscores the importance of improving the efficiency and quality of healthcare.

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) adds an additional element of complexity for healthcare organizations around security and patient confidentiality. While some of the rules under HIPAA have not been finalized, the provisions are focused on a centralized and systematic method of access control that Cerner thinks is best met by a single integrated architecture.

After several periods of declines in the financial condition of hospitals and health systems, they are beginning to show improved economic health, resulting in an increased ability to invest in information technology. A 2001 report by Solucient showed a 100 basis point improvement in hospital operating margins in the first half of 2001. This economic strength reflects higher utilization of facilities whose capacity was reduced in the Balanced Budget Act era and by rate increases from the managed care intermediaries to well-positioned providers.

In order to be competitive in this dynamic marketplace, healthcare enterprises will need to deploy information technology solutions that internally automate the paper-based medical record systems and externally create smart connections between the major participants in healthcare: the consumer, the physician, the hospital and the managed care organization. The emergence of near ubiquitous Internet connectivity will facilitate consumer participation in the healthcare management process.

Cerner is responding to the changing and increasing needs of the healthcare industry for better information systems by developing Millennium, its latest generation of solutions. See "Cerner's Technology - Cerner Millennium Architecture" for a discussion of Millennium.

THE CERNER VISION

Cerner's business and products are organized around a central vision of how healthcare can and should operate. This vision is founded on four steps:

- Automate the core processes of healthcare: eliminate the paper medical record
- Connect the person: create the personal health system
- Structure the knowledge: position every clinical decision as a learning event
- Close the loop: implement evidence-based medicine

These steps describe Cerner's business today and plans for Cerner's business both in 2002 and beyond.

Automate the Process

Cerner is dedicated to the elimination of the paper medical record.

Medical care cannot make significant steps forward in quality and consistency without using the power and advantages of information technology. As long as medical information is locked and isolated in a paper record, a physician is cut off from rapid, contextual reference to the vast knowledge available in today's medicine. The elimination of the paper record will lead to improved quality and safety of care, dramatic productivity increases and enhanced documentation.

The electronic recording of medical information will lead to improvements in the quality of care and the safety of patients and reduce costs. By allowing care providers to access a patient's single, longitudinal medical record in real-time, clinicians can view demographic information, medical history, lab results and current conditions and treatment plans, along with notes from attending and consulting physicians. Guidelines and pathways sensitive to the person's medical condition and problems will assist the physician in making the "appropriate" decisions on how to diagnose and treat medical conditions. This comprehensive view of a patient's health status allows for better medical decision-making at the point of care. Online documentation and physician order entry helps to prevent the errors in and misinterpretation of documentation and orders, reducing the costs of duplication and medical error. This automation also will reduce the time for care delivery and lower costs.

Once all the steps of care are captured electronically, the enhanced documentation will lead to more efficient healthcare, both in terms of treatment and finance, and will set the stage for data collection that will be the backbone of structuring the knowledge of healthcare. Electronic medical records reduce some of the duplication caused by poor record-keeping. Wasteful duplication is eliminated, redundant tests are not ordered. Also, documentation required for health plan reimbursement is maintained efficiently, reducing claim denials. Finally, electronic record-keeping lays the groundwork of data collection necessary to make dramatic changes in care delivery.

Connect the Person

Cerner is dedicated to helping its clients build a personal health system; creating a "new medium" between the person and physician; empowering the individual; and creating a new center to healthcare.

The healthcare system is undergoing fundamental change as the person moves to the center of care delivery. Increasing access to expert knowledge over the Internet and a cultural shift toward more self-direction are combining to move the center of power and control to the person. With the electronic medical record, persons can access their medical records securely anytime and anywhere they have Internet access. When combined with personalized health content, the consumer gains a better sense of the care they are receiving and the options available to them. They will have better communications with their providers, and can take more ownership of their own health and work to manage it to their satisfaction.

Structure the Knowledge

Cerner is dedicated to building systems that treat every clinical decision as a learning event by structuring, storing and studying the content of medicine.

Medicine must have a structure that allows physicians to record treatment and outcomes in such a way as to permit comparability. The basis of this structure is a common nomenclature that can exactly capture the meaning of input from physicians and clinicians. By storing this data and then providing a framework for comparability, physicians can make sense and glean value from the information that is gathered both through automated processes and connected persons. Without a knowledge framework, data collected will provide no real benefit. By building this structure, every encounter with a patient, and every piece of new knowledge and information, can be catalogued, measured and analyzed to improve care. This knowledge framework will deliver better standards of care and an improved understanding of medicine.

Close the Loop

Cerner is dedicated to building systems that implement evidence-based medicine, dramatically reducing the current average time from the discovery of an improved method to the change in "standard of care" medical practice.

Advances in technology offer great opportunities to healthcare and must be used to practical effect. The knowledge gained must be used to deliver better care faster. The information learned must be applied. Today, patients may wait as long as ten years before new knowledge reaches widespread use. With systems designed to embed evidence-based medicine inside the clinicians' workflow using pathways,

guidelines and alerts, physicians can ensure that every medical decision is optimal, based on the best and most recent knowledge available. The results will be better outcomes and reduced variance.

THE CERNER STRATEGY

Key elements of the Company's business strategy include the following:

Penetrate the integrated healthcare provider market. Large health systems represent a significant component of the healthcare information technology market. These organizations are focused on improving safety and reducing costs through operating efficiencies. Cerner's enterprise-wide process-based, clinical and management systems provide the technology to enable an integrated system to manage healthcare across the system, significantly reduce costs, improve the efficiency of healthcare delivery and maintain and improve the quality of healthcare.

Expand market share in individual domains and further penetrate existing client base. Cerner expects continued growth in clinical domain systems for specific markets such as nursing, physician office, laboratory, pharmacy, radiology, surgery, emergency medicine and cardiology, as institutional providers look to restructure and reengineer these high cost centers. The Company anticipates growth in sales of new products, such as its new patient accounting product that launched in 2001. This product addresses a large new market previously not covered by the existing product suite. The Company also intends to aggressively market Cerner clinical and management information systems and services to its existing client base.

Remain committed to a common architecture. Because Cerner believes that the constituents in health management need to work together to benefit defined populations in a community, the Company has made a commitment to a single unified architecture as the platform for "fully integrated" health information and management systems. This platform enables Cerner's process-based Millennium systems to be scaleable on a linear basis, using either Cerner compatible modules for process-oriented applications or competitive systems interfaced using open system protocols.

Expand products and services. Using the Millennium architecture, Cerner intends to continue expanding the range of products and services offered to providers. These new products and services will complement the systems currently offered, address the emerging information needs of clients or employ technological advances. Cerner believes that major opportunities exist as providers and managed care organizations reach into new markets and offer more alternative services to remain competitive. The Company believes these organizations will find value in having personal health records and trusted health information accessible to the individual in the home. In addition, Cerner recognizes the value of the aggregate database being developed by its broad client base as a potential means to enable comparative or normative procedure evaluations as a powerful new tool in the healthcare industry. The substantial project management, process redesign, technology integration and training involved in healthcare systems taking advantage of the opportunities provided by clinical and management information technology represent a significant market for the Company's consulting services.

Offer its products on a hosted solution basis. The Company offers its Millennium applications through its application outsourcing option. This option offers information technology services to clients that include software, computer hardware, implementation, technical support, wide-area network (WAN) services and automatic software upgrades. Unlike traditional software implementations, software delivered through the application outsourcing option is not installed at the user's location, but is delivered, operated and maintained in Cerner's solutions center in a rapidly accelerated implementation timeframe. Using Cerner hosted solutions, any size organization can access the same robust clinical applications, architecture and user-interface advantages that were previously only available to larger institutions.

CERNER'S TECHNOLOGY -- CERNER MILLENNIUM ARCHITECTURE

The cornerstone of Cerner's technology strategy is Cerner Millennium, the single architecture around which each of Cerner's information products is developed. This person-centric, single data model, open and highly scaleable architecture allows Cerner to meet the clinical, financial, management and business information requirements of a healthcare delivery system across the continuum of care. Cerner

Millennium, the core of which was developed between 1994 and 1999, is Cerner's newest version of computing software. Millennium uses n-tier client/server technology to optimize distributed computing performance and scalability across multiple client and server platforms. The Millennium architecture and applications were designed and developed to accommodate healthcare specific requirements for mission critical computing and secure access, whether the user is inside the healthcare enterprise or at home via the Internet. Millennium's breadth of focus and functionality are well suited for large-scale and enterprise application technologies for healthcare organizations, including the ability to leverage the Internet for ehealth-related self-service and business-to-business functions.

The value of Millennium to a client organization is the use across a healthcare organization of a single system based on a fully integrated common architecture and database. With its single data model, Millennium provides secure, real-time access to all information across multiple applications, domains, organizations and physical locations, including physician, hospital, nursing, laboratory, pharmacy and consumers, to all of those needing such access, wherever they are located. Given its integrated and open design, Millennium can also provide a centralized repository of clinical and financial transactions to help standardize access and messaging of disparate applications across a health system.

The alternative to a single architectural approach is to use disparate systems based on differing architectures and data structures to automate the care processes across the continuum of care. These disparate systems must be interfaced together and rely on these interfaces to transmit, modify and arrange data exchanged between them, which limits the data's usefulness across multiple systems and inhibits real-time access. In addition, many of these systems lack functional scalability and cannot operate across multiple provider settings or locations within a healthcare organization.

Two overarching capabilities are embedded into the Millennium architecture. First is the person-centric transactions and secure messaging, which consider the breadth of requirements not only of a patient, but also of healthy consumers. Second is healthcare community dynamics, which take into account the flexibility required by the constantly changing relationships between healthcare organizations, physicians and consumers, and the need to maintain complex security and end user preferences based on the context and business attributes of the transaction in a community setting.

MillenniumObjects(TM)

Cerner is extending Millennium's reach and scope with the goal of becoming the de facto standard for healthcare information technology. A key element in that effort by Cerner is MillenniumObjects. Cerner uses MillenniumObjects to extend Millennium to third party suppliers of healthcare information technology, supporting their development efforts and increasing Millennium's market penetration. MillenniumObjects is a collection of reusable programming elements from Cerner's Millennium architecture. These segments of code, or objects, enable third-party developers to create front-end applications, like Palm or Web browser solutions, that draw upon the data model and proven functionality of Millennium. With MillenniumObjects, programmers can quickly and efficiently build applications that integrate with Cerner's architecture, reusing existing objects that achieve the tasks they are seeking to replicate. Third-party programmers can avoid the time- and cost-intensive process of writing new code to perform functions Cerner engineers have already developed.

MillenniumObjects is the mechanism Cerner uses to extend its own applications to the Internet. By licensing the objects library to third parties, Cerner has an excellent opportunity to proliferate the Millennium architecture - as well as the brand, clinical expertise and technical excellence upon which it was built.

PRODUCTS

The Cerner Millennium family of products is the only fully-integrated, large-scale, contemporary, enterprise-wide healthcare information system on the market today capable of both retrieving and disseminating clinical and financial information across an entire health system. Cerner Millennium product families are dedicated to meeting the automation needs of virtually every segment of the care continuum.

Cerner solutions can be acquired individually or as a fully integrated health information system. Cerner also markets more than 200 product options that complement Cerner's major information systems. In addition, Cerner sells computers and related hardware manufactured by third parties and consulting services to its clients.

Cerner's solution categories include:

- Enterprise-wide Systems, which automate processes across and throughout the health system enterprise, including:
  - Access Management
  - Care Management
  - Enterprise Repositories, and
  - Financial and Operational Management Systems, which automate business operations.

- Clinical Systems, which automate critical processes across the healthcare continuum.

- Decision Support Systems and Knowledge Solutions, which enhance clinical and business processes with information and actions.

- Consumer Systems, which support Internet-based healthcare communities that effectively connect individuals, providers and health systems.

- Technologies for developing applications or connecting other technologies and systems to Cerner Millennium.

- Solution Suites, which address key processes and segments in healthcare.

Enterprise-Wide Systems

Access Management
Cerner CapStone(R) Enterprise Access Management System creates the enterprise-wide master person identifier (EMPI) and automates the identification, eligibility, registration and scheduling processes across hospitals, clinics, physician practices and other care delivery organizations.

Care Management
PowerChart(R) Electronic Medical Record System is the enterprise clinician's desktop solution for viewing, ordering, documenting and managing care delivery, including PowerOrders(TM) for physician ordering.

PowerOrders is Cerner's industry-leading physician order entry solution that goes beyond a mere data communication system by giving appropriate access to real-time, relevant clinical information at any point in the care process.

Enterprise Repositories
The Open Clinical Foundation(R) manages clinical information, providing the foundation for the electronic medical record.

The Open Management Foundation(TM) stores management information of enterprise financial, operational and process results, creating the foundation for the enterprise-wide management and executive information system.

The Open Agreement Foundation(TM) manages health plan contracts and agreements, and member information.

The Open Research Foundation(TM) provides open repository storage of clinical and medical information to support medical research.

The Open Image Foundation(TM) provides the clinical and document imaging foundation for the electronic medical record.

Financial and Operational

The ProFit(TM) Enterprise Billing and Accounts Receivable System is Cerner's system for revenue accounting, billing and accounts receivable for the entire health system as well as each individual domain or organization. ProFit integrates clinical and financial data to ensure accurate charge capture and billing.

Cerner ProVision(TM) Enterprise Image Management System is the only integrated solution that manages clinical and document imaging across the entire healthcare organization.

The ProFile(TM) Health Information Management System helps meet the operations management needs of the health information management (medical records) department and includes functionality for the various chart tracking and completion tasks.

PowerVision(R) Enterprise Decision Support links comprehensive clinical and financial data and makes it available at the point of care - allowing care to be better managed as it occurs.

The ProCure(TM) Materials Management System automates the business operations around supply chain, materials acquisition and equipment management for the organization.

The ProCare(TM) Medical Management System automates medical management for the health system, addressing the areas of utilization, case and risk management, as well as infection control.

Clinical Systems

Points of Care

The INet(R) Intensive Care Management System is designed to automate the entire care process in intensive care settings. It supports chart review and browsing, order management, documentation management and automatic data acquisition.

Cerner's CareNet(R) Acute Care Management System is designed to automate the entire care process in acute or institutional settings. The application collects, refines, organizes and evaluates detailed clinical and management data. It enables the entire care team to manage individual activities and plans, as well as measure outcomes and goals.

The CVNet(R) Cardiology Information System automates the processes within the cardiology department, supporting the scheduling, ordering, documentation and data capture required by professionals in the cardiology domain.

The SurgiNet(R) Surgery Information System is designed to address the needs of the surgical department, including automating the functions of resource and equipment scheduling, inventory management, anesthesia management and operating room management.

The FirstNet(R) Emergency Medicine Information System offers patient and provider tracking and an intuitive presentation of patient diagnoses and clinical events for the emergency department. FirstNet provides basic emergency department functionality, including quick admits, tracking, triage and patient history, as well as a graphical reference to patient location and order status.

The PowerChart Office(TM) Management System supports the broad range of clinical and business activities that occur within a physician office, clinic or large physician organization. This system ties the office together with other medical entities and automates key care team activities in both primary and specialty care settings.

The ProCall(R) Home Care Management System automates the clinical and business processes of home care organizations, such as home health agencies, visiting nurse associations and hospices.

Clinical Centers
The PathNet(R) Laboratory Information System addresses the information management needs of six clinical areas: general laboratory, microbiology, blood bank transfusion services, blood bank donor services, anatomic pathology and Human Leukocyte Antigen. PathNet automates the ordering and reporting of procedures, the production of accurate and timely reports and the maintenance of accessible clinical records.

The RadNet(R) Radiology Information System addresses the operational and management requirements of radiology departments or services. It allows a department to replace its manual, paper-based system of record-keeping with an efficient computer-based system.

Cerner ProVision PACS (picture archiving and communications system) is fully integrated with Cerner's radiology information system. Using Cerner's end-to-end, fully integrated radiology information and image management systems, radiologists can improve operational efficiencies and reduce medical error.

The PharmNet(R) Pharmacy Information System provides full integration for rapid pharmacy order entry and support of the clinical pharmacy in either an inpatient or retail setting. PharmNet streamlines medication order entry, enabling the pharmacist or technician to place all types of pharmaceutical orders, and automates dispensing functions.

Decision Support Systems and Knowledge Solutions

Discern Expert(R) is an event-driven, rules-based decision support software application that allows users to define clinical and management rules (Alerts(TM)) that are applied to event data captured or generated by other applications. It supports both synchronous (real-time, interactive) processing and asynchronous (noninteractive) processing of events.

Discern Explorer(R) is a decision support software application integrated with other Cerner Millennium clinical and management information systems that allows users to execute predetermined or ad hoc queries and reports regarding process-related data that is generated by the other applications.

Care Designs(TM) are clinical pathways and protocols that automate the specific plans of care for an individual and operate within Cerner's clinical systems.

Cerner Multum(TM) drug database provides caregivers and consumers alike with access to drug information and the ability to perform drug interaction checking to prevent adverse events.

Cerner APACHE(TM) clinical decision support and outcomes management systems manage the clinical and financial outcomes of high-risk patients in critical and acute care.

Health Facts(R) is Cerner's comparative data warehouse for benchmarking information and services for subscribers to support their own improvement processes.

Consumer Systems

Cerner IQHealth(TM) creates an Internet-based healthcare community that connects persons and healthcare providers. It also stores consumer health information, ultimately helping individuals better manage their own health. With IQHealth, sponsoring organizations can create and brand a "health exchange" in the community to directly connect hospitals, physicians, payers, consumers and employers.

IQHealth's Web Portal Services develop, deploy and support clients' Internet strategies.

IQHealth's Health Content enables an organization to become a trusted source for valuable consumer health and drug information.

IQHealth's Survey and Assessment Tools allow organizations to create Web-based surveys to assess individual and community health risks and promote healthy activities.

IQHealth's Personal Health Record (PHR) is a personal health management solution that gives consumers the ability to store personal health information and monitor conditions over time.

IQHealth's Physician and Consumer Messaging allows physicians to conveniently and securely receive test results from the hospital, confer with colleagues and share information with consumers. Consumers can also use this tool to schedule appointments and request prescription refills.

Health Connections, a 24x7 call center staffed by nurses, provides ready access to accurate health information so that consumers can better manage their health and participate in care decisions.

Technologies

MillenniumObjects is a collection of reusable programming elements from the revolutionary Cerner Millennium architecture. These segments of code, or objects, allow third-party developers to create front-end applications that draw upon the data model and proven functionality of Cerner Millennium.

The Open Engine Application Gateway System(TM) facilitates the exchange of data and assists in the management of interfaces between foreign systems in a network environment. It serves as a solution kit to help write interface code.

The Open Port Interface System(TM) represents Cerner's standardized technology for providing reliable foreign system, medical device and other standard interfaces in a timely manner. Message translation and data mapping are done with point-and-click solutions and a scripting environment. Communications protocols are configured via table-driven parameters. These sophisticated methodologies result in decreased implementation times and greater client satisfaction.

Solution Suites

Computerized Physician Order Entry (CPOE)
Cerner offers a step-by-step total CPOE solution ranging from basic automation to complete medication integration.

Cerner HealthSmart(TM) CPOE is a stand-alone approach to CPOE for organizations that are taking initial steps in streamlining the orders process. This level of automation leverages the industry's most robust CPOE application, PowerOrders, and includes key functionality, like clinical documentation, order sets, starter content, rules packages and basic reporting tools, to deliver immediate benefits.

Cerner HealthSmart CPOE Connect takes clients to the next level by leveraging existing information systems. This intermediate level of Cerner's solution extends a stand-alone CPOE system into two other critical areas of the orders process, pharmacy and nursing. By supporting interfaces with foreign systems, this solution allows the communication infrastructure to begin leveraging an organization's legacy systems.

Cerner HealthSmart Medication Integration is the first comprehensive clinical information solution to support the complete orders process and connect each care team member - physician, pharmacist and nurse. Clients achieve maximum safety, workflow efficiency and operational performance with Cerner's fully integrated orders solution.

Revenue Cycle Management
Cerner HealthSmart Revenue Cycle Integration draws upon the powerful capabilities of CapStone and ProFit to help health organizations streamline and automate processes from registration through billing, realizing substantial savings and speeding the revenue collection process. Cerner's revolutionary Clinically Driven Revenue Cycle(TM) approach proactively manages the revenue cycle as an outcome of the clinical automation process.

Community Hospitals
Community Hospital Solutions(TM) automate clinical and business processes in the community hospital. Community Hospital Solutions suites include administrative, clinical, patient care, hospital integration, and community. These integrated solutions based on Cerner Millennium offer to community hospitals much of the power previously accessible only by larger integrated delivery networks.

SOFTWARE DEVELOPMENT

Cerner commits significant resources to developing new health information system products. As of December 29, 2001, approximately 1,311 associates were engaged full-time in product development activities. Total expenditures for the development and enhancement of the Company's products were approximately $113,872,000, $90,694,000, and $88,699,000 during the 2001, 2000 and 1999 fiscal years respectively. These figures include both capitalized and non-capitalized portions and exclude amounts amortized for financial reporting purposes.

The Company expects to continue investment and development efforts for its current and future product offerings. As new clinical and management information needs emerge, Cerner intends to enhance its current product lines with new versions released to clients on a periodic basis. In addition, Cerner plans to expand its current product lines by developing additional information systems for clinical, financial, operational and/or consumer use and to continue to support simultaneous use of Cerner's products across multiple facilities, and plans to continue to expand in the global marketplace.

The Company is committed to maintaining open attributes in its system architecture through operability in a diverse set of technical and application environments. The Company strives to design its systems to co-exist with disparate applications developed and supported by other suppliers. This effort is exemplified by Cerner's Open Engine, Open Port and MillenniumObjects product lines.

See "Cerner's Technology - Cerner Millennium Architecture" for a discussion of the development of Cerner's latest generation of software products.

SALES AND MARKETING

The markets for Cerner's information system products include integrated delivery networks, physician groups and networks and their management service organizations, managed care organizations, hospitals, medical centers, free-standing reference laboratories, blood banks, imaging centers, pharmacies, pharmaceutical manufacturers, employer coalitions and public health organizations. To date, a substantial portion of system sales have been in clinical applications in hospital-based provider organizations. Cerner's Millennium architecture is highly scaleable, with applications being used in hospitals ranging from under 50 beds to over 2,000 beds and managed care settings with over 2,000,000 members. All Millennium applications are designed to operate on either computers manufactured by Compaq Computer Corporation or IBM's RISC System/6000 AIX (UNIX) platform, thereby allowing Cerner to be price competitive across the full range of size and organizational structure of healthcare providers. The sale of a health information system usually takes approximately nine to eighteen months, from the time of initial contact to the signing of a contract.

The Company's executive marketing management is located in its North Kansas City, Missouri, headquarters, while its client representatives are deployed across the United States and globally. In addition to the United States, the Company, through subsidiaries and joint ventures, has sales staff and/or offices in Australia, Belgium, Canada, Germany, Singapore, Malaysia, Saudi Arabia and the United Kingdom. Cerner's consolidated revenues include foreign sales of $22,350,000, 25,815,000 and $24,001,000 for the 2001, 2000 and 1999 fiscal years, respectively. The Company supports its sales force with technical personnel who perform demonstrations of Cerner's products and assist clients in determining the proper hardware and software configurations. The Company's primary direct marketing strategy is to generate sales contacts from its existing client base and through presentations at industry seminars and tradeshows. Cerner attends a number of major tradeshows each year and sponsors executive conferences, which feature industry experts who address the information system needs of large healthcare organizations.

CLIENT SERVICES

All of Cerner's clients enter into software maintenance agreements with Cerner for support of their Cerner systems. In addition to immediate software support in the event of problems, these agreements allow these clients the use of new releases of the Cerner products covered by these agreements. Each client has 24-hour access to the client support staff located at Cerner's corporate headquarters and the Company's global support organization in Brussels, Belgium. Most of Cerner's clients also enter into hardware maintenance agreements with Cerner. These arrangements normally provide for a fixed monthly fee for specified services. In the majority of cases, Cerner subcontracts hardware maintenance to the hardware manufacturer.

BACKLOG

At December 29, 2001, Cerner had a contract backlog of approximately $566,280,000. Such backlog represents system sales from signed contracts which had not yet been recognized as revenue. The Company recognizes revenue on a percent of completion basis, based on certain milestone conditions, for its software products. At December 29, 2001, the Company had approximately $80,714,000 of contracts receivable, which represents revenues recognized under the percent of completion method but not yet billable under the terms of the contract. At December 29, 2001, Cerner had a software support and maintenance backlog of approximately $221,393,000. Such backlog represents contracted software support and hardware maintenance services for a period of twelve months. The Company estimates that approximately 51 percent of the aggregate backlog of $787,673,000 will be recognized as revenue during 2002.

NUMBER OF EMPLOYEES ("ASSOCIATES")

As of March 1, 2002, the Company employed 4,173 associates.

OTHER FACTORS AFFECTING THE COMPANY'S BUSINESS

Information under the caption "Factors That May Affect Future Results of Operations, Financial Condition of Business" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 is incorporated herein by reference. Such information includes a discussion of various factors that could, among other things, affect the Company's business in the future, including (a) variations in the Company's quarterly operating results; (b) volatility of the Company's stock price; (c) market risk of investments; (d) potential impairment of goodwill; (e) changes in the healthcare industry; (f) significant competition; (g) the Company's proprietary technology may be subjected to infringement claims or may be infringed upon; (h) possible regulation of the Company's software by the U.S. Food and Drug Administration or other government regulation; (i) the possibility of product-related liabilities; (j) possible failures or defects in the performance of the Company's software; and (k) the possibility that the Company's anti-takeover defenses could delay or prevent an acquisition of the Company.

Item 2. Properties

The Company's world headquarter offices are located in a Company-owned office park in North Kansas City, Missouri, containing approximately 500,000 square feet of useable space (the "Campus"). As of December 29, 2001, the Company was using approximately 467,035 square feet and substantially all of the remainder was leased to tenants. In the first quarter of 2001, Cerner Properties began construction of a new facility situated between the buildings located at 2800 and 2900 Rockcreek Parkway on the Campus. This facility, when completed, will be approximately 134,000 square feet in size and will house office, cafeteria and meeting space for the Company. Planned occupancy date of this new facility is the first quarter of 2003.

In the spring of 2001, the Company acquired property formally owned by Harrah's Operating Company, Inc., located along the north riverbank of the Missouri River, approximately 2 miles from the Company's Campus. This property consists of an 80,000 square foot building and a 1,300 car parking garage. The

building has been renovated for use as a corporate training, meeting and event center for the Company. Use of the parking garage began on February 18, 2002 to meet overflow parking demands on the Company's Campus.

The Company also leases office space in San Jose, California; Denver, Colorado; Lake Mary Florida; Waltham, Massachusetts; Detroit, Michigan; St. Louis, Missouri; Dallas, Texas; Houston, Texas; Washington, D.C.; Chesapeake, Virginia and Vienna, Virginia. The Company operates its primary solutions center (or data center) in leased space in Lee's Summit, Missouri. The Company also leases office space in Sydney, Australia and Brussels, Belgium. Cerner Arabia, a joint venture in which the Company maintains a 40% equity interest, leases space in Riyadh, Saudi Arabia.

Item 3. Legal Proceedings

The Company has no material pending litigation.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the stockholders of the Company during the fourth quarter of the fiscal year ended December 29, 2001.

Item 4A. Executive Officers of the Company

The following table sets forth the names, ages, positions and certain other information regarding the Company's executive officers as of March 29, 2002. Officers are elected annually and serve at the discretion of the board of directors.

Name	Age	Positions
Neal L. Patterson	52	Chairman of the Board of Directors and Chief Executive Officer
Clifford W. Illig	51	Vice Chairman of the Board of Directors
Earl H. Devanny, III	50	President
Glenn P. Tobin, Ph.D.	40	Executive Vice President and Chief Operating Officer
Paul M. Black	43	Executive Vice President and Chief Sales Officer
Rick M. Smith	50	Executive Vice President
Jack A. Newman, Jr.	54	Executive Vice President
Douglas M. Krebs	44	Senior Vice President and President of Cerner International, Inc.
Stephen M. Goodrich	50	Senior Vice President and Chief Quality Officer
Richard J. Flanigan, Jr.	42	Senior Vice President and General Manager
Stephen D. Garver	41	Senior Vice President and Managing Partner
Marc G. Naughton	47	Senior Vice President and Chief Financial Officer
Jeffrey A. Townsend	38	Senior Vice President and Chief Engineering Officer
Stanley M. Sword	40	Senior Vice President and Chief People Officer
Randy D. Sims	41	Vice President, Chief Legal Officer and Secretary

Neal L. Patterson has been Chairman of the Board of Directors and Chief Executive Officer of the Company for more than five years. Mr. Patterson also served as President of the Company from March of 1999 until August of 1999.

Clifford W. Illig has been a Director of the Company for more than five years. He also served as Chief Operating Officer of the Company for more than five years until October 1998 and as President of the Company for more than five years until March of 1999. Mr. Illig was appointed Vice Chairman of the Board of Directors in March of 1999.

Earl H. Devanny, III joined the Company in August of 1999 as President. Prior to joining the Company, Mr. Devanny served as president of the ADAC Healthcare Information Systems, Inc. Prior to joining ADAC, Mr. Devanny served as a Vice President of the Company from 1994 to 1997. Prior to that he spent seventeen years with IBM Corporation.

Glenn P. Tobin, Ph.D. joined the Company in April of 1998 as General Manager and Senior Vice President. On October 29, 1998, Dr. Tobin was appointed Executive Vice President and Chief Operating Officer. Prior to joining the Company, Dr. Tobin served as a senior consultant with McKinsey and Co., Inc. for more than five years.

Paul M. Black joined the Company in March of 1994 as a Regional Vice President. He was promoted in June 1998 to Senior Vice President and Chief Sales Officer and to Executive Vice President in September of 2000. Prior to joining the Company, he spent twelve years with IBM Corporation.

Rick M. Smith joined the Company in June of 2001 as Executive Vice President of Cerner Consulting. Prior to joining the Company, he spent more than 27 years with Deloitte Consulting.

Jack A. Newman, Jr. joined the Company in January of 1996 as Executive Vice President. Prior to joining the Company, he was with KPMG LLP for twenty-two years. Immediately prior to joining Cerner he was National Partner-in-Charge of KPMG's Healthcare Strategy Practice.

Douglas M. Krebs joined the Company in June 1994 as a Regional Vice President. He was promoted to Senior Vice President and Area Manager in April 1999. On February 1, 2000, Mr. Krebs was appointed as President of Cerner International, Inc., a wholly owned subsidiary of the Company. Prior to joining Cerner, he spent fifteen years with IBM Corporation.

Stephen M. Goodrich joined the Company in October 1987 as a project leader in the product organization. In 1992 he was promoted to Vice President and was promoted to Senior Vice President in April 1999. He was named Chief Quality Officer in January of 2000.

Richard J. Flanigan, Jr. joined the Company in November 1994 as a Regional Vice President. In 1997, his responsibilities were extended and he was named as General Manager. He was promoted to Senior Vice President in April 2000. Prior to joining Cerner, Mr. Flanigan spent more than thirteen years in sales and management positions at IBM Corporation.

Stephen D. Garver joined the Company in March 1992 as part of Cerner Consulting. In March of 1999 he was named Vice President and Managing Partner and was promoted to Senior Vice President in April 2000. Prior to joining the Company, Mr. Garver spent ten years with Andersen Consulting in a variety of roles within the systems integration practice.

Marc G. Naughton joined the Company in November 1992 as Manager of Taxes. In November 1995 he was named Chief Financial Officer and in February 1996 he was promoted to Vice President. He was promoted to Senior Vice President in March 2002

Jeffrey A. Townsend joined the Company in June 1985. Since that time he has held several positions in the product organization and was promoted to Vice President in February 1997. He was appointed Chief Engineering Officer in March 1998. He was promoted to Senior Vice President in March 2001.

Stanley M. Sword joined the Company in August 1998 as Vice President. He was promoted to Senior Vice President in March 2002. Prior to joining Cerner, he served as a client partner in the outsourcing practice of AT&T Solutions and as the Vice President of Organization Development for NCR Corporation. Prior to joining AT&T, Mr. Sword spent ten years with Anderson Consulting in a variety of roles within the systems integration practice.

Randy D. Sims joined the Company in March 1997 as Vice President and Chief Legal Officer. Prior to joining the Company, Mr. Sims worked at Farmland Industries, Inc. for three years where he served most recently as Associate General Counsel. Prior to Farmland, Mr. Sims was in-house legal counsel at The

Marley Company for seven years, holding the position of Assistant General Counsel when he left to join Farmland.

PART II

Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters

The Company's common stock trades on The NASDAQ Stock MarketSM under the symbol CERN. The following table sets forth the high, low and last sales prices for the fiscal quarters of 2001 and 2000 as reported by The NASDAQ National Market System. These quotations represent prices between dealers and do not include retail mark-up, mark-down or commissions, and do not necessarily represent actual transactions.

	2001			2000		
	High	Low	Last	High	Low	Last
First quarter	61.50	30.81	34.25	40.88	17.88	27.00
Second quarter	49.50	28.00	42.00	32.14	19.75	27.25
Third quarter	57.35	37.57	49.50	48.00	26.31	46.44
Fourth quarter	60.00	45.06	50.69	64.88	40.50	46.25

At January 31, 2002, there were approximately 1,200 owners of record. To date, the Company has paid no dividends and it does not intend to pay dividends in the foreseeable future. Management believes it is in the stockholders' best interest to reinvest funds in the operation of the business.

Item 6. Selected Financial Data

	2001(1)(2)	2000(3)(4)(5)(6)(7)	1999(8)(9)	1998(10)	1997
(In thousands, except per share data)					
Statements of Earnings Data:					
Revenues	$ 542,605	404,504	340,197	330,902	245,057
Operating earnings	61,532	25,602	3,698	33,530	22,170
Earnings (loss) before income taxes and extraordinary item	(63,314)	172,123	302	33,268	24,484
Extraordinary item - early extinguishment of debt	-	-	(1,395)	-	-
Net earnings (loss)	(42,366)	105,265	(1,211)	20,589	15,148
Earnings (loss) per share before extraordinary item:					
Basic	(1.21)	3.08	.01	.63	.46
Diluted	(1.21)	2.96	.01	.61	.45
Earnings (loss) per share:					
Basic	(1.21)	3.08	(.04)	.63	.46
Diluted	(1.21)	2.96	(.04)	.61	.45
Weighted average shares outstanding:					
Basic	34,907	34,123	33,623	32,825	32,881
Diluted	34,907	35,603	33,916	33,667	33,668
Balance Sheet Data:					
Working capital	$ 189,488	186,181	170,053	118,681	156,808
Total assets	712,302	616,411	660,891	436,485	331,781
Long-term debt, net	92,132	102,299	100,000	25,000	30,026
Stockholders' equity	394,839	343,717	378,937	271,143	233,747

(1) Includes a non-recurring gain on the settlement of the WebMD performance warrants. The impact of this gain is a $4.8 million (net of tax) increase in net earnings and an increase to diluted earnings per share of $.13 for 2001.

(2) Includes a non-recurring charge on the adjustment of the carrying value of the WebMD shares. The impact of this charge is an $81.4 million (net of tax) decrease in net earnings and a decrease to diluted earnings per share of ($2.21) for 2001.

(3) Includes a non-recurring investment gain of $120.4 million, net of $68.3 million tax expense, related to the conversion of shares of CareInsite common stock to shares of WebMD common

stock. The impact of this non-recurring investment gain on diluted earnings per share was $3.38 for 2000.

(4) Includes a non-recurring investment loss of $24.5 million, net of $13.9 million tax benefit, related to the sale of shares of WebMD common stock. The impact of this non-recurring investment loss on diluted earnings per share was ($.69) for 2000.

(5) Includes a non-recurring charge of $6.7 million related to the write-down of intangible assets associated with the acquisition of Health Network Ventures, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.19) for 2000.

(6) Includes a non-recurring charge of $3.2 million related to the acquisition of CITATION Computer Systems, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.09) for 2000.

(7) Includes a non-recurring charge of $1.0 million, net of $.7 million tax benefit, related to the acquisition of ADAC Healthcare Information Systems, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.03) for 2000.

(8) Includes a non-recurring charge of $5.8 million, net of $3.6 million tax benefit, related to the cost in excess of revenues of completing fixed fee implementation contracts. The impact of this non-recurring charge on diluted earnings per share was ($.17) for 1999.

(9) Includes a non-recurring charge of $.9 million, net of $.5 million tax benefit, related to the accrual of branch restructuring costs. The impact of this non-recurring charge on diluted earnings per share was ($.03) for 1999.

(10) Includes a non-recurring charge of $3.1 million, net of $1.9 million tax benefit, related to the acquisition of Multum Information Services, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.09) for 1998.

Summary Pro-forma Financial Data
(Statements of Earnings Data Excluding Non-Recurring Gains, Losses and Charges)

	2001(1)(2)	2000(3)(4)(5)(6)(7)	1999 (8)(9)	1998(10)	1997
(In thousands, except per share data)					
Statements of Earnings Data, Before Non-recurring Gains, Losses and Charges:					
Revenues	$ 542,605	404,504	340,197	330,902	245,057
Operating earnings	61,532	37,189	14,505	38,568	22,170
Earnings before income taxes and extraordinary item	56,723	33,518	11,109	38,306	24,484
Extraordinary item - early extinguishment of debt	-	-	(1,395)	-	-
Net earnings	34,217	20,366	5,462	23,687	15,148
Earnings per share before extraordinary item:					
Basic	.98	.60	.20	.72	.46
Diluted	.93	.57	.20	.70	.45
Earnings per share:					
Basic	.98	.60	.16	.72	.46
Diluted	.93	.57	.16	.70	.45
Weighted average shares outstanding:					
Basic	34,907	34,123	33,623	32,825	32,881
Diluted	36,843	35,603	33,916	33,667	33,668

(1) Pro-Forma Statement of Earnings Data excludes a non-recurring gain on the settlement of the WebMD performance warrants. The impact of this gain is a $4.8 million (net of tax) increase in net earnings and an increase to diluted earnings per share of $.13 for 2001.

(2) Pro-Forma Statement of Earnings Data excludes a non-recurring charge on the adjustment of the carrying value of the WebMD shares. The impact of this charge is an $81.4 million (net of tax) decrease in net earnings and a decrease to diluted earnings per share of ($2.21) for 2001.

(3) Pro-Forma Statement of Earnings Data excludes a non-recurring investment gain of $120.4 million, net of $68.3 million tax expense, related to the conversion of shares of CareInsite common stock to shares of WebMD common stock. The impact of this non-recurring investment gain on diluted earnings per share was $3.38 for 2000.

(4) Pro-Forma Statement of Earnings Data excludes a non-recurring investment loss of $24.5 million, net of $13.9 million tax benefit, related to the sale of shares of WebMD common stock. The impact of this non-recurring investment loss on diluted earnings per share was ($.69) for 2000.

(5) Pro-Forma Statement of Earnings Data excludes a non-recurring charge of $6.7 million related to the write-down of intangible assets associated with the acquisition of Health Network Ventures, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.19) for 2000.

(6) Pro-Forma Statement of Earnings Data excludes a non-recurring charge of $3.2 million related to the acquisition of CITATION Computer Systems, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.09) for 2000.

(7) Pro-Forma Statement of Earnings Data excludes a non-recurring charge of $1.0 million, net of $.7 million tax benefit, related to the acquisition of ADAC Healthcare Information Systems, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.03) for 2000.

(8) Pro-Forma Statement of Earnings Data excludes a non-recurring charge of $5.8 million, net of $3.6 million tax benefit, related to the cost in excess of revenues of completing fixed fee implementation contracts. The impact of this non-recurring charge on diluted earnings per share was ($.17) for 1999.

(9) Pro-Forma Statement of Earnings Data excludes a non-recurring charge of $.9 million, net of $.5 million tax benefit, related to the accrual of branch restructuring costs. The impact of this non-recurring charge on diluted earnings per share was ($.03) for 1999.

(10) Pro-Forma Statement of Earnings Data excludes a non-recurring charge of $3.1 million, net of $1.9 million tax benefit, related to the acquisition of Multum Information Services, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.09) for 1998.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

In 2001, the Company set records in bookings, revenues, pro-forma earnings and cash flow. The Company continued to expand its product line to more than 40 products at the end of 2001, and the breadth of the Company's products was evidenced by record bookings contributions from ten different application categories. The Company continued to build new client relationships, with approximately 40 percent of new business bookings coming from clients that had no prior relationship with the Company. The Company also continued to strengthen its strategic presence in Europe. Operationally, the Company brought 420 Millennium applications live in 2001, bringing the total number of live applications to more than 1,200.

The Company continued to address new markets in 2001 with the launch of two major new application suites, ProFit and Cerner ProVision. During 2001, the Company completed a major implementation of ProFit, the Company's patient accounting solution, improving its position to address an estimated $3 billion market. ProVision, the Company's enterprise wide image management solution, was also launched in 2001. ProVision allows the Company to be competitive in an estimated $1 billion market.

Several industry forces continue to create significant pressures on health care organizations to expand the use of information technology. The Leapfrog Group is becoming an increasing force for driving systemic change in health care organizations. Leapfrog recommends that employers select health plans with hospitals that use a computerized physician-order-entry system as a primary method of eliminating medical errors in hospitals. The Institute of Medicine issued a report in 2001 indicating that the use of information technology is critical to improving the quality and safety of health care. The industry is also facing workforce shortages, with as many as 126,000 open nursing positions, and this issue could be exacerbated in coming years by the very large increase in demand for health care services that will be caused by the aging of the baby boomers, the average of whom will be approximately 65 years old by 2010. The Health Insurance Portability and Accountability Act of 1996 (HIPAA) adds an additional element of complexity for healthcare organizations around security and patient confidentiality.

The Company believes the wide range of issues health care organizations face can be best addressed with information technology. The Company believes that its investment in the Millennium architecture creates a major competitive advantage. Millennium is the only fully integrated, large-scale, contemporary, enterprise-wide architecture in the industry. This integration and the comprehensiveness of the Company's solutions position the Company very well to address the array of issues faced by health care organizations.

Results of Operations

Year Ended December 29, 2001, Compared to Year Ended December 30, 2000

The Company's revenues increased 34% to $542,605,000 in 2001 from $404,504,000 in 2000. Net earnings, before non-recurring charges and credits were $34,217,000 in 2001 compared to $20,366,000 in 2000. Non-recurring charges and credits in 2001, as described below, included a gain on software license settlement and investment losses. Non-recurring charges and credits in 2000, as described below, included a realized investment gain and loss, write-offs of acquired in-process research and development and a write-down of intangible assets. Including the non-recurring charges and credits, the Company had a loss of $42,366,000 in 2001 compared to net earnings of $105,265,000 in 2000.

Revenues - In 2001, revenues increased due to an increase in system sales and support of installed systems. System sales increased 42% to $373,078,000 in 2001 from $263,109,000 in 2000. Included in system sale are revenues from the sale of software, hardware, sublicensed software and professional services. The increase in system sales is due to an increase in new contract bookings in 2001 compared to 2000.

Total sales to the installed base in 2001, including new systems, incremental hardware and software, support and maintenance services and discrete services, were 73% of total revenues in 2001 compared to 77% in 2000.

At December 29, 2001, the Company had $566,280,000 in contract backlog and $221,393,000 in support and maintenance backlog, compared to $439,943,000 in contract backlog and $184,360,000 in support and maintenance backlog at the end of 2000.

Support and maintenance revenues increased 22% in 2001 compared to 2000. Included in support and maintenance are revenues from support and maintenance of software, hardware and sublicensed software. These revenues represented 26% of 2001 and 28% of 2000 total revenues. This increase was due primarily to the increase in the Company's installed and converted client base.

Other revenues increased 9% to $28,861,000 in 2001 from $26,497,000 in 2000. Included in other revenues are revenues from subscriptions, services to clients and education to clients. This increase was due primarily to additional revenues derived from subscriptions and services to clients.

Cost of Revenues - The cost of revenues includes the cost of third party consulting services, computer hardware and sublicensed software purchased from computer and software manufacturers for delivery to clients. It also includes the cost of hardware maintenance and sublicensed software support subcontracted to the manufacturers. The cost of revenues was 21% of total revenues in 2001, and 22% of total revenues in 2000. Such costs, as a percent of revenues, typically have varied as the mix of revenue (software, hardware, services and support) components carrying different margin rates changes from period to period. The decrease in the cost of revenue as a percent of total revenues resulted principally from a decrease in the percent of revenue from computer hardware and sublicensed software, which carry a higher cost of revenue percentage.

Sales and Client Service - Sales and client service expenses include salaries of client service personnel, communications expenses and unreimbursed travel expenses. Also included are sales and marketing salaries, travel expenses, tradeshow costs and advertising costs. These expenses as a percent of total revenues were 42% in both 2001 and 2000. The increase in total sales and client service expenses is attributable to the cost of a larger field sales and services organization and marketing of new products.

Software Development - Software development expenses include salaries, documentation and other direct expenses incurred in product development and amortization of software development costs. Total expenditures for software development, including both capitalized and noncapitalized portions, for 2001 and 2000 were $113,872,000 and $90,694,000, respectively. These amounts exclude amortization. Capitalized software costs were $37,828,000 and $30,982,000 for 2001 and 2000, respectively.

General and Administrative - General and administrative expenses include salaries for corporate, financial, and administrative staffs, utilities, communications expenses and professional fees. These expenses as a percent of total revenues were 7% in both 2001 and 2000.

Write-off of Acquired In-Process Research and Development - Write-off of acquired in-process research and development includes one-time expenses resulting from the acquisitions of CITATION Computer Systems, Inc. and ADAC Healthcare Information Systems, Inc., in 2000.

Write-down of Intangible Assets - Write-down of intangible assets is a one-time expense resulting from the decision to discontinue a portion of the Health Network Ventures, Inc. business as more fully described in Note 2 to the Consolidated Financial Statements.

Interest Expense, Net - Interest income was $2,896,000 in 2001 compared to $3,645,000 in 2000. This decrease is due primarily to a decrease in invested cash. Interest expense was $7,321,000 in 2001 compared to $7,316,000 in 2000.

Write-Down of Investment - The write-down of investment is a non-recurring charge related to the adjustment of the carrying value of the WebMD shares in 2001.

Gain on Software License Settlement - The gain on software license settlement is a non-recurring gain related to the settlement of the WebMD performance warrants in 2001.

Realized Gain on Exchange of Stock - The realized gain on exchange of stock is a non-recurring investment gain related to the exchange of CareInsite shares for WebMD shares in 2000.

Realized Loss on Sale of Stock - The realized loss on sale of stock is a non-recurring investment loss related to the sale of Cybercare shares in 2001 and a portion of the WebMD shares in 2000.

Income Taxes - The Company's effective tax rate was a benefit of 33% in 2001 and an expense of 39% in 2000. The benefit is a result of the non-recurring loss on the WebMD shares and other permanent differences.

Year Ended December 30, 2000, Compared to Year Ended January 1, 2000

The Company's revenues increased 19% to $404,504,000 in 2000 from $340,197,000 in 1999. Net earnings, before extraordinary item and non-recurring charges and credits was $20,366,000 in 2000 compared to $6,857,000 in 1999. Non-recurring charges and credits in 2000, as described below, included a realized investment gain and loss, write-off of acquired in-process research and development and a write-down of intangible assets. Non-recurring charges in 1999, as described below, include contract reserves and branch restructuring charges. Including the extraordinary item and non-recurring charges, the Company had earnings of $105,265,000 in 2000 compared to a loss of $1,211,000 in 1999.

Revenues - In 2000, revenues increased due to an increase in system sales and support of installed systems. System sales increased 17% to $263,109,000 in 2000 from $224,510,000 in 1999. Included in system sale are revenues from the sale of software, hardware, sublicensed software and professional services. The increase in system sales is due to an increase in new contract bookings in 2000 compared to 1999.

Total sales to the installed base in 2000, including new systems, incremental hardware and software, support and maintenance services and discrete services, were 77% of total revenues in 2000 compared to 75% in 1999.

At December 30, 2000, the Company had $439,943,000 in contract backlog and $184,360,000 in support and maintenance backlog, compared to $338,614,000 in contract backlog and $162,798,000 in support and maintenance backlog at the end of 1999.

Support and maintenance revenues increased 22% in 2000 as compared to 1999. Included in support and maintenance are revenues from support and maintenance of software, hardware and sublicensed software. These revenues represented 28% of 2000 and 1999 total revenues.

Other revenues increased 23% to $26,497,000 in 2000 from $21,489,000 in 1999. Included in other revenues are revenues from subscriptions, services to clients and education to clients. This increase was due primarily to additional revenues derived from subscriptions and services to clients; these increases were $1,765,000 and $2,324,000, respectively. The Company anticipates that other revenues will continue to increase in 2001.

Cost of Revenues - The cost of revenues includes the cost of third party consulting services, computer hardware and sublicensed software purchased from computer and software manufacturers for delivery to clients. It also includes the cost of hardware maintenance and sublicensed software support subcontracted to the manufacturers. The cost of revenues was 22% of total revenues in 2000, and 25% of total revenues in 1999, excluding a non-recurring charge relating to fixed fee implementation contracts, as described below. Such costs, as a percent of revenues, typically have varied as the mix of revenue (software, hardware, services and support) components carrying different margin rates changes from period to period. The decrease in the cost of revenue as a percent of total revenues resulted principally from a decrease in the percent of revenue from computer hardware and sublicensed software, which carry a higher cost of revenue percentage.

Included in the 1999 cost of revenues is a charge of $9,449,000, which represents the remaining additional costs in excess of revenues required to complete certain remaining Cerner Millennium fixed fee implementation contracts. The Company switched to an hourly fee-for-service implementation model in 1997. Delays in some of the older projects, primarily caused by delays in development of the Company's Cerner Millennium products, increased the time required to complete these installations. While the Company originally anticipated these fixed fee implementations would be completed in 1999, in some instances the focus by clients on their internal Y2K projects created a further delay. As a result of the significant implementation work completed in the last half of 1999 and the agreement between the Company and these clients in the fourth quarter as to the scope of work remaining, the Company estimated that the costs to complete certain fixed fee implementation contracts would exceed the remaining revenue by $9,449,000. The Company recognized the impact of these excess costs in the fourth quarter income statement as a non-recurring cost of revenues. $7,148,000 of these additional costs were incurred in 2000, with the remaining costs to be completed in 2001. There were no significant changes in the estimates of the costs to complete in 2000.

Sales and Client Service - Sales and client service expenses include salaries of client service personnel, communications expenses and unreimbursed travel expenses. Also included are sales and marketing salaries, travel expenses, tradeshow costs and advertising costs. These expenses as a percent of total revenues were 42% in 2000 and 41% in 1999, excluding a non-recurring charge related to the closing of five branch offices, as described below. The increase in total sales and client service expenses is attributable to the cost of a larger field sales and services organization and marketing of new products.

Included in 1999 sales and client service expenses is a non-recurring charge related to the closing of five branch offices. In December, 1999, the Company made a decision to close five of its branch offices. The Company created a regional branch structure in 1994 in order to bring associates closer to its clients. The natural evolution of that strategy and the ability to leverage internal information technology infrastructure to create a more virtual workplace has resulted in a significant decrease in utilization of certain regional offices. This led to the decision to close these physical locations. The Company recorded a charge of $1.4 million in the 1999 fourth quarter to provide for the costs of closing these locations, primarily based on estimated lease cancellation fees. All of these costs were paid in 2000. The Company continued to maintain offices in Denver, Colorado; Detroit, Michigan; St. Louis, Missouri; Dallas, Texas; Washington, D.C.; Chesapeake, Virginia; Houston, Texas; Brussels, Belgium and Sydney, Australia, in addition to the world headquarters in North Kansas City, Missouri.

Software Development - Software development expenses include salaries, documentation and other direct expenses incurred in product development and amortization of software development costs. Total expenditures for software development, including both capitalized and noncapitalized portions, for 2000 and 1999 were $90,694,000 and $88,699,000, respectively. These amounts exclude amortization. Capitalized software costs were $30,982,000 and $30,192,000 for 2000 and 1999, respectively.

General and Administrative - General and administrative expenses include salaries for corporate, financial, and administrative staffs, utilities, communications expenses and professional fees. These expenses as a percent of total revenues were 7% in 2000 and 8% in 1999.

Write-off of In-Process Research and Development - Write-off of in-process research and development includes one-time expenses resulting from the acquisitions of CITATION Computer Systems, Inc. and ADAC Healthcare Information Systems, Inc., in 2000.

Write-down of Intangible Assets - Write-down of intangible assets is a one-time expense resulting from the decision to discontinue a portion of the Health Network Ventures, Inc. business as more fully described in Note 2 to the Consolidated Financial Statements.

Interest Expense, Net - Net interest expense was $3,671,000 in 2000 compared to $3,396,000 in 1999. The increase is due to an increase in borrowings.

Realized Gain on Exchange of Stock - The Realized gain on exchange of stock is a non-recurring investment gain related to the exchange of CareInsite shares for WebMD shares in 2000.

Realized Loss on Sale of Stock - The realized loss on sale of stock is a non-recurring investment loss related to the sale of a portion of the WebMD shares in 2000.

Income Taxes - The Company's effective tax rate was 39% in 2000 and 1999.

Liquidity and Capital Resources

The Company had total cash and cash equivalents of $107,536,000 at the end of 2001 and working capital of $189,488,000 compared to cash and cash equivalents of $90,893,000 at the end of 2000 and working capital of $186,181,000.

The Company generated cash of $64,838,000, $53,313,000 and $27,389,000 from operations in 2001, 2000 and 1999, respectively. Cash flow from operations increased in 2001 and 2000, due primarily to the increase in net earnings before noncash charges, increased collection of receivables, improved payment terms and record level of conversions. Cash flow from operations increased in 1999, due primarily to increased collection of receivables, improved payment terms and record level of conversions.

Cash used in investing activities consisted primarily of capitalized software development costs of $37,828,000 and $30,982,000 and purchases of capital equipment, land and buildings of $25,722,000 and $16,154,000 in 2001 and 2000, respectively. The Company also made additional investments in affiliates of $1,664,000 and $7,370,000 and completed acquisitions of businesses for $4,045,000 and $16,829,000 in 2001 and 2000, respectively.

Revenues provided under support and maintenance agreements represent recurring cash flows. Support and maintenance revenues increased 22%, 22% and 23%, in 2001, 2000 and 1999, respectively, and the Company expects these revenues to continue to grow as the base of installed systems grows.

On April 15, 1999, the Company completed a $100,000,000 private placement of debt pursuant to a Note Agreement dated April 1, 1999. The Series A Senior Notes, with a $60,000,000 principal amount at 7.14% are payable in five equal annual installments beginning in April 2002. The Series B Senior Notes, with a $40,000,000 principal amount at 7.66% are payable in six equal annual installments beginning April 2004. The proceeds were used to retire the Company's existing $30,000,000 of debt, and the remaining funds are being used for capital improvements and to strengthen the Company's cash position. In connection with the early extinguishment of debt, the Company incurred a $1,395,000, net of taxes, extraordinary loss for a prepayment penalty and write-off of deferred loan costs. The Note Agreement contains certain net worth, current ratio, and fixed charge coverage covenants and provides certain restrictions on the Company's ability to borrow, incur liens, sell assets and pay dividends. The Company was in compliance with all covenants at December 29, 2001.

The Company's liquidity is influenced by many factors, including the amount and timing of the Company's revenues, its cash collections from its clients and the amounts the Company invests in software development, acquisitions and capital expenditures. The Company has a loan agreement with a bank that provides for a long-term revolving line of credit for working capital purposes. The long-term revolving line of credit is unsecured and requires monthly payments of interest only. Interest is payable at the Company's option at a rate based on prime (4.75% at December 29, 2001) less .5% or LIBOR (1.87% at December 29, 2001) plus 1.35%. The interest rate may be reduced by up to .5% if certain net worth ratios are maintained. At December 29, 2001, the Company had $15,000,000 in outstanding borrowings under this agreement and had $30,000,000 available for working capital purposes. The agreement contains certain net worth, current ratio, and fixed charge coverage covenants and provides certain restrictions on the Company's ability to borrow, incur liens, sell assets, and pay dividends. A commitment fee of 1/4% is payable quarterly on the unused portion of the revolving line of credit. The revolving line of credit matures on September 30, 2002. The Company believes that its present cash position, together with cash generated from operations, will be sufficient to meet anticipated cash requirements during 2002.

At December 29, 2001, the Company was committed to spending between $35,000,000 to $40,000,000 under a construction contract for a new building at its Kansas City headquarters complex. The construction will be financed by the Company's line of credit and cash generated from operations.

The effects of inflation on the Company's business during 2001 and 2000 were not significant.

Critical Accounting Policies

The Company believes that there are several accounting policies that are critical to understanding the Company's historical and future performance, as these policies affect the reported amount of revenue and other significant areas involving management's judgements and estimates. These significant accounting policies relate to revenue recognition, software development, other than temporary declines in the market value of investments, allowance for doubtful accounts, and potential impairments of goodwill. These policies and the Company's procedures related to these policies are described in detail below and under specific areas within the discussion and analysis of the Company's financial condition and results of operations. In addition, please refer to Note 1 to the accompanying financial statements for further discussion of the Company's accounting policies.

Revenue Recognition

Revenues are derived primarily from the sale of clinical and financial information systems and solutions. The components of these revenues are the licensing of computer software, software support and hardware maintenance, remote hosting and outsourcing, training, installation, consulting and implementation services, subscription content, and the sale of computer hardware and sublicensed software.

The Company recognizes revenue in accordance with the provisions of Statement of Position (SOP) No. 97-2, "Software Revenue Recognition," as amended by SOP No. 98-4, SOP 98-9 and clarified by Staff Accounting Bulletin (SAB) 101 "Revenue Recognition in Financial Statements". SOP No 97-2, as amended, generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on the relative fair values of those elements. Revenue from multiple-element software arrangements is recognized using the residual method. Under the residual method, revenue is recognized in a multiple element arrangement when Company-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement (i.e. professional services, maintenance, hardware and sublicensed software), but does not exist for one or more of the delivered elements in the arrangement (i.e. software products). The Company allocates revenue to each element in a multiple element arrangement based on the element's respective fair value, with the fair value determined by the price charged when that element is sold separately. Specifically, the Company determines the fair value of the maintenance portion of the arrangement based on the renewal price of the maintenance charged to clients, professional services portion of the arrangement, other than installation services, based on hourly rates which the Company charges for these services when sold apart from a software license, and the hardware and sublicense software based on the prices for these elements when they are sold separate from the software. If evidence of the fair value cannot be established for the undelivered elements of a license agreement, the entire amount of revenue under the arrangement is deferred until these elements have been delivered or objective evidence can be established.

Inherent in the revenue recognition process are significant management estimates and judgements which influence the timing and the amount of revenue recognition. The Company provides several models for the procurement of its clinical and financial information systems. The predominant method is a perpetual software license agreement, project related installation services, implementation and consulting services, computer hardware and sublicensed software, and software support. For those arrangements involving the use of services, the Company uses the percentage of completion method of accounting, following the guidance in the AICPA Statement of Position No. 81-1 (SOP 81-1), Accounting for Performance of Construction-Type and Certain Production-Type Contracts.

The Company provides installation services, which include project scoping services, conducting pre-installation audit and creating initial environments. Because installation services are deemed to be essential to the functionality of the software, software license and installation services fees are recognized over the software installation period using output measures which reflect direct labor hours incurred,

beginning at software delivery and culminating at completion of installation, typically a three to six month process.

The Company also provides implementation and consulting services, which include consulting activities that fall outside of the scope of the standard installation services. These services vary depending on the scope and complexity requested by the client. Examples of such services may include additional database consulting, system configuration, project management, testing assistance, network consulting and post conversion review services. Implementation and consulting services are generally not deemed to be essential to the functionality of the software, and, thus, do not impact the timing of the software license recognition, unless software license fees are tied to implementation milestones. In those instances, the portion of the software license fee tied to implementation milestones is deferred until the related milestone is accomplished and related fees become billable and non-forfeitable. Implementation fees are recognized over the service period, which may extend from six months to three years.

Remote hosting and outsourcing services are marketed under long-term arrangements generally over periods of 5 to 10 years. Revenues from these arrangements are recognized as the services are performed.

Software maintenance fees are marketed under annual and multi-year arrangements and are recognized as revenue ratably over the contracted maintenance term. Hardware maintenance revenues are billed and recognized monthly over the contracted maintenance term.

Subscription and content fees are generally marketed under annual and multi-year agreements and are recognized ratably over the contracted terms.

Hardware and sublicensed software sales are generally recognized upon delivery to the customer.

The Company also offers its products on an application service provider ("ASP") or a term license basis, making available Company software functionality on a remote processing basis from the Company's data centers. The data centers provide system and administrative support as well as processing services. Revenue on software and services provided on an ASP or term license basis is recognized on a monthly basis over the term of the contract. The Company capitalizes related direct costs consisting of third party costs and direct software installation and implementation costs. These costs are amortized over the term of the arrangement.

In the event the Company contractually agrees to develop new or customized software code for a client, the Company will utilize percentage of completion accounting in accordance with SOP 81-1.

Deferred revenue is comprised of deferrals for license fees, maintenance and other services for which payment has been received and for which the service has not yet been performed. Long-term deferred revenue, at December 29, 2001, represents amounts received from license fees, maintenance and other services to be earned or provided beginning in periods on or after December 29, 2002.

Software Development Costs

Costs incurred internally in creating computer software products are expensed until technological feasibility has been established upon completion of a detailed program design. Thereafter, all software development costs are capitalized and subsequently reported at the lower of amortized cost or net realizable value. Capitalized costs are amortized based on current and expected future revenue for each product with minimum annual amortization equal to the straight-line amortization over the estimated economic life of the product. The Company is amortizing capitalized costs over five years. During 2001, 2000 and 1999, the Company capitalized $37,828,000, $30,982,000 and $30,192,000, respectively, of total software development costs of $113,872,000, $90,694,000, and $88,699,000, respectively. Amortization expense of capitalized software development costs in 2001, 2000, and 1999 was $24,142,000, $18,713,000, and $14,156,000, respectively, and accumulated amortization was $100,553,000, $76,411,000, and $57,698,000, respectively.

The Company expects that major software information systems companies, large information technology consulting service providers and systems integrators, internet-based start-up companies and others specializing in the healthcare industry may offer competitive products or services. The pace of change in the healthcare information systems market is rapid and there are frequent new product introductions, product enhancements and evolving industry standards and requirements. As a result, the capitalized software may become less valuable or obsolete and could be subject to impairment.

Investments

The Company accounts for its investments in equity securities which have readily determinable fair values as available-for-sale. Available-for-sale securities are reported at fair value with unrealized gains and losses reported, net of tax, as a separate component of accumulated other comprehensive income. For realized gains and losses on available-for-sale investments, the Company utilizes the specific identification method as the basis to determine cost. Investments in the common stock of certain affiliates over which the Company exerts significant influence are accounted for by the equity method.

The Company also has certain other minority equity investments in non-publicly traded securities. These investments are generally carried at cost as the Company owns less than 20% of the voting equity and does not have the ability to exercise significant influence over these companies. The balance of these investments at December 29, 2001 and December 30, 2000 was $18,212,000 and $26,601,000, respectively. These investments are inherently high risk as the market for technologies and content by these companies are usually early stage at the time of the investment by the Company and such markets may never be significant. The Company could lose its entire investment in certain or all of these companies. The Company monitors these investments for impairment and makes appropriate reductions in carrying values when necessary.

All equity securities are reviewed by the Company for declines in fair value. If such declines are considered to be other than temporary, the cost basis of the individual security is written down to fair value as a new cost basis, and the amount of the write-down is included in earnings.

Concentrations

Substantially all of the Company's cash and cash equivalents and short-term investments, are held at two major U.S. financial institutions. The majority of the Company's cash equivalents consist of U.S. Government Federal Agency Securities, short-term marketable securities, and overnight repurchase agreements. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally these deposits may be redeemed upon demand and, therefore, bear minimal risk.

Substantially all of the Company's clients are integrated delivery networks, hospitals, and other healthcare related organizations. If significant adverse macro-economic factors were to impact these organizations it could materially adversely affect the Company. The Company's access to certain software and hardware components are dependent upon single and sole source suppliers. The inability of any supplier to fulfill supply requirements of the Company could affect future results.

Allowance for Doubtful Accounts

The Company performs ongoing credit evaluations of its clients and generally does not require collateral from its clients. The Company maintains an allowance for potential losses on a specific identification basis and based on historical experience and management's judgements. The Company's allowance for doubtful accounts as of December 29, 2001 and December 30, 2000 was $6,880,000 and $5,999,000, respectively.

Goodwill

Excess of cost over net assets acquired (goodwill) is being amortized on a straight-line basis over four to eight years. Accumulated amortization was $8,727,000, and $5,964,000 at the end of 2001, and 2000, respectively. The Company assesses the recoverability of goodwill based on forecasted undiscounted

future operating cash flows. Estimates of future operating cash flows inherently involve substantial management judgement about the likely impacts of current and future events and conditions.

On June 30, 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 141, "Business Combinations", and SFAS 142, "Goodwill and Intangible Assets". Major provisions of these Statements are as follows: all business combinations initiated after June 30, 2001 must use the purchase method of accounting; the pooling of interests method of accounting is prohibited except for transactions initiated before July 1, 2001; intangible assets acquired in a business combinations must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, licensed, retired or exchanged, either individually or as part of a related contract, asset or liability; goodwill and intangible assets with indefinite lives are not amortized but are tested for impairment annually, and whenever there is an impairment indicator; all acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting; and effective January 1, 2002, goodwill from previous acquisitions will no longer be subject to amortization, but will be subject to annual evaluations for impairment based on fair value. The Company completed two acquisitions subsequent to June 30, 2001, which resulted in approximately, $14.2 million of goodwill that was not amortized in accordance with SFAS 142. Goodwill amortization for 2001 was approximately $2,247,000. Management is currently reviewing the impact that the provisions of this statement will have on the Company's financial statements.

Factors that may Affect Future Results of Operations, Financial Condition or Business

Statements made in this report, the Annual Report to Shareholders in which this report is made a part, other reports and proxy statements filed with the Securities and Exchange Commission, communications to stockholders, press releases and oral statements made by representatives of the Company that are not historical in nature, or that state the Company's or management's intentions, hopes, beliefs, expectations or predictions of the future, are "forward-looking statements" within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended, and involve risks and uncertainties. The words "could," "should," "will be," "will lead," "will assist," "intended," "continue," "believe," "may," "expect," "hope," "anticipate," "goal," "forecast" and similar expressions are intended to identify such forward-looking statements. It is important to note that any such performance and actual results, financial condition or business, could differ materially from those expressed in such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below as well as those discussed elsewhere in reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes in future operating results, financial condition or business over time.

Quarterly Operating Results May Vary - The Company's quarterly operating results have varied in the past and may continue to vary in future periods. Quarterly operating results may vary for a number of reasons including demand for the Company's products and services, the Company's long sales cycle, potentially long installation and implementation cycle for these larger, more complex and costlier systems and other factors described in this section and elsewhere in this report. As a result of healthcare industry trends and the market for the Company's Cerner Millennium products, a large percentage of the Company's revenues are generated by the sale and installation of larger, more complex and costlier systems. The sales process for these systems is lengthy and involves a significant technical evaluation and commitment of capital and other resources by the client. The sale may be subject to delays due to clients' internal budgets and procedures for approving large capital expenditures and by competing needs for other capital expenditures and deploying new technologies or personnel resources. Delays in the expected sale or installation of these large contracts may have a significant impact on the Company's anticipated quarterly revenues and consequently its earnings, since a significant percentage of the Company's expenses are relatively fixed.

These larger, more complex and costlier systems are installed and implemented over time periods ranging from approximately one month to three years and may involve significant efforts both by the Company and the client. The Company recognizes revenue upon the completion of standard milestone conditions and the amount of revenue recognized in any quarter depends upon the Company's and the

client's ability to meet these project milestones. Delays in meeting these milestone conditions or modification of the contract relating to one or more of these systems could result in a shift of revenue recognition from one quarter to another and could have a material adverse effect on results of operations for a particular quarter. In addition, support payments by clients for the Company's products generally do not commence until the product is in use.

The Company's revenues from system sales historically have been lower in the first quarter of the year and greater in the fourth quarter of the year.

Stock Price May Be Volatile - The trading price of the Company's common stock may be volatile. The market for the Company's common stock may experience significant price and volume fluctuations in response to a number of factors including actual or anticipated quarterly variations in operating results, changes in expectations of future financial performance or changes in estimates of securities analysts, governmental regulatory action, healthcare reform measures, client relationship developments and other factors, many of which are beyond the Company's control.

Furthermore, the stock market in general, and the market for software, healthcare and high technology companies in particular, has experienced extreme volatility that often has been unrelated to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the trading price of the Company's common stock, regardless of actual operating performance.

Market Risk of Investments - The Company accounts for its investments in equity securities which have readily determinable fair values as available-for-sale. Available-for-sale securities are reported at fair value with unrealized gains and losses reported, net of tax, as a separate component of accumulated other comprehensive income. Investments in the common stock of certain affiliates over which the Company exerts significant influence are accounted for by the equity method. Investments in other equity securities are reported at cost. All equity securities are reviewed by the Company for declines in fair value. If such declines are considered to be other than temporary, the cost basis of the individual security is written down to fair value as a new cost basis, and the amount of the write-down is included in earnings.

At December 29, 2001, the Company owned 14,820,527 shares of common stock of WebMD Corporation (WebMD) (formerly CareInsite, Inc.), which have a cost basis of $85,811,000 and a carrying value of $104,485,000, as these shares are accounted for as available-for-sale. 2,000,000 shares of WebMD held by the Company are not registered. At December 29, 2001 the Company also holds 1,048,783 warrants of WebMD with an exercise price of $3.08 and a cost basis and carrying value of $4,146,000. The warrants are carried at cost, as they do not have a fair value that is currently available on a securities exchange. The warrants expire on January 26, 2003.

On February 13, 2000 CareInsite entered into an agreement to merge with WebMD. The merger of CareInsite and WebMD ("Merger") closed on September 12, 2000. Prior to the merger, the carrying value of the CareInsite stock was $6.22 per share, the market price of WebMD on September 12, 2000 was $15.00 per share. Upon the exchange of CareInsite stock for WebMD stock the Company recorded a non-recurring investment gain of $120,362,000, net of tax, as a result of the exchange.

On December 12, 2000, the Company sold 4,273,509 shares of WebMD for $25,641,000. Accordingly, the Company recorded a non-recurring investment loss of $24,539,000, net of tax, as a result of the sale.

On June 18, 2001 the Company reached an agreement with WebMD regarding certain performance metrics related to specified levels of physician usage arising out of the original license transaction between the Company and CareInsite, which has been merged into WebMD. Under the agreement, the Company received 2,000,000 shares of WebMD stock, valued at $11,580,000, in exchange for $432,000 in cash and the cancellation of various obligations due to the Company by WebMD. As a result of this agreement, the Company recognized a non-recurring gain of $4,836,000, net of $2,744,000 in tax, on software license settlement in the accompanying consolidated statement of operations. The Company's policy is to review declines in fair value of its marketable equity securities for declines that may be other than temporary. As a result of this policy, during the second quarter of 2001, the Company recorded a

write-down of its investment in WebMD from $15.00 to $5.79 per share. Accordingly, the Company recognized a charge to earnings in 2001 of $81,419,000, net of $46,197,000 in tax.

At December 29, 2001, marketable securities (which consist of money market and commercial paper) of the Company were recorded at cost, which approximates fair value of approximately $108 million, with an overall average return of approximately 4.5% and an overall weighted maturity of less than 90 days. The marketable securities held by the Company are not subject to significant price risk as a result of the short-term nature of the investments.

The Company has limited exposure to material future earnings or cash flow exposures from changes in interest rates on long-term debt since substantially all of its long-term debt is at a fixed rate. The Company also had $15,000,000 outstanding under its working capital line of credit, which has a variable interest rate based on prime (4.75% at December 29, 2001) less .5% or LIBOR (1.87% at December 29, 2001) plus 1.35%. To date, the Company has not entered into any derivative financial instruments to manage interest rate risk.

The Company conducts business in several foreign jurisdictions. However, the business transacted is in the local functional currency and the Company does not currently have any material exposure to foreign currency transaction gains or losses. All other business transactions are in U.S. dollars. To date, the Company has not entered into any derivative financial instruments to manage foreign currency risk.

Potential Impairment of Goodwill - Excess of cost over net assets acquired (goodwill) is being amortized on a straight-line basis over four to eight years. Accumulated amortization was $8,727,000, and $5,964,000 at the end of 2001, and 2000, respectively. The Company assesses the recoverability of goodwill based on forecasted undiscounted future operating cash flows.

Effective January 1, 2002, under SFAS 141 and SFAS 142 goodwill from previous acquisitions will no longer be subject to amortization, but will be subject to annual evaluations for impairment based on fair value. The Company completed two acquisitions subsequent to June 30, 2001, which resulted in approximately $14.2 million of goodwill that was not amortized in accordance with SFAS 142. Goodwill amortization for 2001 was approximately $2,247,000. In the event that goodwill becomes impaired the Company would be required to take a charge against earnings for the impairment.

Changes in the Healthcare Industry - The healthcare industry is highly regulated and is subject to changing political, economic and regulatory influences. For example, the Balanced Budget Act of 1997 (Public Law 105-32) contains significant changes to Medicare and Medicaid and began to have its initial impact in 1998 due to limitations on reimbursement, resulting cost containment initiatives, and effects on pricing and demand for capital intensive systems. In addition, the issued and pending rules under the Health Information Portability and Accountability Act of 1996 (HIPAA), will have a direct impact on the healthcare industry by requiring identifiers and standardized transactions/code sets and necessary security and privacy measures in order to ensure the protection of patient health information. These factors affect the purchasing practices and operation of healthcare organizations. Federal and state legislatures have periodically considered programs to reform or amend the U.S. healthcare system at both the federal and state level and to change healthcare financing and reimbursement systems. These programs may contain proposals to increase governmental involvement in healthcare, lower reimbursement rates or otherwise change the environment in which healthcare industry participants operate. Healthcare industry participants may respond by reducing their investments or postponing investment decisions, including investments in the Company's products and services.

Many healthcare providers are consolidating to create integrated healthcare delivery systems with greater market power. These providers may try to use their market power to negotiate price reductions for the Company's products and services. As the healthcare industry consolidates, the Company's client base could be eroded, competition for clients could become more intense and the importance of acquiring each client becomes greater.

Significant Competition - The market for healthcare information systems is intensely competitive, rapidly evolving and subject to rapid technological change. The Company believes that the principal competitive factors in this market include the breadth and quality of system and product offerings, the stability of the

information systems provider, the features and capabilities of the information systems, the ongoing support for the system and the potential for enhancements and future compatible products.

Certain of the Company's competitors have greater financial, technical, product development, marketing and other resources than the Company and some of its competitors offer products that it does not offer. The Company's principal existing competitors include GE Medical Systems, Siemens Medical Solutions Health Services Corporation, IDX Systems Corporation, McKesson HBOC, Inc. and Eclipsys Corporation, each of which offers a suite of products that compete with many of the Company's products. There are other competitors that offer a more limited number of competing products.

In addition, the Company expects that major software information systems companies, large information technology consulting service providers and system integrators, Internet-based start-up companies and others specializing in the healthcare industry may offer competitive products or services. The pace of change in the healthcare information systems market is rapid and there are frequent new product introductions, product enhancements and evolving industry standards and requirements. As a result, the Company's success will depend upon its ability to keep pace with technological change and to introduce, on a timely and cost-effective basis, new and enhanced products that satisfy changing client requirements and achieve market acceptance.

Proprietary Technology May Be Subjected to Infringement Claims or May Be Infringed Upon - The Company relies upon a combination of trade secret, copyright and trademark laws, license agreements, confidentiality procedures, employee nondisclosure agreements and technical measures to maintain the trade secrecy of its proprietary information. The Company recently initiated a patent program but currently has a very limited patent portfolio. As a result, the Company may not be able to protect against misappropriation of its intellectual property.

In addition, the Company could be subject to intellectual property infringement claims as the number of competitors grows and the functionality of its products overlaps with competitive offerings. These claims, even if not meritorious, could be expensive to defend. If the Company becomes liable to third parties for infringing their intellectual property rights, it could be required to pay a substantial damage award and to develop noninfringing technology, obtain a license or cease selling the products that contain the infringing intellectual property.

Government Regulation - The United States Food and Drug Administration (the "FDA") has declared that software products intended for the maintenance of data used in making decisions regarding the suitability of blood donors and the release of blood or blood components for transfusion are medical devices under the Federal Food, Drug and Cosmetic Act ("Act") and amendments to the Act. As a consequence, the Company is subject to extensive regulation by the FDA with regard to its blood bank software. If other of the Company's products are deemed to be actively regulated medical devices by the FDA, the Company could be subject to extensive requirements governing pre- and post-marketing requirements including premarket notification clearance prior to marketing. Complying with these FDA regulations would be time consuming and expensive. It is possible that the FDA may become more active in regulating computer software that is used in healthcare.

Following an inspection by the FDA in March of 1998, the Company received a Form FDA 483 (Notice of Inspectional Observations) alleging non-compliance with certain aspects of FDA's Quality System Regulation with respect to the Company's PathNet HNAC Blood Bank Transfusion and Donor products (the "Blood Bank Products"). The Company subsequently received a Warning Letter, dated April 29, 1998, as a result of the same inspection. The Company responded promptly to the FDA and undertook a number of actions in response to the Form 483 and Warning Letter including an audit by a third party of the Company's Blood Bank Products and improvements to Cerner's Quality System. A copy of the third party audit was submitted to the FDA in October of 1998 and, at the request of the FDA, additional information and clarification were submitted to the FDA in January of 1999.

There can be no assurance, however, that the Company's actions taken in response to the Form 483 and Warning Letter will be deemed adequate by the FDA or that additional actions on behalf of the Company will not be required. In addition, the Company remains subject to periodic FDA inspections and there can be no assurances that the Company will not be required to undertake additional actions to comply with the Act and any other applicable regulatory requirements. Any failure by the Company to comply with

the Act and any other applicable regulatory requirements could have a material adverse effect on the Company's ability to continue to manufacture and distribute its products. FDA has many enforcement tools including recalls, seizures, injunctions, civil fines and/or criminal prosecutions. Any of the foregoing could have a material adverse effect on the Company's business, results of operations or financial condition.

Product Related Liabilities - Many of the Company's products provide data for use by healthcare providers in providing care to patients. Although no such claims have been brought against the Company to date regarding injuries related to the use of its products, such claims may be made in the future. Although the Company maintains product liability insurance coverage in an amount that it believes is sufficient for its business, there can be no assurance that such coverage will prove to be adequate or that such coverage will continue to remain available on acceptable terms, if at all. A successful claim brought against the Company which is uninsured or under-insured could materially harm its business, results of operations or financial condition.

System Errors and Warranties - The Company's systems, particularly the Cerner Millennium versions, are very complex. As with complex systems offered by others, the Company's systems may contain errors, especially when first introduced. Although the Company conducts extensive testing, it has discovered software errors in its products after their introduction. The Company's systems are intended for use in collecting and displaying clinical information used in the diagnosis and treatment of patients. Therefore, users of the Company products have a greater sensitivity to system errors than the market for software products generally. The Company's agreements with its clients typically provide warranties against material errors and other matters. Failure of a client's system to meet these criteria could constitute a material breach under such contracts allowing the client to cancel the contract, or could require the Company to incur additional expense in order to make the system meet these criteria. The Company's contracts with its clients generally limit the Company's liability arising from such claims but such limits may not be enforceable in certain jurisdictions.

Anti-Takeover Defenses - The Company's charter, bylaws, shareholders' rights plan and certain provisions of Delaware law contain certain provisions that may have the effect of delaying or preventing an acquisition of the Company. Such provisions are intended to encourage any person interested in acquiring the Company to negotiate with and obtain the approval of the Board of Directors in connection with any such transaction. These provisions include (a) a Board of Directors that is staggered into three classes to serve staggered three-year terms, (b) blank check preferred stock, (c) supermajority voting provisions, (d) inability of shareholders to act by written consent or call a special meeting, (e) limitations on the ability of shareholders to nominate directors or make proposals at shareholder meetings and (f) triggering the exercisability of stock purchase rights on a discriminatory basis, which may invoke extensive economic and voting dilution of a potential acquirer if its beneficial ownership of the Company's common stock exceeds a specified threshold. Certain of these provisions may discourage a future acquisition of the Company not approved by the Board of Directors in which shareholders might receive a premium value for their shares.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Information contained under the caption "Factors That May Affect Future Results of Operations, Financial Condition or Business -- Market Risk of Investments" set forth under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Financial Statements and Notes required by this Item are submitted as a separate part of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The Registrant's Proxy Statement to be used in connection with the Annual Meeting of Shareholders to be held on May 24, 2002, contains under the caption "Election of Directors" certain information required by Item 10 of Form 10-K and such information is incorporated herein by this reference. The information required by Item 10 of Form 10-K as to executive officers is set forth in Item 4A of Part I hereof.

The Registrant's Proxy Statement to be used in connection with the Annual Meeting of Shareholders to be held on May 24, 2002, contains under the caption "Compliance with Section 16(a) of the Securities Exchange Act of 1934" certain information required by Item 10 of Form 10-K and such information is incorporated herein by this reference.

Item 11. Executive Compensation

The Registrant's Proxy Statement to be used in connection with the Annual Meeting of Shareholders to be held on May 24, 2002, contains under the caption "Executive Compensation" the information required by Item 11 of Form 10-K and such information is incorporated herein by this reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The Registrant's Proxy Statement to be used in connection with the Annual Meeting of Shareholders to be held on May 24, 2002, contains under the caption "Voting Securities and Principal Holders Thereof" the information required by Item 12 of Form 10-K and such information is incorporated herein by this reference.

Item 13. Certain Relationships and Related Transactions

The Registrant's Proxy Statement to be used in connection with the Annual Meeting of Shareholders to be held on May 24, 2002, contains under the caption "Certain Transactions" the information required by Item 13 of Form 10-K and such information is incorporated herein by this reference.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports On Form 8-K

(a) Financial Statements.

(1) Consolidated Financial Statements:

Independent Auditors' Report on Consolidated Financial Statements

Consolidated Balance Sheets -
December 29, 2001 and December 30, 2000

Consolidated Statements of Operations -
Years Ended December 29, 2001, December 30, 2000 and January 1, 2000

Consolidated Statements of Changes In Equity
Years Ended December 29, 2001, December 30, 2000 and January 1, 2000

Consolidated Statements of Cash Flows
Years Ended December 29, 2001, December 30, 2000 and January 1, 2000

Notes to Consolidated Financial Statements

(2) The following financial statement schedule and independent auditors' report on financial statement schedule of the Registrant for the three-year period ended December 29, 2001 are included herein:

Schedule II - Valuation and Qualifying Accounts,

Independent Auditors' Report on Consolidated Financial Statement Schedule.

All other schedules are omitted, as the required information is inapplicable or the information is presented in the consolidated financial statements or related notes.

(3) The exhibits required to be filed by this item are set forth below:

Number	Description
3(a)	Restated Certificate of Incorporation of the Registrant, (filed as Exhibit 3(i) to Registrant's Quarterly Report on Form 10-Q for the year ended June 29, 1996 and hereby incorporated by reference).
3(b)	Amended and Restated Bylaws, dated March 9, 2001, (filed as Exhibit 4.2 to Registrant's Form S-8 filed on September 26, 2001 and hereby incorporated by reference).
4(a)	Amended and Restated Rights Agreement, dated as of March 12, 1999, between Cerner Corporation and UMB Bank, n.a., as Rights Agents, which includes the Form of Certificate of Designation, Preferences and Rights of Series A Preferred Stock of Cerner Corporation, as Exhibit A, and the Form of Rights Certificate, as Exhibit B (filed as an Exhibit to Registrant's current report on Form 8-A/A dated March 31, 1999 and incorporated herein by reference).
4(b)	Specimen stock certificate (filed as Exhibit 4(a) to Registrant's Registration Statement on Form S-8 (File No. 33-15156) and hereby incorporated herein by reference).

4(c)	Credit Agreement between Cerner Corporation and Mercantile Bank dated April 1, 1999 (filed as Exhibit 4(d) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1999, and hereby incorporated herein by reference).
4(d)	First Amendment to Credit Agreement between Cerner Corporation and Firstar Bank Midwest, N.A., a successor to Mercantile Bank dated June 30, 2000.
4(e)	Second Amendment to Credit Agreement between Cerner Corporation and Firstar Bank, N.A. Overland Park, formerly known as Firstar Bank Midwest, N.A. and successor to Mercantile Bank dated July 1, 2001.
4(f)	Third Amendment to Credit Agreement between Firstar Bank, N.A. formerly known as or as successor to Firstar Bank, N.A. Overland Park, Firstar Bank Midwest, N.A. and Mercantile Bank dated December 21, 2001.
4(g)	Cerner Corporation Note Agreement dated as of April 1, 1999 among Cerner Corporation, Principal Life Insurance Company, Principal Life Insurance Company, on behalf of one or more separate accounts, Commercial Union Life Insurance Company of America, Nippon Life Insurance Company of America, John Hancock Mutual Life Insurance Company, John Hancock Variable Life Insurance Company, and Investors Partner Life Insurance Company (filed as Exhibit 4(e) to Registrant's Form 8-K date April 23, 1999, and hereby incorporate by reference).
10(a)	Incentive Stock Option Plan C of Registrant (filed as Exhibit 10(f) to Registrant's Annual Report on Form 10-K for the year ended December 31, 1993, and hereby incorporated herein by reference).*
10(b)	Indemnification Agreements between the Registrant and Neal L. Patterson, Clifford W. Illig, Gerald E. Bisbee, Jr., Ph.D. and Thomas C. Tinstman, M.D., (filed as Exhibit 10(i) to Registrant's Annual report on Form 10-K for the year ended December 31, 1992, and incorporated herein by reference).*
10(c)	Indemnification Agreement between Michael E. Herman and Registrant (filed as Exhibit 10(i)(a) to Registrant's Quarterly Report on Form 10-Q for the year ended June 29, 1996 and hereby incorporated by reference).*
10(d)	Indemnification Agreement between John C. Danforth, and Registrant (filed as Exhibit 10(i)(b) to Registrant's Quarterly Report on Form 10-Q for the year ended June 29, 1996 and hereby incorporated by reference).*
10(e)	Indemnification Agreement between Jeff C. Goldsmith, Ph.D. and Registrant (filed as Exhibit 10(e) to Registrant's Annual Report on Form 10-K for the year ended January 1, 2000, and hereby incorporated by reference).*
10(f)	Indemnification Agreement between William B. Neaves Ph.D. and Nancy-Ann DeParle and Registrant (filed as Exhibit 10.1 and 10.2 to Registrant's Form 10-Q for the quarter ended September 29, 2001 and hereby incorporated herein by reference).*
10(g)	Amended Stock Option Plan D of Registrant as of December 8, 2000 (filed as Exhibit 10(f) to Registrant's Annual Report on Form 10-K for the year ended December 30, 2000, and hereby incorporated herein by reference).*
10(h)	Amended Stock Option Plan E of Registrant as of December 8, 2000 (filed as Exhibit 10(g) to Registrant's Annual Report on Form 10-K for the year ended December 30, 2000, and hereby incorporated herein by reference).*

10(i)	Cerner Performance Plan for 2000 (filed as Exhibit 10(i) to Registrant's Annual Report on Form 10-K for the year ended January 1, 2000, and hereby incorporated herein by reference).*
10(j)	Long-Term Incentive Plan for 1999 (filed as Exhibit 10(l) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1999, and hereby incorporated herein by reference).*
10(k)	Promissory Note of Jack A. Newman, Jr. (filed as Exhibit 10(m) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1999, and hereby incorporated herein by reference).*
10(l)	Promissory Notes of Earl H. Devanny, III (filed as Exhibit 10(l) to Registrant's Annual Report on Form 10-K for the year ended January 1, 2000, and hereby incorporated herein by reference).*
10(m)	Promissory Note of Glenn P. Tobin, Ph.D. (filed as Exhibit 10(o) to Registrant's Annual Report on Form 10-K for the year ended January 2, 1999, and hereby incorporated herein by reference).*
10(n)	Cerner Corporation Executive Stock Purchase Plan (filed as Exhibit 4(g) to Registrant's Registration Statement on Form S-8 (File No. 333-77029) and hereby incorporated herein by reference).*
10(o)	Form of Stock Pledge Agreement for Cerner Corporation Executive Stock Purchase Plan (filed as Exhibit 4(h) to Registrant's Registration Statement on Form S-8 (File No. 333-77029) and hereby incorporated herein by reference).*
10(p)	Form of Promissory Note for Cerner Corporation Executive Stock Purchase Plan (filed as Exhibit 4(i) to Registrant's Registration Statement on Form S-8 (File No. 333-77029) and hereby incorporated herein by reference).*
10(q)	Employment Agreement of Earl H. Devanny, III (filed as Exhibit 10(q) to Registrant's Annual Report on Form 10-K for the year ended January 1, 2000, and hereby incorporated herein by reference).*
10(r)	Employment Agreement of Glenn P. Tobin, Ph.D. (filed as Exhibit 10(r) to Registrant's Annual Report on Form 10-K for the year ended January 1, 2000, and hereby incorporated herein by reference).*
10(s)	Employment Agreement of Stanley M. Sword (filed as Exhibit 10(s) to Registrant's Annual Report on Form 10-K for the year ended January 1, 2000, and hereby incorporated herein by reference).*
10(t)	Employment Agreement of Jack A. Newman, Jr. (filed as Exhibit 10(s) to Registrant's Annual Report on Form 10-K for the year ended December 30, 2000).*
10(u)	Employment Agreement of Robert (Rick) M. Smith.
10(v)	Cerner Corporation 2001 Long-Term Incentive Plan F (filed as Annex I to Registrant's 2001 Proxy Statement and hereby incorporated by reference).*
10(w)	Cerner Corporation 2001 Associate Stock Purchase Plan (filed as Annex II Registrant's 2001 Proxy Statement and hereby incorporated by reference).*
10(x)	Qualified Performance-Based Compensation Plan.*

11	Computation of Registrant's Earnings Per Share. (Exhibit omitted. Information contained in notes to consolidated financial statements.)
22	Subsidiaries of Registrant.
23	Consent of Independent Auditors.

* Management contracts or compensatory plans or arrangements required to be identified by Item 14(a)(3).

(b) Reports on Form 8-K.

Report on Form 8-K was filed on December 21, 2001.

(c) Exhibits.

The response to this portion of Item 14 is submitted as a separate section of this report.

(d) Financial Statement Schedules.

The response to this portion of Item 14 is submitted as a separate section of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CERNER CORPORATION

Dated: March 29, 2002

By: /s/ Neal L. Patterson
Neal L. Patterson
Chairman of the Board and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature and Title	Date
/s/ Neal L. Patterson Neal L. Patterson, Chairman of the Board and Chief Executive Officer (Principal Executive Officer)	March 29, 2002
/s/ Clifford W. Illig Clifford W. Illig, Vice Chairman and Director	March 29, 2002
/s/ Marc G. Naughton Marc G. Naughton, Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 29, 2002
/s/ Michael E. Herman Michael E. Herman, Director	March 29, 2002
/s/ Gerald E. Bisbee Gerald E. Bisbee, Jr., Ph.D., Director	March 29, 2002
/s/ John C. Danforth John C. Danforth, Director	March 29, 2002
/s/ Jeff C. Goldsmith Jeff C. Goldsmith, Ph.D., Director	March 29, 2002
/s/ William B. Neaves William B. Neaves, Ph.D., Director	March 29, 2002
/s/ Nancy-Ann DeParle Nancy-Ann DeParle	March 29, 2002

Independent Auditors' Report

The Board of Directors and Stockholders
Cerner Corporation:

We have audited the accompanying consolidated balance sheets of Cerner Corporation and subsidiaries as of December 29, 2001 and December 30, 2000, and the related consolidated statements of operations, changes in equity, and cash flows for each of the years in the three-year period ended December 29, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Cerner Corporation and subsidiaries as of December 29, 2001 and December 30, 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended December 29, 2001, in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Kansas City, Missouri
January 23, 2002

Management's Report

The management of Cerner Corporation is responsible for the consolidated financial statements and all other information presented in this report. The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America appropriate to the circumstances, and, therefore, included in the financial statements are certain amounts based on management's informed estimates and judgments. Other financial information in this report is consistent with that in the consolidated financial statements. The consolidated financial statements have been audited by Cerner Corporation's independent certified public accountants and have been reviewed by the audit committee of the Board of Directors.

Consolidated Balance Sheets

December 29, 2001 and December 30, 2000

(Dollars in thousands)	2001	2000
Assets		
Current Assets:		
Cash and cash equivalents	$ 107,536	90,893
Receivables	220,205	188,036
Inventory	5,834	2,174
Prepaid expenses and other	14,101	7,393
Total current assets	347,676	288,496
Property and equipment, net	94,705	82,234
Software development costs, net	96,962	83,276
Intangible assets	41,894	22,227
Investments	122,992	130,626
Other assets	8,073	9,552
	$ 712,302	616,411
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 20,942	20,532
Current installments of long-term debt	27,187	72
Deferred revenue	53,304	40,212
Income taxes	5,661	9,718
Accrued payroll and tax withholdings	40,565	27,338
Other accrued expenses	10,529	4,443
Total current liabilities	158,188	102,315
Long-term debt, net	92,132	102,299
Deferred income taxes	62,393	57,430
Deferred revenue	4,750	10,650
Stockholders' Equity:		
Common stock, $.01 par value,150,000,000 shares authorized, 36,564,690 shares issued in 2001 and 35,967,618 shares in 2000	366	360
Additional paid-in capital	216,811	192,715
Retained earnings	188,550	230,916
Treasury stock, at cost (1,201,625 shares in 2001 and 2000)	(20,799)	(20,799)
Accumulated other comprehensive income:		
Foreign currency translation adjustment	(2,095)	(743)
Unrealized gain (loss) on available-for-sale equity securities (net of deferred tax liability of $6,810 in 2001 and deferred tax asset of $33,036 in 2000)	12,006	(58,732)
Total stockholders' equity	394,839	343,717
Commitments (Note 13)		
	$ 712,302	616,411

See notes to consolidated financial statements.

Consolidated Statements of Operations

For the years ended December 29, 2001, December 30, 2000 and January 1, 2000

(In thousands, except per share data)	2001	2000	1999
Revenues			
System sales	$ 373,078	263,109	224,510
Support and maintenance	140,666	114,898	94,198
Other	28,861	26,497	21,489
Total revenues	542,605	404,504	340,197
Costs and expenses			
Cost of revenues	115,606	90,118	95,038
Sales and client service	226,776	169,289	141,234
Software development	100,186	78,425	72,663
General and administrative	38,505	29,483	27,564
Write-off of acquired in-process research and development	-	4,900	-
Write-down of intangible assets	-	6,687	-
Total costs and expenses	481,073	378,902	336,499
Operating earnings	61,532	25,602	3,698
Other income (expense):			
Interest expense, net	(4,425)	(3,671)	(3,396)
Write-down of investment	(127,616)	-	-
Gain on software license settlement	7,580	-	-
Realized gain on exchange of stock	-	188,654	-
Realized loss on sale of stock	(385)	(38,462)	-
Total other income (expense), net	(124,846)	146,521	(3,396)
Earnings (loss) before income taxes and extraordinary item	(63,314)	172,123	302
Income taxes	20,948	(66,858)	(118)
Earnings (loss) before extraordinary item	(42,366)	105,265	184
Extraordinary item, net of tax	-	-	(1,395)
Net earnings (loss)	$ (42,366)	105,265	(1,211)
Basic earnings (loss) per share before extraordinary item	$ (1.21)	3.08	.01
Basic earnings (loss) per share	$ (1.21)	3.08	(.04)
Diluted earnings (loss) per common share before extraordinary item	$ (1.21)	2.96	.01
Diluted earnings (loss) per common share	$ (1.21)	2.96	(.04)

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

For the years ended December 29, 2001, December 30, 2000 and January 1, 2000

(In thousands)	Common Stock Shares	Common Stock Amount	Additional paid-in capital	Retained earnings	Treasury stock amount	Accumulated other comprehensive income	Comprehensive income (loss)
Balance at January 2,1999	34,674	$ 347	165,239	126,862	(20,796)	(509)	
Exercise of options	257	2	623	-	-	-	
Issuance of common stock grants as compensation	2	-	40	-	-	-	
Non-employee stock option compensation expense	-	-	239	-	-	-	
Tax benefit from disqualifying disposition of stock options	-	-	594	-	-	-	
Foreign currency translation adjustment	-	-	-	-	-	266	266
Unrealized gain on available-for-sale equity security, net of deferred tax expense of $59,971	-	-	-	-	-	107,241	107,241
Net loss	-	-	-	(1,211)	-	-	(1,211)
Comprehensive income							106,296
Balance at January 1, 2000	34,933	$ 349	166,735	125,651	(20,796)	106,998	
Exercise of options	439	5	7,050	-	(3)	-	
Issuance of common stock grants as compensation	2	-	31	-	-	-	
Acquisition of business	594	6	14,056	-	-	-	
Non-employee stock option compensation expense	-	-	229				
Fair value of employee stock options exchanged in acquisition of business							
Tax benefit from disqualifying disposition	-	-	1,089	-	-	-	
of stock options	-	-	3,525	-	-	-	
Foreign currency translation adjustment	-	-	-	-	-	(766)	(766)
Unrealized loss on available-for-sale equity securities, net of deferred tax benefit of $92,842	-	-	-	-	-	(69,807)	(69,807)
Reclassification adjustment for gains recognized in net income, net of deferred taxes of $54,400	-	-	-	-	-	(95,900)	(95,900)
Net earnings	-	-	-	105,265	-	-	105,265
Comprehensive income (loss)							(61,208)
Balance at December 30, 2000	35,968	$ 360	192,715	230,916	(20,799)	(59,475)	
Exercise of options	235	2	4,065	-	-	-	
Acquisition of business	362	4	17,667	-	-	-	
Non-employee stock option compensation expense	-	-	215	-	-	-	
Tax benefit from disqualifying disposition of stock options	-	-	2,328	-	-	-	
Associate stock purchase plan discounts	-	-	(179)	-	-	-	
Foreign currency translation adjustment	-	-	-	-	-	(1,352)	(1,352)
Unrealized gain on available-for-sale equity securities, net of deferred tax expense of $6,810	-	-	-	-	-	12,006	12,006
Reclassification adjustment for losses recognized in net loss, net of deferred taxes of $33,036	-	-	-	-	-	58,732	58,732
Net loss	-	-	-	(42,366)	-		(42,366)
Comprehensive income							27,020
Balance at December 29, 2001	36,565	$ 366	216,811	188,550	(20,799)	9,911	

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 29, 2001, December 30, 2000 and January 1, 2000

(In thousands)	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss)	$ (42,366)	105,265	(1,211)
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation and amortization	47,305	37,988	31,388
Common stock received as consideration for sale of license software	(750)	(6,150)	-
Write down of investment	127,616	-	-
Gain on software license settlement	(7,580)	-	-
Realized gain on exchange of stock	-	(188,654)	-
Realized loss on sale of stock	385	38,462	-
Write-down of intangible assets	-	6,687	-
Write-off of acquired in-process research and development	-	4,900	-
Non-recurring fixed fee implementation cost	-	-	9,449
Non-recurring branch restructure charge	-	-	1,358
Extraordinary item, net of tax	-	-	1,395
Issuance of common stock grants as compensation	-	31	40
Non-employee stock option compensation expense	215	229	239
Equity in losses of affiliates	1,525	1,095	423
Provision for deferred income taxes	(43,199)	67,640	(3,165)
Tax benefit from disqualifying dispositions of stock options	2,328	3,525	594
Loss on disposal of capital equipment	-	33	478
Changes in operating assets and liabilities (net of businesses acquired):			
Receivables, net	(26,389)	(14,994)	6,200
Inventory	(3,252)	595	1,389
Prepaid expenses and other	(8,216)	(7,025)	844
Accounts payable	(4,572)	(3,389)	(5,207)
Accrued income taxes	10,207	(5,329)	461
Deferred revenue	(2,164)	5,280	(16,676)
Other current liabilities	13,745	7,124	(610)
Total adjustments	107,204	(51,952)	28,600
Net cash provided by operating activities	64,838	53,313	27,389
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of capital equipment	(17,654)	(16,154)	(14,345)
Purchase of land, buildings, and improvements	(8,068)	-	-
Acquisition of businesses, net of cash received	(4,045)	(16,829)	-
Investment in affiliates	(1,664)	(7,370)	(13,615)
Proceeds from sale of stock of available for sale securities	1,572	26,152	-
Advances to affiliates	-	1,000	(1,000)
Issuance of notes receivable	(205)	(385)	(3,628)
Repayment of notes receivable	707	1,152	-
Capitalized software development costs	(37,828)	(30,982)	(30,192)
Net cash used in investing activities	(67,185)	(43,416)	(62,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of long-term debt	18,088	-	99,568
Repayment of long-term debt	(1,634)	(967)	(32,167)
Proceeds from sale of common stock	-	-	-
Proceeds from exercise of options	4,067	7,052	625
Associate stock purchase plan discounts	(179)	-	-
Net cash provided by financing activities	20,342	6,085	68,026
Foreign currency translation adjustment	(1,352)	(766)	266
Net increase in cash and cash equivalents	16,643	15,216	33,019
Cash and cash equivalents at beginning of year	90,893	75,677	42,658
Cash and cash equivalents at end of year	$ 107,536	90,893	75,677
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Interest	$ 7,341	7,348	5,448
Income taxes, net of refund	9,535	930	1,647
Noncash investing and financing activities			
Issuance of common stock for acquisition of business	17,671	14,062	-
Issuance of notes payable for acquisition of business	-	1,385	-
Addition to paid-in capital for the fair value of employee stock options exchanged in the acquisition of business	-	1,089	-

See notes to consolidated financial statements.

1 Summary of Significant Accounting Policies

(a) Principles of Consolidation - The consolidated financial statements include the accounts of Cerner Corporation and its wholly owned subsidiaries (the Company). All significant intercompany transactions and balances have been eliminated in consolidation.

(b) Nature of Operations - The Company designs, develops, markets, installs, hosts and supports software information technology and content solutions for healthcare organizations and consumers. The Company also implements these solutions as individual, combined or enterprise-wide systems.

(c) Revenue Recognition - Revenues are derived primarily from the sale of clinical and financial information systems and solutions. The components of these revenues are the licensing of computer software, software support and hardware maintenance, remote hosting and outsourcing, training, installation, consulting and implementation services, subscription content, and the sale of computer hardware and sublicensed software.

The Company recognizes revenue in accordance with the provisions of Statement of Position (SOP) No. 97-2, "Software Revenue Recognition," as amended by SOP No. 98-4, SOP 98-9 and clarified by Staff Accounting Bulletin (SAB) 101 "Revenue Recognition in Financial Statements". SOP No 97-2, as amended, generally requires revenue earned on software arrangements involving multiple elements to be allocated to each element based on the relative fair values of those elements. Revenue from multiple-element software arrangements is recognized using the residual method. Under the residual method, revenue is recognized in a multiple element arrangement when Company-specific objective evidence of fair value exists for all of the undelivered elements in the arrangement (i.e. professional services, maintenance, hardware and sublicensed software), but does not exist for one or more of the delivered elements in the arrangement (i.e. software products). The Company allocates revenue to each element in a multiple element arrangement based on its respective fair value, with the fair value determined by the price charged when that element is sold separately. Specifically, the Company determines the fair value of the maintenance portion of the arrangement based on the renewal price of the maintenance charged to clients, professional services portion of the arrangement, other than installation services, based on hourly rates which the Company charges for these services when sold apart from a software license, and the hardware and sublicense software based on the prices for these elements when they are sold separate from the software. If evidence of the fair value cannot be established for the undelivered elements of a license agreement, the entire amount of revenue under the arrangement is deferred until these elements have been delivered or objective evidence can be established.

Inherent in the revenue recognition process are significant management estimates and judgements which influence the timing and the amount of revenue recognition. The Company provides several models for the procurement of its clinical and financial information systems. The predominant method is a perpetual software license agreement, project related installation services, implementation and consulting services, computer hardware and sublicensed software, and software support. For those arrangements involving the use of services, the Company uses the percentage of completion method of accounting, following the guidance in the AICPA Statement of Position No. 81-1 (SOP 81-1), Accounting for Performance of Construction-Type and Certain Production-Type Contracts.

The Company provides installation services, which include project scoping services, conducting pre-installation audit, and creating initial environments. Because installation services are deemed to be essential to the functionality of the software, software license and installation services fees are recognized over the software installation period using output measures which reflect direct labor hours incurred, beginning at software delivery and culminating at completion of installment, typically a three to six month process.

The Company also provides implementation and consulting services, which include consulting activities that fall outside of the scope of the standard installation services. These services vary depending on the scope and complexity requested by the client. Examples of such services may include additional database consulting, system configuration, project management, testing assistance, network consulting and post conversion review services. Implementation and consulting services are generally not deemed to be essential to the functionality of the software, and, thus, do not impact the timing of the software license recognition, unless software license fees are tied to implementation milestones. In those instances, the portion of the software license fee tied to implementation milestones is deferred until the related milestone is accomplished and related fees become billable and non-forfeitable. Implementation fees are recognized over the service period, which may extend from six months to three years.

Remote hosting and outsourcing services are marketed under long-term arrangements generally over periods of 5 to 10 years. Revenues from these arrangements are recognized as the services are performed.

Software maintenance fees are marketed under annual and multi-year arrangements and are recognized as revenue ratably over the contracted maintenance term. Hardware maintenance revenues are billed and recognized monthly over the contracted maintenance term.

Subscription and content fees are generally marketed under annual and multi-year agreements and are recognized ratably over the contracted terms.

Hardware and sublicensed software sales are generally recognized upon delivery to the customer.

The Company also offers its products on an application service provider ("ASP") or term license basis, making available Company software functionality on a remote processing basis from the Company's data centers. The data centers provide system and administrative support as well as processing services. Revenue on software and services provided on an ASP or term license basis is recognized on a monthly basis over the term of the contract. The Company capitalizes related direct costs consisting of third party costs and direct software installation and implementation costs. These costs are amortized over the term of the arrangement.

In the event the Company contractually agrees to develop new or customized software code for a client, the Company will utilize percentage of completion accounting in accordance with SOP 81-1.

Deferred revenue is comprised of deferrals for license fees, maintenance and other services for which payment has been received and for which the service has not yet been performed. Long-term deferred revenue, at December 29, 2001, represents amounts received from license fees, maintenance and other services to be earned or provided beginning in periods on or after December 29, 2002.

(d) Fiscal Year - The Company's fiscal year ends on the Saturday closest to December 31. Fiscal years 2001, 2000 and 1999 consisted of 52 weeks each. All references to years in these notes to consolidated financial statements represent fiscal years unless otherwise noted.

(e) Software Development Costs - Costs incurred internally in creating computer software products are expensed until technological feasibility has been established upon completion of a detailed program design. Thereafter, all software development costs are capitalized and subsequently reported at the lower of amortized cost or net realizable value. Capitalized costs are amortized based on current and expected future revenue for each product with minimum annual amortization equal to the straight-line amortization over the estimated economic life of the product. The Company is amortizing capitalized costs over five years. During 2001, 2000 and

1999, the Company capitalized $37,828,000, $30,982,000 and $30,192,000, respectively, of total software development costs of $113,872,000, $90,694,000, and $88,699,000, respectively. Amortization expense of capitalized software development costs in 2001, 2000, and 1999 was $24,142,000, $18,713,000, and $14,156,000, respectively, and accumulated amortization was $100,553,000, $76,411,000, and $57,698,000, respectively.

The Company expects that major software information systems companies, large information technology consulting service providers and systems integrators, internet-based start-up companies and others specializing in the healthcare industry may offer competitive products or services. The pace of change in the healthcare information systems market is rapid and there are frequent new product introductions, product enhancements and evolving industry standards and requirements. As a result, the capitalized software may become less valuable or obsolete and could be subject to impairment.

(f) Cash Equivalents - Cash equivalents consist of short-term marketable securities with original maturities less than ninety days.

(g) Investments - The Company accounts for its investments in equity securities which have readily determinable fair values as available-for-sale. Available-for-sale securities are reported at fair value with unrealized gains and losses reported, net of tax, as a separate component of accumulated other comprehensive income. For realized gains and losses on available-for-sale investments, the Company utilizes the specific identification method as the basis to determine cost. Investments in the common stock of certain affiliates over which the Company exerts significant influence are accounted for by the equity method.

The Company also has certain other minority equity investments in non-publicly traded securities. These investments are generally carried at cost as the Company owns less than 20% of the voting equity and does not have the ability to exercise significant influence over these companies. The balance of these investments at December 29, 2001 and December 30, 2000 was $18,212,000 and $26,601,000, respectively. These investments are inherently high risk as the market for technologies and content by these companies are usually early stage at the time of the investment by the Company and such markets may never be significant. The Company could lose its entire investment in certain or all of these companies. The Company monitors these investments for impairment and makes appropriate reductions in carrying values when necessary.

All equity securities are reviewed by the Company for declines in fair value. If such declines are considered to be other than temporary, the cost basis of the individual security is written down to fair value as a new cost basis, and the amount of the write-down is included in earnings.

(h) Inventory - Inventory consists primarily of computer hardware and sub-licensed software held for resale and is recorded at the lower of cost (first-in, first-out) or market.

(i) Property and Equipment - Property, equipment and leasehold improvements are stated at cost. Depreciation of property and equipment is computed using the straight-line method over periods of 5 to 39 years. Amortization of leasehold improvements is computed using a straight-line method over the lease terms, which range from periods of two to twelve years.

(j) Earnings Per Common Share - Basic earnings per share (EPS) excludes dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. A reconciliation of the numerators and the denominators of the basic and diluted per-share computations is as follows:

(In thousands, except per share data)

	2001			2000			1999		
	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount	Earnings (Numerator)	Shares (Denominator)	Per-Share Amount
Earnings per share before extraordinary item									
Basic earnings (loss) per share									
Income available to common stockholders	$ (42,366)	34,907	$(1.21)	105,265	34,123	$ 3.08	184	33,623	$ .01
Effect of dilutive securities									
Stock options	--	--		--	1,480		--	293	
Diluted earnings (loss) per share									
Income available to common stockholders including assumed conversions	$ (42,366)	34,907	$(1.21)	105,265	35,603	$ 2.96	184	33,916	$ .01
Net earnings (loss) per share									
Basic earnings (loss) per share									
Income available to common stockholders	(42,366)	34,907	$(1.21)	105,265	34,123	$ 3.08	(1,211)	33,623	$(.04)
Effect of dilutive securities									
Stock options	--	--		--	1,480		--	293	
Diluted earnings (loss) per share									
Income available to common stockholders including assumed conversions	(42,366)	34,907	$(1.21)	105,265	35,603	$ 2.96	(1,211)	33,916	$(.04)

Options to purchase 299,000, 521,000, and 3,185,000 shares of common stock at per share prices ranging from $48.19 to $574.82, $35.88 to $84.07, and $17.50 to $31.00 were outstanding at the end of 2001, 2000 and 1999, respectively, but were not included in the computation of diluted earnings per share because the options' exercise price was greater than the average market price of the common shares. Additionally, all options were excluded from the 2001 diluted earnings per share computations as the effect of their inclusion would have been anti-dilutive on the loss per share calculation.

(k) Foreign Currency - Assets and liabilities in foreign currencies are translated into dollars at rates prevailing at the balance sheet date. Revenues and expenses are translated at average rates for the year. The net exchange differences resulting from these translations are reported in accumulated other comprehensive income. Gains and losses resulting from foreign currency transactions are included in the consolidated statements of earnings. The net gain (loss) resulting from foreign currency transactions was $23,813, ($518,000) and $95,000 in 2001, 2000 and 1999, respectively.

(l) Income Taxes - Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

(m) Goodwill - Excess of cost over net assets acquired (goodwill) is being amortized on a straight-line basis over four to eight years. Accumulated amortization was $8,727,000, and $5,964,000 at the end of 2001, and 2000, respectively. The Company assesses the recoverability of goodwill based on forecasted undiscounted future operating cash flows.

On June 30, 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") 141, "Business Combinations", and SFAS 142, "Goodwill and Intangible Assets". Major provisions of these Statements are as follows: all business combinations initiated after June 30, 2001 must use the purchase method of accounting; the pooling of interests method of accounting is prohibited except for transactions initiated before July 1, 2001; intangible assets acquired in a business combinations must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, licensed, retired or exchanged, either individually or as part of a related contract, asset or liability; goodwill and intangible assets with indefinite lives are not amortized but are tested for impairment annually, and whenever there is an impairment indicator; all acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting; and effective January 1, 2002, goodwill from previous acquisitions will no longer be subject to amortization, but will be subject to annual evaluations for impairment based on fair value. The Company completed two acquisitions subsequent to June 30, 2001, which resulted in approximately $14.2 million of goodwill that was not amortized in accordance with SFAS 142. Goodwill amortization for 2001 was approximately $2,247,000. Management is currently reviewing the impact that the provisions of this statement will have on the Company's financial statements.

(n) Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(o) Segment Reporting - In June of 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131 (SFAS No. 131), "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes annual and interim reporting standards for operating segments of a company. It also requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenues, and its major customers. The Company is not organized by multiple operating segments for the purpose of making operating decisions or assessing performance. Accordingly, the Company operates in one operating segment and reports only certain enterprise-wide disclosures.

(p) Concentrations - Substantially all of the Company's cash and cash equivalents, short-term investments, are held at two major U.S. financial institutions. The majority of the Company's cash equivalents consist of U.S. Government Federal Agency Securities, short-term marketable securities, and overnight repurchase agreements. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally these deposits may be redeemed upon demand and, therefore, bear minimal risk.

Substantially all of the Company's clients are integrated delivery networks, hospitals, and other healthcare related organizations. If significant adverse macro-economic factors were to impact these organizations it could materially adversely affect the Company. The Company's access to certain software and hardware components are dependent upon single and sole source suppliers. The inability of any supplier to fulfill supply requirements of the Company could affect future results.

The Company performs ongoing credit evaluations of its clients and generally does not require collateral from its clients. The Company maintains an allowance for potential losses on a specific identification basis and based on historical experience and mangement's judgements. The

Company's allowance for doubtful accounts as of December 29, 2001 and December 30, 2000 was $6,880,000 and $5,999,000, respectively.

2 Business Acquisitions

During the three years ended December 29, 2001, the Company completed six acquisitions, which were accounted for under the purchase method of accounting. Pro forma results of operations have not been presented for any of the acquisitions because the effects of these acquisitions were not material to the Company on either an individual or an aggregate basis. The results of operations of each acquisition are included in the Company's consolidated statement of operations from the date of each acquisition.

The amounts allocated to purchased in-process research and development (IPRD) were determined through established valuation techniques in the software industry and were expensed upon acquisition because technological feasibility had not been established and no future alternative uses existed. Research and development costs to bring the products from the acquired companies to technological feasibility, individually or in the aggregate, are not expected to have a material impact on the Company's future results of operations or cash flows. Amounts allocated to goodwill and other intangibles are amortized on a straight-line basis over five to seven years, except for the goodwill for the acquisitions in 2001, which were not amortized in accordance with SFAS 142. Amounts allocated to software are amortized based on current and expected future revenues for each product with minimum annual amortization equal to the straight-line amortization over the estimated economic life of the product. The IPRD amounts in the table below are reflected as one-time charges to earnings at the date of acquisition.

A summary of the Company's purchase acquisitions for the three years ended December 29, 2001, is included in the following table (in millions, except share amounts):

Entity Name, Description of Business Acquired, and Reason Business Acquired	Date	Consideration	Goodwill	Developed Technology	Workforce	Customer Base	IPRD	Form of Consideration
Fiscal 2001 Acquisitions								
Dynamic Healthcare Technologies (d) (e) Clinical and diagnostic workflow for pathology, laboratory and radiology Intergrate technology into Cerner Millennium	12/01	$20.0	$9.2	$7.5	--	--	--	$2.3 cash $17.7 362,000 shares of common stock issued
APACHE Medical Systems (d) (f) Clinical decision support /outcomes management systems Integrate knowledge into Cerner Millennium	7/01	$3.6	$5.0	$0.2	--	--	--	$3.6 cash
Fiscal 2000 Acquisitions								
ADAC Healthcare Information Systems, Inc. (a) (f) Image management solutions for radiology departments Integrate technology into Cerner Millennium	11/00	$5.3	$3.4	$3.0	$.4	$1.7	$1.7	$3.9 cash $1.4 note payable
CITATION Computer Systems, Inc. (b) Laboratory systems for small to mid-sized hospitals Integrate technology into Cerner Millennium	8/00	$17.8	$8.3	$2.7	$1.2	$2.0	$3.2	$2.6 cash $14.1 594,000 shares of common stock issued $1.1 vested options assumed
Mitch Cooper & Associates (f) Supply chain re-engineering consulting practice Integrated knowledge into Cerner Millennium	4/00	$2.0	$2.0	--	--	--	--	$2.0 cash
Health Network Ventures, Inc. (c) Software solutions that enable transaction processing between providers and other health-related entities Integrate knowledge into Cerner Millennium	4/00	$8.3	$4.2	--	--	--	--	$8.3 cash

(a) The acquired in-process research and development is related to the PACS (Picture Archiving and Communications Systems) product. The PACS product, when integrated with the Company's radiology information system, provides a comprehensive radiology solution, from automating and streamlining the information workflow to complete image management. PACS was approximately 86% complete at the time of the acquisition. When ADAC HCIS was acquired, management projected that PACS would be completed in 3 months at an estimated cost of $150,000. The risks associated with PACS are like any other software development project and include changes in technology and competition. The PACS project was valued using the income approach with the following assumptions: material net cash inflows were expected to commence in 2001; no material changes from historical pricing, margins, or expense levels are anticipated; and, a 20% risk adjusted discount rate was applied to the estimated net cash flows. PACS was complete at the end of 2001.

(b) The acquired in-process research and development is related to CITATION's enhanced versions of the C-LAB and C-COM products. C-LAB addresses the complex information needs of the laboratory's general lab, microbiology, anatomical pathology and blood bank departments with a Windows NT client server solution. C-LAB was approximately 68% complete at the time of the acquisition. When CITATION was acquired, management projected that C-LAB would be completed in 6-9 months at an estimated cost of $700,000. The risks associated with C-LAB are like any other software development project and include changes in technology and competition. The C-LAB project was valued using the income approach with the following assumptions: material net cash inflows were expected to commence in 2001; no material changes from historical pricing, margins, or expense levels are anticipated; and, a 20% risk adjusted discount rate was applied to the estimated net cash flows. C-LAB was approximately 85% complete at the end of 2001. C-COM is also designed for a Windows NT client server user and works with other information systems in healthcare facilities by providing a central data repository for clinical orders and results. It then allows for routing of the patient information to all care-providing centers throughout the healthcare enterprise. C-COM was approximately 75% complete at the time of the acquisition. When CITATION was acquired, management projected that C-COM would be completed in 3-6 months at an estimated cost of $500,000. The risks associated with C-COM are like any other software development project and include changes in technology and competition. The C-COM project was valued using the income approach with the following assumptions: material net cash inflows were expected to commence in 2001; no material changes from historical pricing, margins, or expense levels are anticipated; and, a 20% risk adjusted discount rate was applied to the estimated net cash flows. C-COM was complete at the end of 2001.

(c) Subsequent to the acquisition of Health Network Ventures, Inc., the Company determined that it would discontinue the portion of the business focused on individual physician practice connectivity and transaction processing. As a result of this decision, the Company recorded a non-recurring charge in the second quarter of 2000 in the amount of $6,687,000 related to a write-down of intangible assets.

(d) The assets and liabilities of the acquired companies at the date of acquisition are as follows:

	Dynamic Healthcare Technologies	APACHE Medical Systems
Current Assets	$10,896,000	$249,000
Total Assets	$29,087,000	$5,728,000
Current Liabilities	$14,335,000	$2,129,000
Total Liabilities	$9,116,000	$2,178,000

(e) The Company is in the process of obtaining additional information regarding the valuation of certain contracts acquired from DHT in making a final determination in the allocation of the purchase price to the net assets acquired. Any adjustment to the valuation of these contracts would result in a corresponding adjustment to the amount assigned to goodwill.

(f) The following goodwill amounts are deductible for tax purposes:

	Goodwill Deductible for tax purposes
APACHE Medical Systems	$5,000,000
ADAC Healthcare Information Systems, Inc.	$3,400,000
Mitch Cooper & Associates	$2,000,000

3 Receivables

Receivables consist of accounts receivable and contracts receivable. Accounts receivable represent recorded revenues that have been billed. Contracts receivable represent recorded revenues that are billable by the Company at future dates under the terms of a contract with a client. Billings and other consideration received on contracts in excess of related revenues recognized under the percentage-of-completion method are recorded as deferred revenue. A summary of receivables is as follows:

(In thousands)	2001	2000
Accounts receivable	$ 139,491	96,946
Contracts receivable	80,714	91,090
Total receivables	$ 220,205	188,036

Substantially all receivables are derived from sales and related support and maintenance of the Company's clinical and financial information systems to healthcare providers located throughout the United States and in certain foreign countries. Included in receivables at the end of 2001, 2000 and 1999 are amounts due from healthcare providers located in foreign countries of $19,611,000, $23,600,000 and $17,704,000, respectively. Consolidated revenues include foreign sales of $22,350,000, $25,815,000, and $24,001,000, during 2001, 2000 and 1999, respectively. Consolidated long-lived assets at the end of 2001, and 2000, include foreign long-lived assets of $776,000, and $649,000, respectively. Revenues and long-lived assets from any one foreign country are not material.

The Company provides an allowance for estimated uncollectible accounts based upon historical experience and management's judgment. At the end of 2001, and 2000 the allowance for estimated uncollectible accounts was $6,880,000, and $5,999,000, respectively.

4 Property and Equipment

A summary of property, equipment, and leasehold improvements stated at cost, less accumulated depreciation and amortization, is as follows:

(In thousands)	2001	2000
Furniture and fixtures	$ 27,339	24,004
Computer and communications equipment	96,855	82,769
Marketing equipment	2,381	2,045
Shop equipment	2,902	2,902
Leasehold improvements	26,578	21,533
Capital lease equipment	2,202	1,104
Land, buildings, and improvements	43,809	32,437
	202,066	166,794
Less accumulated depreciation and amortization	107,361	84,560
Total property and equipment, net	$ 94,705	82,234

5 Investments

Investments consist of the following:

(In thousands)	2001	2000
Investments in available-for-sale equity securities, at cost	$ 85,964	194,268
Plus unrealized holding gain (loss)	18,816	(91,768)
Investment in available-for-sale equity securities, at fair value	104,780	102,500
Investments in non-marketable equity securities, at cost	18,212	26,601
Investments accounted for under the equity method	-	1,525
Total investments, net	$ 122,992	130,626

At December 29, 2001, the Company owned 14,820,527 shares of common stock of WebMD Corporation (WebMD) (formerly CareInsite, Inc.), which have a cost basis of $85,811,000 and a carrying value of $104,485,000, as these shares are accounted for as available-for-sale. 2,000,000 shares of WebMD held by the Company are not registered. At December 29, 2001 the Company also holds 1,048,783 warrants of WebMD with an exercise price of $3.08 and a cost basis and carrying value of $4,146,000. The warrants are carried at cost, as they do not have a fair value that is currently available on a securities exchange. The warrants expire on January 26, 2003.

On February 13, 2000 CareInsite entered into an agreement to merge with WebMD. The merger of CareInsite and WebMD ("Merger") closed on September 12, 2000. Prior to the merger, the carrying value of the CareInsite stock was $6.22 per share, and the market price of WebMD on September 12, 2000 was $15.00 per share. Upon the exchange of CareInsite stock for WebMD stock, the Company recorded a non-recurring investment gain of $120,362,000, net of tax, as a result of the exchange.

On December 12, 2000, the Company sold 4,273,509 shares of WebMD for $25,641,000. Accordingly, the Company recorded a non-recurring investment loss of $24,539,000, net of tax, as a result of the sale.

On June 18, 2001 the Company reached an agreement with WebMD regarding certain performance metrics related to specified levels of physician usage arising out of the original license transaction between the Company and CareInsite, which has been merged into WebMD. Under the agreement, the Company received 2,000,000 shares of WebMD stock, valued at $11,580,000, in exchange for $432,000 in cash and the cancellation of various obligations due to

the Company by WebMD. As a result of this agreement, the Company recognized a non-recurring gain of $4,836,000, net of $2,744,000 in tax, in gain on software license settlement in the accompanying consolidated statement of operations. The Company's policy is to review declines in fair value of its marketable equity securities for declines that may be other than temporary. As a result of this policy, during the second quarter of 2001, the Company recorded a write-down of its investment in WebMD from $15.00 per share to $5.79 per share. Accordingly, the Company recognized a charge to earnings of $81,419,000, net of $46,197,000 in tax.

6 Indebtedness

The Company has a loan agreement with a bank that provides for a current revolving line of credit for working capital purposes. The current revolving line of credit is unsecured and requires monthly payments of interest only. Interest is payable at the Company's option at a rate based on prime (4.75% at December 29, 2001) less .5% or LIBOR (1.87% at December 29, 2001) plus 1.35%. The interest rate may be reduced by up to .5% if certain net worth ratios are maintained. At December 29, 2001, the Company had $15,000,000 in outstanding borrowings under this agreement and had $45,000,000 available for working capital purposes. The agreement contains certain net worth, current ratio, and fixed charge coverage covenants and provides certain restrictions on the Company's ability to borrow, incur liens, sell assets, and pay dividends. A commitment fee of 1/4% is payable quarterly on the unused portion of the revolving line of credit. The revolving line of credit matures on September 30, 2002.

On April 15, 1999, the Company completed a $100,000,000 private placement of debt pursuant to a Note Agreement dated April 1, 1999. The Series A Senior Notes, with a $60,000,000 principal amount at 7.14% are payable in five equal annual installments beginning in April 2002. The Series B Senior Notes, with a $40,000,000 principal amount at 7.66% are payable in six equal annual installments beginning April 2004. The proceeds were used to retire the Company's existing $30,000,000 of debt, and the remaining funds were used for capital improvements and to strengthen the Company's cash position. During 1999 in connection with the early extinguishment of debt, the Company incurred an extraordinary loss for a prepayment penalty and write-off of deferred loan costs of $1,395,000 net of taxes. The note agreement contains certain net worth, current ratio, and fixed charge coverage covenants and provides certain restrictions on the Company's ability to borrow, incur liens, sell assets, and pay dividends. The Company was in compliance with all covenants at December 29, 2001.

The Company also has capital lease obligations and other notes payable amounting to $4,319,000, payable over the next four years.

The aggregate maturities for the Company's long-term debt is as follows (in thousands):

2002	$ 27,187
2003	16,132
2004	18,667
2005	18,667
2006	18,667
2007 and thereafter	19,999
	$ 119,319

The Company estimates the fair value of its long-term, fixed-rate debt using discounted cash flow analysis based on the Company's current borrowing rates for debt with similar maturities. The fair value of the Company's long-term debt is $97,686,000 at December 29, 2001.

7 Interest Income and Expense

A summary of interest income and expense is as follows:

(In thousands)	2001	2000	1999
Interest income	$ 2,896	3,645	2,582
Interest expense	(7,321)	(7,316)	(5,978)
Interest expense, net	$ (4,425)	(3,671)	(3,396)

8 Stock Options, Warrants and Equity

At the end of 2001 and 2000, the Company had 1,000,000 shares of authorized but unissued preferred stock, $.01 par value.

At December 29, 2001, the Company had five fixed stock option plans. Under Stock Option Plan B, the Company could grant to associates options to purchase up to 5,600,000 shares of common stock through November 30, 1993. The options are exercisable at the fair market value on the date of grant for a period determined by the Board of Directors (not more than ten years from the date granted). The options contain restrictions as to transferability and exercisability after termination of employment.

Under Stock Option Plan C, the Company is authorized to grant to associates options to purchase up to 645,000 shares of common stock through May 18, 2003. The options are exercisable at the fair market value on the date of grant for a period determined by the Board of Directors (not more than ten years from the date granted). The options contain restrictions as to transferability and exercisability after termination of employment. The Company has committed not to issue any more stock options under Stock Option Plan C.

Initially, under Stock Option Plan D, the Company was authorized to grant to associates, directors, consultants or advisors to the Company options to purchase up to 50,000 shares of common stock through January 1, 2005. Additional shares were approved by the Company's shareholders on May 17, 1994, May 16, 1995 and May 22, 1998, increasing the total authorized to grant to 4,600,000 shares. The options are exercisable at a price (not less than fair market value on the date of grant) and during a period determined by the Stock Option Committee. Options under this plan currently vest over periods of up to ten years and are exercisable for periods of up to 25 years.

Initially, under Stock Option Plan E, the Company was authorized to grant to associates (other than officers subject to the provisions of Section 16(a) of the Securities and Exchange Act of 1934), consultants, or advisors to the Company options to purchase up to 2,000,000 shares of common stock through January 1, 2005. Additional shares of 1,100,000 and 1,000,000 were approved by the Company's Board of Directors on December 8, 2000 and March 9, 2001, respectively, increasing the total authorized to grant to 4,100,000 shares. The options are exercisable at a price (not less than fair market value on the date of grant) and during a period determined by the Stock Option Committee. Options under this plan currently vest over periods of up to ten years and are exercisable for periods of up to 25 years.

Under the 2001 Long-Term Incentive Plan F, the Company is authorized to grant to associates, directors and consultants 2,000,000 shares of common stock awards. Awards under this plan may consist of stock options, restricted stock and performance shares, as well as other awards such as stock appreciation rights, phantom stock and performance unit awards which may be payable in the form of common stock or cash. However, not more than 500,000 of such shares will be available to granting any types of grants other than options or stock appreciation rights.

The Company has also granted 504,507 other non-qualified stock options under separate agreements to employees and certain third parties. These options are exercisable at a price equal to or greater than the fair market value on the date of grant. These options vest over periods of up to six years and are exercisable for periods of up to ten years. The Company recognized expenses related to the non-qualified stock options of $215,000 and $229,000 for 2001 and 2000, respectively. In 2000, the Company granted an additional 350,000 stock options to a third party at an exercise price equal to the fair market value on the date of grant. The options are vested and become exercisable at the earlier of five years or when certain conditions are met.

The Company accounts for associate stock options in accordance with the provisions of Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. As such, compensation expense is recorded on the date of grant only if the current market price of the underlying stock exceeds the exercise price. On December 31, 1995, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123), which permits entities to recognize as expense over the vesting period the fair value of all stock-based awards on the date of grant. Alternatively, FAS 123 allows entities to continue to apply the provisions of APB Opinion No. 25 and provide pro forma net earnings and pro forma earnings per share disclosures for employee stock option grants made in 1995 and future years as if the fair-value-based method defined in FAS 123 had been applied. The Company has elected to continue to apply the provisions of APB Opinion No. 25 and provide the pro forma disclosure provisions of FAS 123.

A combined summary of the status of the Company's five fixed stock option plans and other stock options at the end of 2001, 2000, and 1999, and changes during these years ended is presented below:

	2001		2000		1999	
Fixed options	Number Of Shares	Weighted-average exercise price	Number Of Shares	Weighted-average exercise price	Number of shares	Weighted-average exercise price
Outstanding at beginning of year	6,300,265	$ 22.50	5,529,995	$ 19.79	5,488,191	20.38
Granted	1,483,998	47.37	1,684,144	31.50	1,447,246	16.69
Exercised	(235,942)	17.46	(455,706)	17.23	(255,747)	4.91
Forfeited	(304,097)	26.04	(458,168)	21.13	(1,149,695)	22.40
Outstanding at end of year	7,244,224	$ 28.79	6,300,265	$ 22.50	5,529,995	$ 19.79
Options exercisable at year-end	1,825,150	$ 24.29	1,458,001	$ 20.97	1,297,147	$ 19.49

The following table summarizes information about fixed and other stock options outstanding at December 29, 2001.

	Options outstanding			Options exercisable	
Range of Exercise Prices	Number outstanding At 12/29/01	Weighted-average remaining contractual life	Weighted-average exercise price	Number exercisable at 12/29/01	Weighted-average exercise price
$ 5.90-17.04	1,818,787	15.1 years	$ 14.71	676,413	$ 14.59
17.25-25.00	2,122,915	11.0	22.06	633,861	21.39
25.50-43.29	2,176,636	10.7	34.27	466,389	29.04
43.33-574.82	1,125,886	7.5	53.69	48,487	151.91
5.90-574.82	7,244,224	11.4	28.79	1,825,150	24.29

The per share weighted-average fair value of stock options granted during 2001, 2000 and 1999 was $25.93, $18.96 and $10.88, respectively, on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions:

	2001	2000	1999
Expected years until exercise	4.7	4.7	8
Risk-free interest rate	4.5%	5.0%	6.9%
Expected stock volatility	71.3%	72.1%	61.3%
Expected dividend yield	0%	0%	0%

Since the Company applies APB Opinion No. 25 in accounting for its plans, no compensation cost has been recognized for its stock options issued to employees. Had the Company recorded compensation expense based on the fair value at the grant date for its stock options under FAS 123, the Company's net earnings and earnings per share on a diluted basis would have been reduced by approximately $11,172,000 or $.30 per share in 2001, approximately $7,527,000 or $.21 per share in 2000 and approximately $3,922,000 or $.12 per share in 1999.

Pro forma net earnings reflect only options granted since January 1, 1995. Therefore, the full impact of calculating compensation expense for stock options under FAS 123 is not reflected in the pro forma net earnings amounts presented above, because compensation cost is reflected over the options' vesting period of ten years for these options. Compensation expense for options granted prior to January 1, 1995 is not considered.

9 Associate Stock Purchase Plan

The Company established an Associate Stock Purchase Plan (ASPP) in 2001, which qualifies under Section 423 of the Internal Revenue Code. All full-time associates are eligible to participate. Participants may elect to make contributions from 1% to 20% of compensation to the ASPP, subject to annual limitations determined by the Internal Revenue Service. Participants may purchase Company Common Stock at a 15% discount on the last day of the purchase period. Under APB No. 25 the ASPP qualifies as a non-compensatory plan and no compensation expense has been recognized.

10 Foundations Retirement Plan

The Cerner Corporation Foundations Retirement Plan (the Plan) is established under Section 401(k) of the Internal Revenue Code. All full-time associates are eligible to participate. Participants may elect to make pretax contributions from 1% to 80% of compensation to the Plan, subject to annual limitations determined by the Internal Revenue Service. Participants may direct contributions into mutual funds, a money market fund, or a Company stock fund. The Company makes matching contributions to the Plan, on behalf of participants, in an amount equal to 33% of the first 6% of the participant's contribution. The Company's expense for the plan amounted to $3,269,000, $2,532,000 and $1,187,000 for 2001, 2000 and 1999, respectively.

The Company added a discretionary match to the Plan in 2000. Contributions are based on attainment of established earnings per share goals for the year. Only participants in the Plan are eligible to receive the discretionary match contribution. For the year ended December 29, 2001 and December 30, 2000, the Company expensed $3,688,000 and $1,100,000 for discretionary distributions, respectively.

11 Income Taxes

Income tax expense (benefit) before extraordinary item for the years ended 2001, 2000 and 1999, consists of the following:

(In thousands)	2001	2000	1999
Current:			
Federal	$ 20,129	175	3,514
State	2,862	(70)	573
Foreign	(740)	(887)	(804)
Total current	22,251	(782)	3,283
Deferred:			
Federal	(41,307)	63,524	(2,891)
State	(1,451)	4,482	(288)
Foreign	(441)	(366)	14
Total deferred	(43,199)	67,640	(3,165)
Total income tax expense (benefit)	$(20,948)	66,858	118

Income tax benefit attributable to the extraordinary item (early retirement of debt) was $865,000 in 1999. Income tax expense (benefit) allocated to stockholders' equity for unrealized holding gain (losses) on available-for-sale equity securities was ($39,846,000) and ($92,842,000) for the years ended 2001 and 2000, respectively.

Temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities that give rise to significant portions of deferred income taxes at the end of 2001 and 2000 relate to the following:

(In thousands)	2001	2000
Deferred Tax Assets		
Accrued expenses	$ 6,304	6,395
Separate return net operating losses	14,151	12,281
Other	2,726	1,718
Total deferred tax assets	23,181	20,394
Deferred Tax Liabilities		
Unrealized gain on investments	(10,754)	(21,975)
Software development costs	(40,673)	(32,143)
Contract and service revenues and costs	(40,559)	(37,930)
Depreciation and amortization	(2,622)	(2,764)
Other	(1,464)	(1,446)
Total deferred tax liabilities	(96,072)	(96,258)
Net deferred tax liability	$ (72,891)	(75,864)

Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, as well as the scheduled reversal of deferred tax liabilities, management believes it is more likely than not the Company will realize the benefit of these deductible differences.

The effective income tax rates for 2001, 2000, and 1999 were 33%, 39%, and 39%, respectively. These effective rates differ from the federal statutory rate of 35% as follows:

(In thousands)	2001	2000	1999
Tax expense (benefit) at statutory rates	$ (22,160)	60,243	106
State income tax, net of federal benefit	43	2,972	10
Goodwill	705	4,225	259
Other, net	464	(582)	(257)
Total income tax expense (benefit)	$ (20,948)	66,858	118

Income taxes payable are reduced by the tax benefit resulting from disqualifying dispositions of stock acquired under the Company's stock option plans. The 2001, 2000, and 1999 benefits of $2,328,000, $3,525,000, and $594,000, respectively, are treated as increases to additional paid-in capital.

12 Related Party Transactions

The Company loaned $165,000 in 2001 and $160,000 in 2000, to the Company's senior management under the terms of the Executive Stock Purchase Program ("Program"). The purpose of the Program is to advance the interests of the Company, the Company's senior management, and the Company's shareholders by offering the Company's senior management an incentive to purchase shares of the Company's stock on the open market. Pursuant to the Program, the Company provided Program loans to executives to help finance up to 50% of the total purchase price of the stock purchased. All Program loans have a term of five (5) years, at an interest rate of 5.5%. Principal and interest is not due until the end of the five-year loan term, unless the executive terminates employment. Executives may also elect to pay interest annually. If interest is not paid annually, it will compound annually. All Program loans are secured by the purchased shares and any pledged shares. The balance of these loans, including accrued interest, at December 29, 2001 and December 30, 2000 was $2,543,000 and $2,764,000, respectively.

The Company leases an airplane from a company owned by Mr. Neal L. Patterson and Mr. Clifford W. Illig. The airplane is leased on a per mile basis with no minimum usage guarantee. The lease rate is believed to approximate fair market value for this type of aircraft. During 2001 and 2000, respectively, the Company paid an aggregate of $548,000 and $496,000 for the rental of the airplane. The airplane is used principally by Mr. Patterson, Mr. Tobin, Mr. Black and Mr. Devanny to make client visits.

On July 1, 2001, the Company completed its purchase of certain assets and certain liabilities for cash of APACHE Medical Systems, Inc., a Delaware corporation ("APACHE"), as further described in note 2, Business Acquisitions. One of the Company's directors, Gerald E. Bisbee, Jr., Ph.D., was at the time Chairman of the Board and a shareholder of APACHE.

13 COMMITMENTS

The Company leases space to unrelated parties in its North Kansas City headquarters complex under noncancelable operating leases. Included in other revenues is rental income of $183,000, $624,000 and $1,005,000, in 2001, 2000 and 1999, respectively.

The Company is committed under operating leases for office space through October 2006. Rent expense for office and warehouse space for the Company's regional and global offices for 2001, 2000 and 1999 was $2,718,000, $1,735,000 and $2,226,000, respectively. Future minimum lease revenues (in thousands) and aggregate minimum future payments (in thousands) under these noncancelable operating leases are as follows:

Years	Future Minimum lease commitments
2002	$ 5,419
2003	5,449
2004	3,588
2005	1,257
2006	425

At December 29, 2001, the Company was committed to spending between $35,000,000 to $40,000,000 under a construction contract for a new building at its Kansas City headquarters complex.

In December, 1999, the Company made a decision to close five of its branch offices. The Company created a regional branch structure in 1994 in order to bring associates closer to its clients. The natural evolution of that strategy and the ability to leverage internal information technology infrastructure to create a more virtual workplace resulted in a significant decrease in utilization of certain regional offices. This led to the decision to close these physical locations. The Company recorded a charge of $1.4 million in sales and client service expenses in the 1999 fourth quarter to provide for the costs of closing these locations, primarily based on estimated lease cancellation fees. All of these costs were paid in 2000.

14 Quarterly Results (unaudited)

Selected quarterly financial data for 2001 and 2000 is set forth below:

(In thousands, except per share data)	Revenues	Earnings (loss) before income taxes and extraordinary item	Net earnings (loss)	Basic earnings (loss) per share	Diluted earnings (loss) per share
2001 quarterly results:					
March 31	$ 120,996	10,428	6,328	.18	.17
June 30 (1) (2)	129,986	(107,470)	(68,983)	(1.98)	(1.98)
September 29	139,837	15,459	9,242	.26	.25
December 29	151,786	18,269	11,047	.32	.30
Total	$ 542,605	(63,314)	(42,366)		
2000 quarterly results:					
April 1	$ 87,107	3,986	2,392	.07	.07
July 1 (3)	93,502	44	(2,613)	(.08)	(.08)
September 30 (4)(5)	104,325	195,588	123,336	3.61	3.45
December 30 (6)(7)	119,570	(27,495)	(17,850)	(.51)	(.51)
Total	$ 404,504	172,123	105,265		

(1) Includes a non-recurring gain on the settlement of the WebMD performance warrants. The impact of this gain is a $4.8 million (net of tax) increase in net earnings and an increase to diluted earnings per share of $.13 for the second quarter and for 2001.

(2) Includes a non-recurring charge on the adjustment of the carrying value of the WebMD shares. The impact of this charge is an $81.4 million (net of tax) decrease in net earnings and a decrease to diluted earnings per share of ($2.23) for the second quarter and ($2.21) for 2001.

(3) Includes a non-recurring charge of $6.7 million related to the write-down of intangible assets associated with the acquisition of Health Network Ventures, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.19) for the second quarter and for 2000.

(4) Includes a non-recurring charge of $3.2 million related to the acquisition of CITATION Computer Systems, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.09) for the third quarter and for 2000.

(5) Includes a non-recurring investment gain of $120.4 million, net of $68.3 million tax expense, related to the conversion of shares of CareInsite common stock to shares of WebMD common stock. The impact of this non-recurring investment gain on diluted earnings per share was $3.37 for the third quarter and $3.38 for 2000.

(6) Includes a non-recurring charge of $1.0 million, net of $.7 million tax benefit, related to the acquisition of ADAC Healthcare Information Systems, Inc. The impact of this non-recurring charge on diluted earnings per share was ($.03) for the fourth quarter and for 2000.

(7) Includes a non-recurring investment loss of $24.5 million, net of $13.9 million tax benefit, related to the sale of shares of WebMD common stock. The impact of this non-recurring

investment loss on diluted earnings per share was ($.67) for the fourth quarter and ($.69) for 2000.

Independent Auditors' Report on Financial Statement Schedule

The Board of Directors
Cerner Corporation:

Under date of January 23, 2002, we reported on the consolidated balance sheets of Cerner Corporation and subsidiaries as of December 29, 2001 and December 30, 2000 and the related consolidated statements of operations, changes in equity, and cash flows for each of the years in the three-year period ended December 29, 2001. These consolidated financial statements and our report thereon are included in the Company's annual report on Form 10-K for the year 2001. In connection with our audits of the aforementioned consolidated financial statements, we also have audited the related financial statement schedule as listed under Item 14(a)(2). This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, this financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Kansas City, Missouri
January 23, 2002

Cerner Corporation
Valuation and Qualifying Accounts Schedule II

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Through Acquisitions	Deductions	Balance at End of Period
For Year Ended January 1, 2000					
Doubtful Accounts and Sale Allowances	$ 3,405,000	$ 1,354,000	$ 0	$ 0	$ 4,759,000

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Through Acquisitions	Deductions	Balance at End of Period
For Year Ended December 30, 2000					
Doubtful Accounts and Sale Allowances	$ 4,759,000	$ 0	$ 1,341,000	$ (101,000)	$ 5,999,000

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Through Acquisitions	Deductions	Balance at End of Period
For Year Ended December 29, 2001					
Doubtful Accounts and Sale Allowances	$ 5,999,000	$ 800,000	$ 365,000	$ (284,000)	$ 6,880,000

Exhibit 4(d)

FIRST AMENDMENT TO CREDIT AGREEMENT

This First Amendment to Credit Agreement (the "Amendment") is made as of June 30, 2000, by and among CERNER CORPORATION, a Delaware corporation (the "Borrower"), and FIRSTAR BANK MIDWEST, N.A., successor to Mercantile Bank, as Agent and, as of the date hereof, the sole Bank under the Credit Agreement referred to below, and as Issuing Bank.

Preliminary Statements

(a) The Borrower, the Agent, the Issuing Bank and the Bank are parties to a Credit Agreement dated as of April 1, 1999 (the "Credit Agreement"). Capitalized terms used and not defined in this Amendment have the meanings given to them in the Credit Agreement.

(b) The Borrower has requested that (1) the maturity of the revolving credit facility be extended to June 30, 2003, (2) the commitment (non-usage) fee referred to in Section 3.1 of the Credit Agreement be amended, and (3) the definition of Tangible Net Worth and certain of the financial covenants in the Credit Agreement be modified in certain respects.

(c) The Agent, on behalf of the Bank and the Issuing Bank, is willing to agree to the foregoing requests, subject, however, to the terms, conditions and agreements set forth below.

NOW, THEREFORE, the parties agree as follows:

1. Termination Date. The definition of Revolving Credit Termination Date in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

> "Revolving Credit Termination Date" shall mean June 30, 2003; provided, however, that if such date would otherwise fall on a date which is not a Business Day, the Revolving Credit Termination Date shall be the next preceding Business Day.

2. Tangible Net Worth. The definition of Tangible Net Worth in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

> "Tangible Net Worth" shall mean Consolidated Net Worth, less the sum of all goodwill, trade names, trademarks, patents, organization expense, unamortized debt discount and expense and other similar intangibles properly classified as such in accordance with GAAP, which are incurred or booked subsequent to July 1, 2000, provided that there shall not be so excluded software development costs which are capitalized by the Borrower in accordance with GAAP on a basis consistent with that described in Note 1(d) of the Borrower's audited financial statements dated January 1, 2000.

3. Commitment (Non-Usage) Fee.

(a) Section 3.1. Section 3.1 of the Credit Agreement is deleted and is replaced by the following:

3.1 Commitment Fees. The Borrower shall pay to the Agent, for the pro rata account of each Bank, a commitment fee at a rate per annum equal to the Applicable Commitment Fee Margin on the daily average unused amount of such Bank's Revolving Credit Commitment, for the period from and including the date of the First Amendment to but excluding the earlier of the date Revolving Credit Commitments are terminated or the Revolving Credit Termination Date. Accrued commitment fees shall be payable on each Quarterly Date and on the dates referred to in the immediately preceding sentence.

(b) Conforming Definitions. Section 1.1 of the Credit Agreement is amended to add the following definitions in the appropriate alphabetical order:

"Applicable Commitment Fee Margin" means as follows: if at the end of any fiscal quarter the Tangible Net Worth Ratio is within the respective ranges set forth below, then the Applicable Commitment Fee Margin at all times during the second succeeding fiscal quarter shall be the percentage set forth opposite such ratio:

Tangible Net Worth Ratio	Margin
Greater than 1.25 to 1	0.32%
Less than or equal to 1.25 to 1, but greater than .80 to 1	0.25%
Less than or equal to .80 to 1	0.18%

provided, however, that during any period that the Borrower has failed to deliver the financial statements or the Borrowing Base and Compliance Certificate as required by Section 6.1 hereof, the Applicable Commitment Fee Margin shall be 0.32%.

"First Amendment" means the First Amendment to Credit Agreement, dated as of June 30, 2000, among the parties to the Credit Agreement.

4. Tangible Net Worth Ratio. Section 6.6 of the Credit Agreement is deleted and is replaced by the following:

6.6 Minimum Tangible Net Worth. The Borrower shall not permit its Tangible Net Worth on any date to be less than the sum of (i) $300,000,000, plus (ii) an amount equal to 50% of its Consolidated Net

Income (without reduction for any deficit in its Consolidated Net Income) for the period from the date of the First Amendment to and including the date of determination thereof, computed on a cumulative basis for such entire period.

5. Fixed Charge Ratio. Section 6.8 of the Credit Agreement is deleted and is replaced by the following:

6.8 Fixed Charge Coverage Ratio. The Borrower will not at any time permit the ratio of Consolidated Income Available for Fixed Charges to Fixed Charges for the Borrower's most recently completed four fiscal quarters to be less than 2 to 1.

For purposes of this Section 6.8 only, the following terms shall have the following meanings:

Capitalized Lease - Any lease the obligation for Rentals with respect to which, in accordance with GAAP, would be required to be capitalized on a balance sheet of the lessee.

Consolidated Income Available for Fixed Charges - For any period, the sum of (i) Consolidated Net Income, plus (to the extent deducted in determining Consolidated Net Income), (ii) all provisions for any federal, state, or other income taxes made by the Borrower and the Subsidiary Guarantors during such period plus (iii) Fixed Charges.

Consolidated Net Income - For any period, the consolidated net income (or deficit) of the Borrower and the Subsidiary Guarantors after deducting, without duplication, all operating expenses, provisions for all taxes and reserves (including reserves for deferred income taxes) and all other proper deductions, all determined in accordance with GAAP and after deducting portions of income properly attributable to outstanding minority interests, if any, in Subsidiary Guarantors; provided, however, that there shall be excluded (i) any income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary Guarantor or merges into or consolidates with the Borrower or a Subsidiary Guarantor; (ii) the income (or deficit) of any Person (other than a Subsidiary Guarantor) in which the Borrower or any Subsidiary Guarantor has any ownership interest (except that any such income actually received by the Borrower or such Subsidiary Guarantor in the form of cash dividends shall be included without limitation); (iii) any gains or losses, or other income, properly classified as extraordinary in accordance with GAAP; (iv) any gains or losses, or other income, characterized as non-recurring in the financial statements delivered pursuant to Section 6.1; (v) any gain or loss resulting from the sale of fixed or capital assets other than in the ordinary course of

business; (vi) any portion of the net income of a Subsidiary Guarantor which for any reason (other than solely as a result of any restrictions contained in Section 6.12 of this Agreement) cannot be distributed as a cash dividend; (vii) any gain or loss resulting from the sale or other disposition of any Investment; (viii) any gains resulting from the reappraisal, revaluation or write-up of assets and any gains or losses resulting from the reappraisal, revaluation or write-up of the Borrower's original $70,000,000 Investment in CareInsite, Inc.; (ix) proceeds of any life insurance policy; (x) any gain or loss resulting from the acquisition of any securities of the Borrower or any Subsidiary Guarantor; and (xi) any reversal of any reserve, except to the extent that provision for such reserve shall have been made from income arising during the fiscal period in which such reversal occurs.

Fixed Charges - For any period, the sum of (i) interest expense (including the interest component of Rentals under Capitalized Leases), amortization of debt discount and expense on Indebtedness of the Borrower and the Subsidiary Guarantors during such period and (ii) Rentals under all leases other than Capitalized Leases of the Borrower and the Subsidiary Guarantors, determined on a consolidated basis in accordance with GAAP.

Investments - All investments made in cash or by delivery of property, directly or indirectly, in any Person, whether by acquisition of shares of capital stock, indebtedness or other obligations or securities or by loan, advance, capital contribution or otherwise; provided, however, that "Investments" shall not mean or include investments in property to be used, held for use or consumed in the ordinary course of business.

Rentals - As of the date of any determination thereof, all fixed payments (including all payments which the lessee is obligated to make to the lessor on termination of the lease or surrender of the property) payable by the Borrower or a Subsidiary Guarantor, as lessee or sublessee under a lease of real or personal property, but exclusive of any amounts required to be paid by the Borrower or a Subsidiary Guarantor (whether or not designated as rents or additional rents) on account of maintenance, repairs, insurance, taxes, assessments, amortization and similar charges. Fixed rents under any so-called "percentage leases" shall be computed on the basis of the minimum rents, if any, required to be paid by the lessee, regardless of sales volume or gross revenues.

Voting Stock - Capital stock of any class of a corporation having power to vote for the election of members of the board of directors of such corporation, or persons performing similar functions.

6. Financial Covenants to Apply to Borrower and Subsidiary Guarantors. The following definitions in Section 1.1 of the Credit Agreement are amended to read as follows:

"Consolidated Net Income" shall mean, for any period, the net income and net losses of the Borrower and the Subsidiary Guarantors on a consolidated basis as defined according to GAAP.

"Consolidated Net Worth" shall mean, at any date, the amount shown as "total shareholders' equity" (or any like caption) on a consolidated balance sheet of the Borrower and the Subsidiary Guarantors in accordance with GAAP.

"Current Assets" shall mean, at any date, the current assets of the Borrower and the Subsidiary Guarantors determined on a consolidated basis as of such date in accordance with GAAP.

"Current Liabilities" shall mean, at any date, the current liabilities of the Borrower and the Subsidiary Guarantors determined on a consolidated basis as of such date in accordance with GAAP.

"EBITDA" shall mean, for any period, Consolidated Net Income for the period in question plus (a) the sum of (i) all amounts deducted in arriving at such Consolidated Net Income in respect to Interest Expense for such period; federal, state and local income taxes for such period; depreciation and amortization and other noncash nonoperating charges for such period; and to the extent not included in the above, miscellaneous expenses from nonoperating transactions which do not relate to any extraordinary items for such period and (ii) extraordinary losses for such period, minus (b) the sum of (i) all amounts included in arriving at such Consolidated Net Income in respect of miscellaneous income from nonoperating transactions and which do not relate to any extraordinary items for such period; and (ii) all extraordinary profits for the period, determined on a consolidated basis for the Borrower and the Subsidiary Guarantors.

"Interest Expense" shall mean, for any period, all cash and noncash interest on Indebtedness (including imputed interest on Capital Lease Obligations) of the Borrower and the Subsidiary Guarantors during such period; provided, however, that there shall be added to "Interest Expense" any fees or commissions or net losses amortized during such period under any Interest Rate Protection Agreement and any fees or commissions payable in connection with any letters of credit during such period and there shall be subtracted from "Interest Expense" any net gains under any Interest Rate Protection Agreement during such period.

"Tangible Net Worth Ratio" shall mean, at any date, the ratio of (i) the total liabilities of the Borrower and the Subsidiary Guarantors determined on a consolidated basis on such date, to (ii) Tangible Net Worth

on such date.

7. Release of Cerner Belgium From Guaranty. The Bank hereby releases Cerner Belgium, Inc., a Delaware corporation formerly known as Cerner Healthwise, Inc., from all liabilities and other obligations Cerner Belgium, Inc. has under the Guaranty, dated April 1, 1999, from Cerner Healthwise, Inc. and certain other Subsidiary Guarantors in favor of the Bank (the "Subsidiary Guaranty"). The foregoing release shall not release or limit the liability of, or impose any duty on the Bank now or hereafter to release or limit the liability of, any other existing or future Subsidiary Guarantor under the Subsidiary Guaranty or any other Person now or hereafter liable in whole or in part for the payment or performance of any of the Obligations, whether pursuant to a Guarantee, any of the Credit Documents, or otherwise.

8. Conditions Precedent to Amendment. Notwithstanding anything in this Amendment to the contrary, unless and to the extent the Bank waives the benefits of this sentence by giving written notice thereof to the Borrower, the Bank shall have no duties under this Amendment, nor shall any waivers, releases or other concessions, if any, made or given by the Bank under this Amendment be effective, in each case until the Bank has received fully executed originals of each of the following, each in form and substance satisfactory to the Bank:

(a) Amendment. This Amendment;

(b) Assumption Agreement. An Assumption Agreement in favor of the Bank, dated on or about the date hereof, from Cerner Investment Corp., Cerner Campus Redevelopment Corporation and Health Network Ventures, Inc. whereby such Persons agree to become Subsidiary Guarantors and be bound by the Subsidiary Guaranty, together with the related Secretary's Certificates signed by each such Person in favor of the Bank; and

(c) Other. Such other documents as the Bank may reasonably request in connection with the transactions contemplated hereby.

9. Firstar. Firstar Bank Midwest, N.A. is the successor to Mercantile Bank. Accordingly, unless the context clearly requires otherwise, all references in the Credit Agreement and the other Credit Documents to Mercantile Bank (whether in its capacity as Agent, the Issuing Bank or as a Bank) are amended to refer instead to "Firstar Bank Midwest, N.A., and its successors and assigns".

10. Representations and Warranties. The Borrower represents and warrants to the Agent. the Bank and the Issuing Bank as follows: (a) it is a duly organized and validly existing corporation and has full corporate power and authority to enter into this Amendment and any documents or transactions contemplated hereby and to pay and perform its obligations in respect of each of the foregoing; (b) the execution, delivery and performance by the Borrower of this Amendment and any documents contemplated hereby or any transactions contemplated hereby do not violate or conflict with, or require any consent under, (i) the Borrower's certificate of incorporation, by-laws, or any other agreement or document relating to the Borrower's existence or authority to act, (ii) any agreement or instrument to which the Borrower is a party or by which the Borrower or any of its properties is bound, (iii) any court order, judicial proceeding or any administrative or arbitral order or decree, or (iv) any applicable law, rule or regulation; and (c) no authorization, approval or consent of or by, and no notice to or filing or registration with, any governmental authority or any other Person is necessary for the Borrower to enter into this Amendment or any document contemplated hereby or any transaction contemplated hereby or to perform its obligations with respect to each of the foregoing.

11. Reaffirmation of Credit Documents. The Borrower reaffirms its obligations under the Credit Agreement and the other Credit Documents to which it is a party or by which it is bound, and represents, warrants and covenants to the Agent, the Issuing Bank and the Bank, as a material inducement to the Agent, the Issuing Bank and the Bank to enter into this Amendment and the transactions contemplated hereby, that: (a) the Borrower has no (and, in any event, hereby waives any) defense, claim or right of setoff in respect of the Credit Agreement, any of the other Credit Documents or the actions or inactions of the Agent, the Issuing Bank or the Bank; and (b) all representations and warranties made by the Borrower in the Credit Agreement and the other Credit Documents are true and complete on the date hereof as if made on the date hereof.

12. No Other Amendments. Except as amended hereby, the Credit Agreement and the other Credit Documents shall remain in full force and effect and be binding on the Borrower in accordance with their respective terms.

13. Counterparts; Fax Signatures. This Amendment and any document contemplated hereby may be executed in one or more counterparts and by different parties thereto, all of which counterparts, when taken together, shall constitute but one agreement. This Amendment and any document contemplated hereby may be executed and delivered by facsimile or other electronic transmission, and any such execution or delivery shall be fully effective as if executed and delivered in person.

14. Legal Fees. The Borrower shall pay all legal fees and expenses incurred by the Agent in connection with the preparation and closing of this Amendment and any other documents referred to herein and the consummation of any transactions referred to herein, such legal fees not to exceed $2,000.

15. Mo.rev.stat. Ss. 432.045 Required Notice. The following statement is given pursuant to Mo.Rev.Stat. ss. 432.045: "ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER(S)) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT." All other Credit Documents are incorporated into this Amendment; provided, however, that, to the extent of any direct conflict between the terms and conditions of the other Credit Documents and this Amendment, the terms and conditions of this Amendment shall prevail and govern.

16. Governing Law. This Amendment shall be governed by the laws of the State of Missouri without regard to any choice of law rule thereof giving effect to the laws of any other jurisdiction.

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

CERNER CORPORATION, a Delaware corporation

By: /s/ Marc G. Naughton

Name Marc G. Naughton
Title: CFO

FIRSTAR BANK MIDWEST, N.A., successor to Mercantile Bank, as Agent, as Issuing Bank and as a Bank

By: /s/Mark R. Jorgenson

Name Mark Jorgenson
Title: SVP

Consent of Guarantors

Reference is made to the Guaranty dated as of April 1, 1999, in favor of the Agent, on behalf of the Banks and the Issuing Bank, to which the undersigned are parties, either as an original signatory thereto or pursuant to any subsequent assumption, joinder or other agreements (each a "Guarantor"), and any other guaranty executed by any Guarantor in favor of the Agent or any Bank or the Issuing Bank relating to any indebtedness of the Borrower to any Bank or the Issuing Bank (collectively, with respect to each Guarantor, such Guarantor's "Guaranty"). Capitalized terms used and not defined in this Consent of Guarantors have the meanings given to them in the Credit Agreement referred to in the above Amendment. To induce the Agent, the Issuing Bank and the Bank to enter into the above Amendment, each Guarantor: (a) consents to the Borrower, the Agent, the Issuing Bank and the Bank entering into the above Amendment; (b) agrees that the execution, delivery and performance of the above Amendment and any documents or transactions contemplated thereby shall not discharge, limit or otherwise impair the obligations of such Guarantor under such Guarantor's Guaranty; (c) agrees that such Guarantor's Guaranty is and remains in full force and effect and is enforceable against such Guarantor in accordance with its terms; (d) waives any defense, claim or right of setoff such Guarantor may have in respect of such Guarantor's Guaranty, the Credit Agreement, the other Credit Documents or the actions or inactions of the Agent, the Issuing Bank or the Bank; and (e) agrees that neither the Agent, the Issuing Bank or the Bank has any duty to give such Guarantor notice of or obtain such Guarantor's consent to the transactions described in the above Amendment, and that the Agent, the Issuing Bank and the Bank's giving of notice to such Guarantor and obtainment of such Guarantor's consent in this instance shall not impose any similar or other duty upon the Agent, the Issuing Bank or the Bank in any future matter or transaction.

This Consent of Guarantors may be validly executed and delivered by fax or other electronic transmission and in multiple counterparts and by different parties thereto.

CERNER INTERNATIONAL, INC.,
a Delaware corporation

By: /s/ Marc G. Naughton
Name: Marc G. Naughton
Title: Treasurer

CERNER MULTUM, INC.,
a Delaware corporation, formerly known as Multum Information Services, Inc.

By: /s/ Marc G. Naughton
Name: Marc G. Naughton
Title: Treasurer

CERNER PROPERTIES, INC.,
a Delaware corporation

By: /s/ Marc G. Naughton
Name: Marc G. Naughton
Title: CFO

CERNER HEALTH FACTS, INC.,
a Delaware corporation

By: /s/ Marc G. Naughton
Name: Marc G. Naughton
Title: CFO

CERNER HEALTH CONNECTIONS, INC.
a Delaware corporation

By: /s/ Marc G. Naughton
Name: Marc G. Naughton
Title: CFO

CERNER PERFORMANCE LOGISTICS, INC.,
a Delaware corporation

By: /s/ Marc G. Naughton
Name: Marc G. Naughton
Title: CFO

CERNER INVESTMENT CORP.,
A Nevada corporation

By: /s/ Marc G. Naughton
Name: Marc G. Naughton
Title: CFO

CERNER CAMPUS REDEVELOPMENT CORPORATION, a Missouri corporation

By: /s/ Marc G. Naughton
Name: Marc G. Naughton
Title: Secretary & Treasurer

HEALTH NETWORK VENTURES, INC.,
a Delaware corporation

By: /s/ Marc G. Naughton

Name: Marc G. Naughton
Title: Treasurer

Exhibit 4(e)

SECOND AMENDMENT TO CREDIT AGREEMENT

This Second Amendment to Credit Agreement (the "Amendment") is made as of July 1, 2001, by and among CERNER CORPORATION, a Delaware corporation (the "Borrower"), and FIRSTAR BANK, N.A. OVERLAND PARK, formerly know as Firstar Bank Midwest, N.A. and successor to Mercantile Bank, as Agent and, as of the date hereof, the sole Bank under the Credit Agreement referred to below, and as Issuing Bank.

Preliminary Statements

(a) The Borrower, the Agent, the Issuing Bank and the Bank are parties to a Credit Agreement dated as of April 1, 1999, as amended by a First Amendment to Credit Agreement dated as of June 30, 2000 (as so amended, the "Credit Agreement"). Capitalized terms used and not defined in this Amendment have the meanings given to them in the Credit Agreement.

(b) The Borrower has requested that, among other things, (1) the total Revolving Credit Commitment be increased to $30 million, (2) the maturity of the revolving credit facility be extended to June 30, 2004, (3) the interest rate and non-usage fee with respect to the revolving credit facility be amended in certain respects, and (4) various covenants in the Credit Agreement be amended in certain respects.

(c) The Agent, on behalf of the Bank and the Issuing Bank, is willing to agree to the foregoing requests, subject, however, to the terms, conditions and agreements set forth below.

NOW, THEREFORE, the parties agree as follows:

1. Increased Commitment. The reference to "$18,000,000" in the definition of Revolving Credit Commitment in Section 1.1 of the Credit Agreement is deleted and is replaced by "$30,000,000." In connection therewith, Exhibit A to the Credit Agreement is deleted and is replaced by Exhibit A to this Amendment.

2. Termination Date. The definition of Revolving Credit Termination Date in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

"Revolving Credit Termination Date" shall mean June 30, 2004; provided, however, that if such date would otherwise fall on a date which is not a Business Day, the Revolving Credit Termination Date shall be the next preceding Business Day.

3. Interest Rate. The definition of Applicable Margin in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

"Applicable Margin" shall mean as follows: if at the end of any fiscal quarter (commencing with the quarter ending on September 30, 2001), the Tangible Net Worth Ratio is within the respective ranges set forth below, then with respect to Corporate Base Rate Loans and Eurodollar Loans the "Applicable Margin" at all times during the second succeeding fiscal quarter shall be the respective percentages set forth opposite such ratios:

Tangible Net Worth Ratio	Applicable Margin for Corporate Base Loans	Applicable Margin for Eurodollar Loans
Greater than 1.25 to 1	0.50%	1.35%
Less than or equal to 1.25 to 1, but greater than .80 to 1	0.75%	1.10%
Less than or equal to .80 to 1	1.00%	0.85%

provided, however, that during any period that the Borrower has failed to deliver the financial statements or the Borrowing Base and Compliance Certificate as required by Section 6.1 hereof, the Applicable Margin for Corporate Base Rate Loans shall be 0.50% and the Applicable Margin for Eurodollar Loans shall be 1.35%.

4. Commitment (Non-Usage) Fee. The definition of Applicable Commitment Fee in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

"Applicable Commitment Fee Margin" means as follows: if at the end of any fiscal quarter the Tangible Net Worth Ratio is within the respective ranges set forth below, then the Applicable Commitment Fee Margin at all times during the second succeeding fiscal quarter shall be the percentage set forth opposite such ratio:

Tangible Net Worth Ratio	Margin
Greater than 1.25 to 1	0.25%
Less than or equal to 1.25 to 1, but greater than .80 to 1	0.18%
Less than or equal to .80 to 1	0.12%

provided, however, that during any period that the Borrower has failed to deliver the financial statements or the Borrowing Base and Compliance Certificate as required by Section 6.1 hereof, the Applicable Commitment Fee Margin shall be 0.25%.

5. Foreign Subsidiary. The definition of Foreign Subsidiary in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

"Foreign Subsidiary" shall mean any Subsidiary that is not organized under the laws of any State of the United States of America or that has any permanent place of business outside the United States of America, including, without limitation, Cerner Corporation PTY Limited, a corporation organized under the laws of Australia, Cerner FSC, Inc., a corporation organized under the laws of Barbados, Cerner Limited, a corporation organized under the laws of the United Kingdom, Cerner Deutschland GmbH, a corporation organized under the laws of Germany, Cerner Singapore Limited, a Delaware corporation, Cerner Canada Limited, a Delaware corporation, Cerner (Malaysia) SDN BHD, a corporation organized under the laws of Malaysia, and Cerner Belgium, Inc., a Delaware corporation.

6. Subsidiary Guarantors. The definition of Subsidiary Guarantors in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

"Subsidiary Guarantor" shall mean each Subsidiary of the Borrower other than the Foreign Subsidiaries. As of July 1, 2001, the Subsidiary Guarantors are (1) Cerner Properties, Inc., (2) Cerner International, Inc., (3) Cerner Multum, Inc., (4) Cerner Health Connections, Inc., (5) Cerner Health Facts, Inc., (6) Cerner Citation, Inc., (7) Cerner Investment Corp., (8) Health Network Ventures, Inc., (9) Cerner Campus Redevelopment Corporation, and (10) Cerner Radiology Information Systems, Inc.

7. Definition of Consolidated Total Assets. Section 1.1 of the Credit Agreement is amended to add the following definition in the appropriate alphabetical order:

"Consolidated Total Assets" shall mean, at any date, the total assets of the Borrower and its Subsidiaries as determined on a consolidated basis in accordance with GAAP, as reflected in the most recent financial statements of the Borrower and its Subsidiaries delivered to the Bank in accordance with Section 6.1 hereof.

8. Permitted Liens.

(a) Purchase Money Liens. Subsection (vi) of the definition of Permitted Liens in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

(vi) Liens existing on any assets acquired by the Borrower or any of its Subsidiaries after the date of this Agreement or created at the time of acquisition of such assets by the Borrower or any of its Subsidiaries after the date of this Agreement to secure purchase money Indebtedness; provided that any such acquisition or incurrence of Indebtedness must be permitted by all other applicable provisions of this Agreement, that the Lien must not extend to any assets other than those being acquired,

that the purchase money Indebtedness not exceed 90% of the value of the asset so acquired, and that the aggregate amount of purchase money Indebtedness secured by all such Liens (excluding the aggregate amount of purchase money Indebtedness incurred pursuant to an Acquisition that is permitted by the terms of this Agreement) does not at any time exceed 5% of Consolidated Total Assets;

(b) Additional Basket. A new subsection (x) is added to the definition of Permitted Liens in Section 1.1 of the Credit Agreement which reads as follows:

(x) in addition to the Liens described in subparts (i) through (ix) above, other Liens provided that the aggregate amount of Indebtedness secured thereby does not at any time exceed 5% of Consolidated Total Assets.

(c) Conforming Stylistic Changes. The "and" at the end of subpart (viii) of the definition of Permitted Liens in Section 1.1 of the Credit Agreement is deleted. Similarly, the period at the end of subpart (ix) of such definition is deleted and is replaced by "; and".

9. Amendments to Section 6.1 Regarding Information

(a) New Subsidiary. Subpart (f) of Section 6.1 of the Credit Agreement is deleted and is replaced by the following:

(f) except as otherwise provided in Section 6.11(d), not more than 5 Business Days after the formation of any Subsidiary or any Acquisition that, upon the consummation of that Acquisition, will result in any Person becoming a Subsidiary of the Borrower, notice thereof describing such transaction or event and the expected proceeds to be received therefrom, in detail satisfactory to the Majority Banks;

(b) Audit Management Letter. Subpart (h) of Section 6.1 of the Credit Agreement is deleted and is replaced by the following:

(h) [this subsection intentionally left blank]

(c) Timing of Certain Information. The reference to "30 days" in subpart (a) of Section 6.1 of the Credit Agreement is deleted and is replaced by "45 days". Similarly, the reference to "30 days" in subpart (l) of Section 6.1 of the Credit Agreement is deleted and is replaced by "45 days".

10. Litigation Notices. Subpart (a) of Section 6.2 of the Credit Agreement is deleted and is replaced by the following:

(a) all legal or arbitration proceedings, and of all proceedings by or before any Governmental Authority affecting the Borrower or any of its Subsidiaries which, if adversely determined, might result in a monetary loss (regardless of whether any portion of such loss is covered by insurance) to the Borrower or any such Subsidiary in an amount in excess of 1% of Consolidated Total Assets individually or in excess of 5% of Consolidated Total Assets in the aggregate for all such proceedings; and

11. Restrictive Agreements by Subsidiaries. Section 6.10(b) of the Credit Agreement is deleted and is replaced by the following:

(b) [this subsection intentionally left blank]

12. Acquisitions.

(A) Notifications. Section 6.11(d)(i) of the Credit Agreement is deleted and is replaced by the following:

(i) in the case of an Acquisition in which the value of the assets, securities or other interests acquired equals or exceeds 5% of Consolidated Total Assets, at least 5 Business Days prior written notice of such Acquisition, which notice shall include a description of the terms of the Acquisition, the manner in which it will be financed, summary historical financial information about the Person being acquired or the Person from whom such assets are being acquired, as the case may be, pro forma financial calculation demonstrating why the proposed Acquisition will not result in any Default under this Agreement, and

(B) Section 6.11(D)(II). Section 6.11(d)(ii) of the Credit Agreement is deleted and is replaced by the following:

(ii) [this subsection intentionally left blank]

(C) Transfers Among Obligors. A new Section 6.11(f) is added to the Credit Agreement which reads as follows:

(f) any transfer of assets by the Borrower to any Subsidiary Guarantor, or any transfer of assets by any Subsidiary Guarantor to the Borrower or to any other Subsidiary

Guarantor, in each case provided that (i) no Default or Event of Default then exists or would result therefrom, and (ii) in the case of any transfer of assets the value of which exceeds 5% of Consolidated Total Assets at such time, the Borrower gives the Agent written notice of the nature and specifics of such transfer not more than five (5) Business Days after such transfer.

In connection with the addition of such new Section 6.11(f), (1) the "or" at the end of Section 6.11(d)(iii) of the Credit Agreement is deleted and is replaced by a semicolon, and (2) the period at the end of Section 6.11(e) of the Credit Agreement is deleted and is replaced by "; or".

13. Sale and Lease-backs. Section 6.13 of the Credit Agreement is deleted and is replaced by the following:

6.13. Sale and Lease-Back Transactions. The Borrower shall not, nor shall it permit any of its Subsidiaries to, enter into any arrangement, directly or indirectly, with any Person (other than the Borrower or one of its Subsidiaries except a Foreign Subsidiary) whereby it shall sell or transfer any property, real or personal, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "Sale and Lease-Back Transaction"); provided that the Borrower or one or more of its Subsidiaries may enter into any Sale and Lease-Back Transaction if (a) at the time of such Sale and Lease-Back Transaction no Default shall have occurred and be continuing, and (b) the aggregate amount of property sold or transferred pursuant to such Sale and Lease-Back Transaction and all prior Sale and Lease-Back Transactions since the date of this Agreement does not exceed 5% of Consolidated Total Assets.

14. Permitted Investments.

(a) Government Obligations. Section 6.14(a) of the Credit Agreement is deleted and is replaced by the following:

(a) Investments in short-term or long-term obligations issued or fully guaranteed by the U.S. Government;

(b) Strategic Investments. Section 6.14(f) of the Credit Agreement is deleted and is replaced by the following:

(f) Investments in other companies for strategic alliance or investment purposes in an aggregate amount outstanding at any time not to exceed 5% of Consolidated Total Assets;

(c) Foreign Debt. Section 6.14(g) of the Credit Agreement is deleted and is replaced by the following:

> (g) Investments in foreign government debt in an aggregate amount outstanding at any time not to exceed 5% of Consolidated Total Assets;

15. Transactions with Affiliates. Section 6.16 of the Credit Agreement is deleted and is replaced by the following:

> 6.16. Transactions With Affiliates. The Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, (a) make any Investment in an Affiliate, (b) transfer, sell, lease, assign or otherwise dispose of any assets to an Affiliate, (c) merge or consolidate with or purchase or acquire any assets from an Affiliate, (d) Guarantee or assume any obligations of an Affiliate, or (e) enter into any other transaction directly or indirectly with or for the benefit of an Affiliate; provided that (i) any Affiliate who is an individual may serve as a director, officer or employee of the Borrower, or any of its Subsidiaries and receive compensation or indemnification in connection with his services in such capacity, (ii) the Borrower or any Subsidiary may enter into any sale, license, lease or similar transaction with an Affiliate in the ordinary course of business if the monetary or business consideration arising therefrom would be not materially less advantageous to the Borrower or the Subsidiary as the monetary or business consideration which it would obtain in a comparable arm's-length transaction with a similarly situated Person not an Affiliate, and (iii) the prohibitions in subparts (a) and (d) of this Section 6.16 on transactions with Affiliates are modified as follows: (x) the prohibitions do not apply insofar as such Investment or Guarantee, as the case may be, exists on the date hereof, and (y) notwithstanding such prohibitions (1) the Borrower may Guarantee or assume any obligations of a Subsidiary (provided that (i) the obligations being Guaranteed or assumed do not include any obligation of the Subsidiary to pay Indebtedness, and (ii) the Borrower itself could have entered into the transaction or transactions giving rise to the obligations being Guaranteed or assumed without violating any provision of this Agreement), and (2) the Borrower may make such Investments and Guarantee such obligations if the aggregate outstanding amount of such Investments and such Guaranteed obligations do not at any time exceed 5% of Consolidated Total Assets. In addition, the prohibitions in subpart (b) of this Section 6.16 shall not apply to any transfer of assets made in accordance with the provisions of Section 6.11(f).

16. Notice of Business Location Change. Section 6.20(a) of the Credit Agreement is deleted and is replaced by the following:

(a) The Borrower shall not, and shall not permit any of its Subsidiaries to, (i) engage in any business other than that in which it is presently engaged or is directly related thereto, (ii) change its corporate structure, or (iii) liquidate, wind-up or dissolve itself.

17. Inactive Subsidiaries. The definition of Inactive Subsidiaries in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

"Inactive Subsidiaries" means Cerner Campus Redevelopment Corporation and Cerner Radiology Information Systems, Inc.

18. Replacement Schedules. Schedules 1.1, 5.12, 5.14 and 6.14 of the Credit Agreement are deleted and are replaced by Schedules 1.1, 5.12, 5.14 and 6.14 to this Amendment.

19. Subsidiary Merger. Section 6.11(e) of the Credit Agreement is deleted and is replaced by the following:

(e) any merger or consolidation, so long as after giving effect thereto, no Default or Event of Default has occurred and is continuing and provided that either (i) the Borrower is the surviving corporation thereof, or (ii) in the case of a merger or consolidation involving a Wholly-Owned Subsidiary and one more other Persons (other than the Borrower), either (1) the Wholly-Owned Subsidiary is the surviving corporation thereof, or (2) the Wholly-Owned Subsidiary is merged or consolidated into such other Person and (x) contemporaneously therewith, the other Person becomes a Wholly-Owned Subsidiary, and (y) if the Wholly-Owned Subsidiary being merged or consolidated is a Subsidiary Guarantor, the Borrower shall cause such other Person, within five (5) Business Days after such merger or consolidation, as the case may be, to become a party to the Subsidiary Guaranty (even if, notwithstanding anything to the contrary in Section 6.10(c), such other Party is a Foreign Subsidiary) and to comply with the other provisions under Section 6.10(c) applicable to a Person who becomes a Subsidiary.

20. Conditions Precedent to Amendment. Notwithstanding anything in this Amendment to the contrary, unless and to the extent the Agent waives the benefits of this sentence by giving written notice thereof to the Borrower, neither the Agent, any Bank or the Issuing Bank shall have any duties under this Amendment, nor shall any waivers, releases or other concessions, if any, made or given by the Agent, any of the Banks, or the Issuing Bank under this Amendment be effective, in each case until the Agent has received fully executed originals of each of the following, each in form and substance satisfactory to the Agent:

(a) Amendment. This Amendment;

(b) NOTE. A promissory note from the Borrower, as maker, to Firstar Bank, N.A. Overland Park, as payee, dated on or about the date hereof, in the stated principal amount of $30,000,000, which note shall amend and restate the Note originally issued to such Bank pursuant to the Credit Agreement.

(c) Other. Such other documents as the Agent may reasonably request in connection with the transactions contemplated hereby.

21. Firstar. Firstar Bank Midwest, N.A. has changed its name to Firstar Bank, N.A. Overland Park. Accordingly, unless the context clearly requires otherwise, all references in the Credit Agreement and the other Credit Documents to Firstar Bank Midwest, N.A. (whether in its capacity as Agent, the Issuing Bank or as a Bank) are amended to refer instead to "Firstar Bank, N.A. Overland Park, and its successors and assigns".

22. Representations and Warranties. The Borrower represents and warrants to the Agent. the Bank and the Issuing Bank as follows: (a) it is a duly organized and validly existing corporation and has full corporate power and authority to enter into this Amendment and any documents or transactions contemplated hereby and to pay and perform its obligations in respect of each of the foregoing; (b) the execution, delivery and performance by the Borrower of this Amendment and any documents contemplated hereby or any transactions contemplated hereby do not violate or conflict with, or require any consent under, (i) the Borrower's certificate of incorporation, by-laws, or any other agreement or document relating to the Borrower's existence or authority to act, (ii) any agreement or instrument to which the Borrower is a party or by which the Borrower or any of its properties is bound, (iii) any court order, judicial proceeding or any administrative or arbitral order or decree, or (iv) any applicable law, rule or regulation; and (c) no authorization, approval or consent of or by, and no notice to or filing or registration with, any governmental authority or any other Person is necessary for the Borrower to enter into this Amendment or any document contemplated hereby or any transaction contemplated hereby or to perform its obligations with respect to each of the foregoing.

23. Reaffirmation of Credit Documents. The Borrower reaffirms its obligations under the Credit Agreement and the other Credit Documents to which it is a party or by which it is bound, and represents, warrants and covenants to the Agent, the Issuing Bank and the Bank, as a material inducement to the Agent, the Issuing Bank and the Bank to enter into this Amendment and the transactions contemplated hereby, that: (a) the Borrower has no (and, in any event, hereby waives any) defense, claim or right of setoff in respect of the Credit Agreement, any of the other Credit Documents or the actions or inactions of the Agent, the Issuing Bank or the Bank; and (b) all representations and warranties made by the Borrower in the Credit Agreement and the other Credit Documents are true and complete on the date hereof as if made on the date hereof.

24. No Other Amendments. Except as amended hereby, the Credit Agreement and the other Credit Documents shall remain in full force and effect and be binding on the Borrower in accordance with their respective terms.

25. Counterparts; Fax Signatures. This Amendment and any document contemplated hereby may be executed in one or more counterparts and by different parties thereto, all of which counterparts, when taken together, shall constitute but one agreement. This Amendment and any document contemplated hereby may be executed and delivered by facsimile or other electronic transmission, and any such execution or delivery shall be fully effective as if executed and delivered in person.

26. Legal Fees. The Borrower shall pay all legal fees and expenses incurred by the Agent in connection with the preparation and closing of this Amendment and any other documents referred to herein and the consummation of any transactions referred to herein, such legal fees not to exceed $5,000.

27. Mo.rev.stat. Ss. 432.045 Required Notice. The following statement is given pursuant to Mo.Rev.Stat. ss. 432.045: "ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER(S)) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT." All other Credit Documents are incorporated into this Amendment; provided, however, that, to the extent of any direct conflict between the terms and conditions of the other Credit Documents and this Amendment, the terms and conditions of this Amendment shall prevail and govern.

28. Governing Law. This Amendment shall be governed by the laws of the State of Missouri without regard to any choice of law rule thereof giving effect to the laws of any other jurisdiction.

[signature page(s) follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

CERNER CORPORATION, a Delaware corporation

By: /s/Marc G. Naughton

Name: Marc G. Naughton
Title: CFO

FIRSTAR BANK, N.A. OVERLAND PARK,
formerly known as Firstar Bank Midwest, N. A.,
as Agent, as Issuing Bank and as a Bank

By: /s/Mark R. Jorgenson

Name: Mark R. Jorgenson
Title: SVP

Consent of Guarantors

Reference is made to the Guaranty dated as of April 1, 1999, in favor of the Agent, on behalf of the Banks and the Issuing Bank, to which the undersigned are parties, either as an original signatory thereto or pursuant to any subsequent assumption, joinder or other agreements (each a "Guarantor"), and any other guaranty executed by any Guarantor in favor of the Agent or any Bank or the Issuing Bank relating to any indebtedness of the Borrower to any Bank or the Issuing Bank (collectively, with respect to each Guarantor, such Guarantor's "Guaranty"). Capitalized terms used and not defined in this Consent of Guarantors have the meanings given to them in the Credit Agreement referred to in the above Amendment. To induce the Agent, the Issuing Bank and the Bank to enter into the above Amendment, each Guarantor: (a) consents to the Borrower, the Agent, the Issuing Bank and the Bank entering into the above Amendment, including, without limitation, the provisions therein relating to the increase in the maximum principal amount of the revolving credit facility under the Credit Agreement from $18,000,0000 to $30,000,000; (b) agrees that the execution, delivery and performance of the above Amendment and any documents or transactions contemplated thereby shall not discharge, limit or otherwise impair the obligations of such Guarantor under such Guarantor's Guaranty; (c) agrees that such Guarantor's Guaranty is and remains in full force and effect and is enforceable against such Guarantor in accordance with its terms; (d) waives any defense, claim or right of setoff such Guarantor may have in respect of such Guarantor's Guaranty, the Credit

Agreement, the other Credit Documents or the actions or inactions of the Agent, the Issuing Bank or any Bank; and (e) agrees that neither the Agent, the Issuing Bank or any Bank has any duty to give such Guarantor notice of or obtain such Guarantor's consent to the transactions described in the above Amendment, and that the Agent, the Issuing Bank and the Bank's giving of notice to such Guarantor and obtainment of such Guarantor's consent in this instance shall not impose any similar or other duty upon the Agent, the Issuing Bank or any Bank in any future matter or transaction. This Consent of Guarantors may be validly executed and delivered by fax or other electronic transmission and in multiple counterparts and by different parties thereto.

CERNER INTERNATIONAL, INC., a Delaware corporation	CERNER MULTUM, INC., a Delaware corporation, formerly known as Multum Information Services, Inc.
By: /s/ Marc G. Naughton ----------------------------- Name: Marc G. Naughton Title: Treasurer	By: /s/ Marc G. Naughton ------------------------------- Name: Marc G. Naughton Title: Treasurer
CERNER PROPERTIES, INC., a Delaware corporation	CERNER HEALTH FACTS, INC., a Delaware corporation
By: /s/ Marc G. Naughton ----------------------------- Name: Marc G. Naughton Title: CFO	By: /s/ Marc G. Naughton ------------------------------- Name: Marc G. Naughton Title: CFO
CERNER HEALTH CONNECTIONS, INC., a Delaware corporation	CERNER CITATION, INC., a Delaware corporation, formerly known as Cerner Performance Logistics, Inc.
By: /s/ Marc G. Naughton ----------------------------- Name: Marc G. Naughton Title: CFO	By: /s/ Marc G. Naughton ------------------------------- Name: Marc G. Naughton Title: CFO

CERNER INVESTMENT CORP.,
a Nevada corporation

By: /s/ Marc G. Naughton

Name: Marc G. Naughton
Title: CFO

CERNER CAMPUS REDEVELOPMENT
CORPORATION, a Missouri corporation

By: /s/ Marc G. Naughton

Name: Marc G. Naughton
Title: Secretary & Treasurer

HEALTH NETWORK VENTURES, INC.,
a Delaware corporation

By: /s/ Marc G. Naughton

Name: Marc G. Naughton
Title: Treasurer

Exhibit A

COMMITMENTS

Firstar Bank, N.A. Overland Park	$30,000,000
TOTAL	$30,000,000

SCHEDULE 1.1

EXISTING LIENS

1. Cerner Corporation PTY Limited has put money into escrow in connection with the sale and installation of Cerner systems to Royal Alexandra Hospital.

2. GE Healthcare Financial Services has filed a UCC financing statement in connection with the Assignment and Bill of Sale of Stream of Payments Agreement dated as of June 28, 2001 related to Eastern Maine Healthcare.

3. GE Healthcare Financial Services has filed a UCC financing statement in connection with the Assignment and Bill of Sale of Stream of Payments Agreement dated as of June 25, 2001 related to Somerset Hospital.

4. GE Healthcare Financial Services has filed a UCC financing statement in connection with the Assignment and Bill of Sale of Stream of Payments Agreement dated as of June 25, 2001 Uniontown Hospital.

SCHEDULE 5.12

EXISTING SUBSIDIARIES

^ Denotes Subsidiary not wholly-owned by Cerner Corporation or Cerner International, Inc.

* Denotes Foreign Subsidiary

A. Cerner Corporation ahs the following Subsidiaries:

- Cerner Health Connections, Inc., a Delaware corporation
- Cerner Health Facts, Inc., a Delaware corporation
- Cerner Multum, Inc., a Delaware corporation
- Cerner Radiology Information Systems, Inc., a Texas corporation
- Cerner Citation, Inc., a Delaware corporation
- Cerner Properties, Inc., a Delaware corporation
- Cerner International, Inc., a Delaware corporation
- Cerner Investment Corp., a Nevada corporation
- Health Network Ventures, Inc., a Delaware corporation
- Cerner Campus Redevelopment Corporation, a Missouri corporation
- *Cerner FSC, Inc., a corporation organized under the laws of Barbados (Wholly-Owned Subsidiary of Cerner Corporation)
- *Cerner Canada Limited, a Delaware corporation (Wholly-Owned Subsidiary of Cerner Corporation)
- ^*Cerner (Malaysia) SDN BHD, a corporation organized under the laws of Malaysia (Cerner Corporation owns 99,998 shares, the remaining 2 shares are owned by Thomas s/o Mariassosay and Syed Mohd Tahir Bin Dato' Syed Azman respectively)
- *Cerner Belgium, Inc.

A. Cerner International, Inc. has the following Subsidiaries:

- *Cerner Singapore Limited, a Delaware corporation

- *Cerner Corporation PTY Limited, a corporation organized under the laws of Australia

- ^*Cerner Limited, a corporation organized under the laws of the United Kingdom (Cerner International, Inc. owns 9,999 shares, the remaining 1 share is owned by Huntsmoor Nominees Limited)

- *Cerner Deutschland GmbH, a corporation organized under the laws of Germany

SCHEDULE 5.14

EXISTING MATERIAL CONTRACTS

1. This Agreement, as amended.

2. Direct Application Reseller Agreement dated June 30, 2001 between the Borrower and Compaq Computer Corporation.

3. Note Agreement dated as of April 1, 1999 between the Borrower, Principal Life Insurance Company, Principal Life Insurance Company, on behalf of one or more separate accounts, Commercial Union Life Insurance Company of America, Nippon Life Insurance Company of America, John Hancock Mutual Life Insurance Company, John Hancock Variable Life Insurance Company, Investors Partner Life Insurance Company.

SCHEDULE 6.14

EXISTING INVESTMENTS

1. The Borrower has a 40% ownership in Cerner Arabia Ltd. in Saudi Arabia

2. The Borrower owns approximately 3% of the common stock of WebMD common stock

3. The Borrower has an ownership interest in Protocare, Inc.

4. The Borrower has an ownership interest in Cogent Healthcare, Inc.

5. The Borrower has an ownership interest in Blue Ox Medical Network, Inc.

6. The Borrower has an ownership interest in LifeOutcomes.com, Inc.

7. The Borrower has an ownership interest in LifeMetrix, Inc.

Exhibit 4(f)

THIRD AMENDMENT TO CREDIT AGREEMENT

This Third Amendment to Credit Agreement (the "Amendment") is made as of December 21, 2001, between CERNER CORPORATION, a Delaware corporation (the "Borrower"), and FIRSTAR BANK, N.A., formerly know as or as successor to Firstar Bank, N.A. Overland Park, Firstar Bank Midwest, N.A. and Mercantile Bank, as Agent and, as of the date hereof, the sole Bank under the Credit Agreement referred to below, and as Issuing Bank.

Preliminary Statements

(a) The Borrower, the Agent, the Issuing Bank and the Bank are parties to a Credit Agreement dated as of April 1, 1999, as amended by (1) a First Amendment to Credit Agreement dated as of June 30, 2000, and (2) a Second Amendment to Credit Agreement dated as of July 1, 2001 (as so amended, the "Credit Agreement"). Capitalized terms used and not defined in this Amendment have the meanings given to them in the Credit Agreement.

(b) The Borrower has requested that, among other things, (1) the maximum total Revolving Credit Commitment be increased from $30 million to $45 million, of which not more than $25 million shall be committed to the Revolving Credit Loan facility described in Section 2.1(a) of the Credit Agreement, and not more than $45 million (less the principal amount of any Revolving Credit Loans then outstanding) shall be committed to the Letter of Credit facility described in Section 2.21 of the Credit Agreement, (2) Cerner DHT, Inc., a Delaware corporation (the "New Subsidiary Guarantor") be added as a new Subsidiary Guarantor under the Credit Agreement, and (3) various covenants in the Credit Agreement be amended in certain respects.

(c) The Agent, on behalf of the Bank and the Issuing Bank, is willing to agree to the foregoing requests, subject, however, to the terms, conditions and agreements set forth below.

NOW, THEREFORE, the parties agree as follows:

1. Increased Total Commitment; Separate Limits for Revolving Credit Loans and Letters of Credit.

(a) Revolving Credit Commitment. The definition of "Revolving Credit Commitment" in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

"Revolving Credit Commitment" shall mean, as to each Bank, (i) its obligation to make Revolving Credit Loans under Section 2.1(a) hereof in an aggregate principal amount at any time outstanding not to exceed the amount set forth opposite such Bank's name on Exhibit A hereto under the column entitled "Revolving Credit Loan Commitment Amount," and (ii) its LC Exposure for Letters of Credit issued pursuant to Section 2.21 hereof in an amount at any time not to exceed the amount set forth opposite such Bank's name on Exhibit A hereto under the column entitled "Letter of Credit Commitment Amount;" provided, however, that at no time shall any Bank's Revolving Credit Commitment exceed its pro rata share of the Borrowing Base then in effect.

(b) New Exhibit A. Exhibit A to the Credit Agreement is deleted and is replaced by Exhibit A to this Amendment.

(c) $25 Million Limit On Revolving Credit Facility. A new Section 2.1(c) is added to the Credit Agreement which reads as follows:

> (c) Notwithstanding anything herein to the contrary, and without limiting any provisions herein requiring the Borrower to have a certain Borrowing Base in order to obtain or maintain credit under this Agreement, from and after the date of the Third Amendment, (i) the maximum principal amount of Revolving Credit Loans outstanding at any time may not exceed $25,000,000, (ii) the aggregate LC Exposure of all Banks at any time may not exceed $45,000,000 (less, to the extent not already deducted therefrom, the principal amount of all Revolving Credit Loans then outstanding), and (iii) the principal amount of all Revolving Credit Loans outstanding at any time and the aggregate LC Exposure of all Banks at such time may not exceed $45,000,000 in the aggregate.

(d) Conforming Definition. Section 1.1 of the Credit Agreement is amended to add the following definition in the appropriate alphabetical order:

> "Third Amendment" means the Third Amendment to Credit Agreement, dated as of December 21, 2001, among the parties to this Agreement.

2. Subsidiary Guarantors. The definition of Subsidiary Guarantor in Section 1.1 of the Credit Agreement is deleted and is replaced by the following:

> Subsidiary Guarantor" shall mean each Subsidiary of the Borrower other than the Foreign Subsidiaries. As of the date of the Third Amendment, the Subsidiary Guarantors are (1) Cerner Properties, Inc., (2) Cerner International, Inc., (3) Cerner Multum, Inc., (4) Cerner Health Connections, Inc., (5) Cerner Health Facts, Inc., (6) Cerner Citation, Inc., (7) Cerner Investment Corp., (8) Health Network Ventures, Inc., (9) Cerner Campus Redevelopment Corporation, (10) Cerner Radiology Information Systems, Inc., and (11) Cerner DHT, Inc.

3. New Minimum Cash Balances Covenant.

(a) Covenant. A new Section 6.21 is added to the Credit Agreement which reads as follows:

> 6.21 Minimum Cash Balances. The Borrower shall not permit the amount of Consolidated Cash Balances on the last day of any fiscal quarter of the Borrower to be less than 150% of the amount of Consolidated Firstar Funded Debt on such date.

(b) Conforming Definitions. Section 1.1 of the Credit Agreement is amended to add the following definitions in the appropriate alphabetical order:

"Consolidated Cash Balances" shall mean, at any date, the aggregate amount of Qualifying Cash Investments of the Borrower and the Subsidiary Guarantors on a consolidated basis in accordance with GAAP. If the amount or value of a Qualifying Cash Investment is not priced daily on a recognized national market or by the issuer thereof or is not otherwise readily determinable, then the Agent shall determine the value of such Qualifying Cash Investment using commercially reasonable valuation methods.

"Consolidated Firstar Funded Debt" shall mean, at any date, the aggregate amount of Funded Debt of the Borrower and the Subsidiary Guarantors due Firstar Bank, N.A. on a consolidated basis in accordance with GAAP.

"Qualifying Cash Investments" means (i) cash, (ii) Investments described in subparts (b), (c), (h), (i) and (j) of Section 6.14 hereof, and (iii) Investments in obligations issued or fully guaranteed by the U.S. Government having a maturity of one year or less when issued.

(c) Events of Default to Include New Financial Covenant. Section 7(d) of the Credit Agreement is deleted and is replaced by the following:

(d) the Borrower shall fail to keep, observe or perform any of its obligations under Sections 6.2, 6.3(c), 6.4, 6.5, 6.6, 6.7, 6.8, 6.10, 6.11, 612 or 6.21 of this Agreement; or

5. Replacement Schedules. Schedules 5.12, 5.14 and 6.14 of the Credit Agreement are deleted and are replaced by Schedules 5.12, 5.14 and 6.14 to this Amendment.

6. Conditions Precedent to Amendment. Notwithstanding anything in this Amendment to the contrary, unless and to the extent the Agent waives the benefits of this sentence by giving written notice thereof to the Borrower, neither the Agent, any Bank or the Issuing Bank shall have any duties under this Amendment, nor shall any waivers, releases or other concessions, if any, made or given by the Agent, any of the Banks, or the Issuing Bank under this Amendment be effective, in each case until the Agent has received fully executed originals of each of the following, each in form and substance satisfactory to the Agent:

(a) Amendment. This Amendment;

(b) NOTE. A promissory note from the Borrower, as maker, to Firstar Bank, N.A., as payee, dated on or about the date hereof, in the stated principal amount of $45,000,000, which note shall amend and restate the Note previously issued to such Bank pursuant to the Credit Agreement.

(c) Assumption Agreement. An Assumption Agreement, dated on or about the date hereof, from the New Subsidiary Guarantor in favor of the Agent, whereby, among other things, the New Subsidiary Guarantor agrees to become a Subsidiary Guarantor for all purposes under the Subsidiary Guaranty.

(d) Secretary's Certificate -- New Subsidiary Guarantor. A certificate of the secretary or assistant secretary of the New Subsidiary Guarantor in favor of the Agent, dated on or about the date hereof, whereby, among other things, such secretary or assistant secretary affirms that attached thereto are true and current copies of the New Subsidiary Guarantor's certificate of incorporation and by-laws, and that included therein are specimen signatures of officers of the New Subsidiary Guarantor executing this Amendment and the Assumption Agreement referred to above.

(e) Good Standing Certificate -- New Subsidiary Guarantor. A recent certificate of good standing or similar certificate from the Secretary of State or similar government official of the state of incorporation of the New Subsidiary Guarantor.

(f) Other. Such other documents as the Agent may reasonably request in connection with the transactions contemplated hereby.

7. Firstar. Firstar Bank, N.A. has succeeded to all rights of Firstar Bank, N.A. Overland Park under the Credit Documents. Accordingly, unless the context clearly requires otherwise, all references in the Credit Agreement and the other Credit Documents to Firstar Bank, N.A. Overland Park (whether in its capacity as Agent, the Issuing Bank or as a Bank) are amended to refer instead to "Firstar Bank, N.A., and its successors and assigns".

8. Representations and Warranties. The Borrower represents and warrants to the Agent, the Bank and the Issuing Bank as follows: (a) it is a duly organized and validly existing corporation and has full corporate power and authority to enter into this Amendment and any documents or transactions contemplated hereby and to pay and perform its obligations in respect of each of the foregoing; (b) the execution, delivery and performance by the Borrower of this Amendment and any documents contemplated hereby or any transactions contemplated hereby do not violate or conflict with, or require any consent under, (i) the Borrower's certificate of incorporation, by-laws, or any other agreement or document relating to the Borrower's existence or authority to act, (ii) any agreement or instrument to which the Borrower is a party or by which the Borrower or any of its properties is bound, (iii) any court order, judicial proceeding or any administrative or arbitral order or decree, or (iv) any applicable law, rule or regulation; and (c) no authorization, approval or consent of or by, and no notice to or filing or registration with, any governmental authority or any other Person is necessary for the Borrower to enter into this Amendment or any document contemplated hereby or any transaction contemplated hereby or to perform its obligations with respect to each of the foregoing.

9. Reaffirmation of Credit Documents. The Borrower reaffirms its obligations under the Credit Agreement and the other Credit Documents to which it is a party or by which it is bound, and represents, warrants and covenants to the Agent, the Issuing Bank and the Bank, as a material inducement to the Agent, the Issuing Bank and the Bank to enter into this Amendment and the transactions contemplated hereby, that: (a) the Borrower has no (and, in any event, hereby waives any) defense, claim or right of setoff in respect of the Credit Agreement, any of the other Credit Documents or the actions or inactions of the Agent, the Issuing Bank or the Bank; and (b) all representations and warranties made by the Borrower in the Credit Agreement and the other Credit Documents are true and complete on the date hereof as if made on the date hereof.

10. No Other Amendments. Except as amended hereby, the Credit Agreement and the other Credit Documents shall remain in full force and effect and be binding on the Borrower in accordance with their respective terms.

11. Counterparts; Fax Signatures. This Amendment and any document contemplated hereby may be executed in one or more counterparts and by different parties thereto, all of which counterparts, when taken together, shall constitute but one agreement. This Amendment and any document contemplated hereby may be executed and delivered by facsimile or other electronic transmission, and any such execution or delivery shall be fully effective as if executed and delivered in person.

12. Legal Fees. The Borrower shall pay all legal fees and expenses incurred by the Agent in connection with the preparation and closing of this Amendment and any other documents referred to herein and the consummation of any transactions referred to herein, which legal fees shall not exceed $5,000.

13. Mo.rev.stat. Ss. 432.045 Required Notice. The following statement is given pursuant to Mo.Rev.Stat. ' 432.045: "ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER(S)) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT." All other Credit Documents are incorporated into this Amendment; provided, however, that, to the extent of any direct conflict between the terms and conditions of the other Credit Documents and this Amendment, the terms and conditions of this Amendment shall prevail and govern.

14. Governing Law. This Amendment shall be governed by the laws of the State of Missouri without regard to any choice of law rule thereof giving effect to the laws of any other jurisdiction.

[signature page(s) follow]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

CERNER CORPORATION,
a Delaware corporation

By: \s\Marc G. Naughton
Name: Marc G. Naughton
Title: Vice President & CFO

FIRSTAR BANK, N.A., formerly known as
or as successor to Firstar Bank, N.A.
Overland Park, as Agent, as Issuing
Bank and as a Bank

By: \s\Mark R. Jorgenson
Name: Mark R. Jorgenson
Title: SVP

Consent of Guarantors

Reference is made to the Guaranty dated as of April 1, 1999, in favor of the Agent, on behalf of the Banks and the Issuing Bank, to which the undersigned are parties, either as an original signatory thereto or pursuant to any subsequent assumption, joinder or other agreements (each a "Guarantor"), and any other guaranty executed by any Guarantor in favor of the Agent or any Bank or the Issuing Bank relating to any indebtedness of the Borrower to any Bank or the Issuing Bank (collectively, with respect to each Guarantor, such Guarantor's "Guaranty"). Capitalized terms used and not defined in this Consent of Guarantors have the meanings given to them in the Credit Agreement referred to in the above Amendment. To induce the Agent, the Issuing Bank and the Bank to enter into the above Amendment, each Guarantor: (a) consents to the Borrower, the Agent, the Issuing Bank and the Bank entering into the above Amendment, including, without limitation, the provisions therein relating to the increase in the maximum principal amount of the revolving credit facility under the Credit Agreement from $30,000,0000 to $45,000,000; (b) agrees that the execution, delivery and performance of the above Amendment and any documents or transactions contemplated thereby shall not discharge, limit or otherwise impair the obligations of such Guarantor under such Guarantor's Guaranty; (c) agrees that such Guarantor's Guaranty is and remains in full force and effect and is enforceable against such Guarantor in accordance with its terms; (d) waives any defense, claim or right of setoff such Guarantor may have in respect of such Guarantor's Guaranty, the Credit Agreement, the other Credit Documents or the actions or inactions of the Agent, the Issuing Bank or any Bank; and (e) agrees that neither the Agent, the Issuing Bank or any Bank has any duty to give such Guarantor notice of or obtain such Guarantor's consent to the transactions described in the above Amendment, and that the Agent, the Issuing Bank and the Bank's giving of notice to such Guarantor and obtainment of such Guarantor's consent in this instance shall not impose any similar or other duty upon the Agent, the Issuing Bank or any Bank in any future

matter or transaction. This Consent of Guarantors may be validly executed and delivered by fax or other electronic transmission and in multiple counterparts and by different parties thereto.

CERNER INTERNATIONAL, INC.,
a Delaware corporation

By: /s/Marc G. Naughton

Name: Marc G. Naughton
Title: Vice President & Treasurer

CERNER MULTUM, INC.,
a Delaware corporation,
formerly known as Multum
Information Services, Inc.

By: /s/Marc G. Naughton

Name: Marc G. Naughton
Title: Treasurer

CERNER PROPERTIES, INC.,
a Delaware corporation

By: _/s/ Marc G. Naughton

Name: Marc G. Naughton
Title: Vice President & CFO

CERNER HEALTH FACTS, INC.,
a Delaware corporation

By:/s/Marc G. Naughton

Name: Marc G. Naughton
Title: Vice President & CFO

CERNER HEALTH CONNECTIONS, INC.,
a Delaware corporation

By: /s/Marc G. Naughton

Name: Marc G. Naughton
Title: Vice President & CFO

CERNER CITATION, INC., a Delaware
corporation, formerly known as Cerner
Performance Logistics, Inc.

By: /s/Marc G. Naughton

Name: Marc G. Naughton
Title: Vice President & CFO

CERNER INVESTMENT CORP.,
a Nevada corporation

By:/s/ Marc G. Naughton

Name: Marc G. Naughton
Title: Vice President & CFO

CERNER CAMPUS REDEVELOPMENT
CORPORATION, a Missouri corporation

By: Marc G. Naughton

Name: Marc G. Naughton
Title: Treasurer

HEALTH NETWORK VENTURES, INC.,
a Delaware corporation

CERNER RADIOLOGY INFORMATION
SYSTEMS, INC., a Texas corporation

By:/s/ Marc G. Naughton
Name: Marc G. Naughton
Title: Treasurer

By:/s/ Marc G. Naughton
Name: Marc G. Naughton
Title: Vice President & CFO

CERNER DHT, INC.,
a Delaware corporation

By:/s/ Marc G. Naughton
Name: Marc G. Naughton
Title: Vice President & CFO

EXHIBIT A

Banks and Commitments

Bank	Revolving Credit Loan Commitment Amount	Letter of Credit Commitment Amount	Bank's Total Commitment Amount
Firstar Bank, N.A.	$25,000,000*	$45,000,000	$45,000,000
Totals:	$25,000,000*	$45,000,000	$45,000,000

* As more particularly described in Section 2.1(c) of the Credit Agreement, the Revolving Credit Loan facility is a subfacility of - and accordingly shall act to reduce - the amount of Letters of Credit that may be outstanding under the Letter of Credit facility at any time.

SCHEDULE 5.12

SUBSIDIARIES

^ Denotes Subsidiary not wholly-owned by Cerner Corporation or Cerner International, Inc.

* Denotes Foreign Subsidiary

1. Cerner Health Connections, Inc., a Delaware corporation

2. Cerner Health Facts, Inc., a Delaware corporation

3. Cerner Multum, Inc., a Delaware corporation

4. *Cerner Belgium, Inc., a Delaware corporation

5. Cerner Citation, Inc., a Delaware corporation

6. Cerner Properties, Inc., a Delaware corporation

7. Cerner Campus Redevelopment Corporation, a Missouri corporation

8. Cerner Investment Corp., a Nevada corporation

9. First Hand Foundation, a Missouri not for profit corporation

10. *Cerner FSC, Inc., a corporation organized under the laws of Barbados

11. *Cerner Canada Limited, a Delaware corporation

12. *Cerner (Malaysia) SDN BHD, a corporation organized under the laws of Malaysia (Cerner Corporation owns 99,998 shares, the remaining 2 shares are owned by Thomas s/o Mariassosay and Syed Mohd Tahir Bin Dato' Syed Azman respectively)

13. Health Network Ventures, Inc., a Delaware corporation

14. Cerner Radiology Information Systems, Inc., a Texas corporation

15. Cerner DHT, Inc., a Delaware corporation

16. Cerner International, Inc., a Delaware corporation, has the following Subsidiaries:

    o *Cerner Singapore Limited, a Delaware corporation

    o *Cerner Corporation PTY Limited, a corporation organized under the laws of Australia

    o ^*Cerner Limited, a corporation organized under the laws of the United Kingdom (Cerner International, Inc. owns 9,999 shares, the remaining 1 share is owned by Huntsmoor Nominees Limited)

- ^*Cerner Deutschland GMBH, a corporation organized under the laws of Germany

- ^*Cerner Arabia Limited, a corporation organized under the laws of Saudi Arabia (Cerner International, Inc. owns 400 shares, and El Seif Development Co. owns 600 shares)

SCHEDULE 5.14

EXISTING MATERIAL CONTRACTS

1. This Agreement.

2. Note Agreement between the Borrower and the Purchasers thereto in the aggregate amount of $100,000,000 dated April 1, 1999.

SCHEDULE 6.14

INVESTMENTS

1. The Borrower has a 40% ownership interest in Cerner Arabia Ltd. in Saudi Arabia.

2. The Borrower owns approximately 3% of the common stock of WebMd Corporation.

3. The Borrower has approximately a 9% ownership interest in Protocare, Inc.

4. The Borrower has approximately a .5% ownership interest in Cyber-Care, Inc.

5. The Borrower has approximately a 4% ownership interest in Cogent Healthcare, Inc.

6. The Borrower has approximately a 5% ownership interest in Concentric Medicine, Inc.

7. The Borrower has approximately a 7.5% ownership interest in Life Outcomes.com, Inc.

8. The Borrower has approximately a 3% ownership interest in LifeMetrix, Inc.

9. The Borrower has approximately a 2% ownership interest in Cedara Software Corp.

[LOGO] CERNER

Exhibit 10(u)

CERNER ASSOCIATE EMPLOYMENT AGREEMENT

This Cerner Associate Employment Agreement describes the formal employment relationship between Rick Smith and Cerner Corporation, a Delaware corporation.

This Agreement is effective on the 18th day of June 2001.

1. CERNER'S LETTER OFFERING EMPLOYMENT TO YOU.

At the time you accepted employment with Cerner, you received an offer letter outlining or confirming the specifics of Cerner's offer of employment to you. The position, terms, compensation, benefits and other provisions of that offer letter represent the initial conditions of your Cerner employment. The offer letter is incorporated into this Agreement as Attachment I. Any amendments or changes to the offer letter are included as part of Attachment II to this Agreement, and supersede the terms in the offer letter. Cerner reserves the right to modify, at anytime, the conditions of your employment by Cerner, other than the conditions agreed to in this Agreement, the offer letter, or the June 18, 2001 letter agreement (referred to in Section 20 of this Agreement). This Agreement, the offer letter, and the June 18, 2001 letter agreement may be modified only by written agreement between Cerner and you.

2. EMPLOYMENT RELATIONSHIP.

A. Formation. By signing this Agreement, you represent that every material fact contained in your resume and application for employment with Cerner is true and accurate to the best of your knowledge and belief. You also agree that falsification of your resume or application is grounds for immediate discharge.

B. Type. To the extent permitted by law, your employment relationship with Cerner is "at will", which means that you may resign from Cerner at any time, for any reason, or for no reason at all, and without advance notice (except as described below). It also means that Cerner may terminate your employment at any time, for any legally permitted reason, or for no reason at all, and without advance notice.

C. Resignation and Termination. You agree to cooperate with Cerner by participating fully in an exit interview in the event you leave the employ of Cerner. You agree to give Cerner written notice of your intention to resign from employment at least ten (10) business days prior to the last day you intend to work at Cerner. To facilitate the provisions of paragraphs 7 and 8 of this Agreement, you also agree to report to Cerner, in conjunction with your written notice of intent, the identity of your new employer (if any) and the nature of your proposed duties for that employer. Cerner, however, reserves the right either to accelerate your intended effective termination date to an earlier actual date or to allow your intended effective termination date to stand.

If you resign, however, with fewer than ten (10) business days notice, or if you actually leave Cerner's employ prior to expiration of the ten business days notice period and without the permission of Cerner, then you agree that (to the extent permitted by law) no vacation pay, salary or other compensation otherwise due, from the date of your resignation notice until the time of your approved effective termination date, will be owed or paid to you by Cerner.

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Associate's Initials

If Cerner terminates your employment prior to June 18, 2002 (and unless the termination is for Cause), Cerner will pay you a severance payment of $175,000 ("Six-month Severance"). If Cerner terminates your employment on or after June 18, 2002, but prior to June 18, 2003 (and unless the termination is for Cause), Cerner will pay you a severance payment of $263,000 ("Nine-month Severance"). If Cerner terminates your employment on or after June 18, 2003 (and unless the termination is for Cause), Cerner will pay you a severance payment of $350,000 ("One-year Severance"). In addition, in the event Cerner terminates your employment without Cause prior to June 18, 2003, at Cerner's sole discretion and option, Cerner may increase the severance period in one month increments beyond the applicable Six-month or None-month Severance period up to a maximum duration (the original Six-month or Nine-month Severance period plus any extension) of one (1) year. You shall be compensated for any such additional months of severance elected by Cerner at the highest rate of your monthly base salary within the year before your termination from employment. You understand and agree that the election by Cerner to extend the period of your severance compensation will also extend the period of time of your non-competition obligations under Paragraph 7. Cerner agrees to notify you of its election to extend the time of your severance and your non-competition obligations within thirty (30) days following your last day of employment at Cerner. All severance payments will be paid less appropriate payroll deductions, payable in installments on Cerner's regular pay days. You also understand and agree that, at Cerner's sole discretion and option, Cerner may elect to make any severance payment, or any part thereof, in a lump sum payment as opposed to making such payment on Cerner's regular pay days. Any such lump sum payment shall have no effect upon your obligations to comply with your non-competition obligations under Paragraph 7. You agree to immediately notify Cerner if you accept other employment during the severance and non-competition period provided for by this Paragraph 2.C. and Paragraph 7. Cerner's obligations to make any further severance payments hereunder shall be reduced (but not below zero) by the base salary you receive from a new employer during the severance and non-competition period, but your obligations of non-competition under Paragraph 7 shall continue pursuant to such terms.

If you voluntarily resign and give proper notice as outlined above and Cerner elects to accelerate your effective termination date to a date less than two (2) weeks from the date of your notice, Cerner will continue to pay your base salary through the remainder of such two (2) week period.

In the event your voluntary or involuntary termination occurs during a performance period associated with a documented bonus or performance compensation plan, any final payments to you as a result of your participation in such plan will be determined by the documented procedures of the plan and any CPP letter agreements between you and Cerner. Payments under the CPP will accrue on the last day of each fiscal quarter, and will be paid to you in accordance with the plan regardless of whether you are employed by Cerner on the date the payments are paid out.

In the event that Cerner pays or reimburses you for any relocation costs, you agree to repay such sums to Cerner on a prorated basis if (i) you voluntarily resign from employment with Cerner for any reason within two (2) years of the date your relocation is complete or (ii) Cerner terminates your employment for Cause within two (2) years of the date your move is complete. You will not be required to repay such costs if Cerner terminates your employment without Cause or you quit with "Good Reason" (as defined in the Offer Letter), notwithstanding any other provisions of Cerner's relocation policy. You further agree that Cerner may, at its discretion, deduct from your paycheck(s), including your final paycheck, any such sums required to be repaid under this provision and that you will repay Cerner any outstanding balance owed within thirty (30) days of your employment termination. Regardless of the duration stated herein, nothing contained in this provision shall

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Associate's Initials

create employment for a definite term or otherwise modify the parties "at will" relationship set forth in paragraph 2.B. of this Agreement.

Cerner may pay or reimburse you for certain reasonable costs associated with Other Assistance Programs in which Cerner provides assistance, pursuant to the terms of such Other Assistance Programs' policies, as may be amended from time to time. In the event that Cerner pays or reimburses you for any costs associated with such Other Assistance Programs, you agree to repay such sums to Cerner in their entirety if (i) you voluntarily resign from employment with Cerner for any reason within the time specified in the policy pertaining to applicable program(s), or (ii) Cerner terminates your employment for Cause within the time specified in the policy pertaining to applicable program(s). You further agree that Cerner may, at its discretion, deduct from your paycheck(s), including your final paycheck, any such sums required to be repaid under this provision and that you will repay Cerner any outstanding balance owed within thirty (30) days of your employment termination. Regardless of the duration stated herein, nothing contained in this provision shall create employment for a definite term or otherwise modify the parties "at will" relationship set forth in paragraph 2.B. of this Agreement.

In the event Cerner terminates your employment, Cerner reserves the right to set the effective date of such termination. Upon your resignation or the termination of your employment, you agree to promptly execute a Termination Statement in the form of Attachment III.

D. SALES ASSOCIATE/CERNER CONSULTING PROVISIONS. If you are employed by Cerner in a sales capacity or in certain Cerner Consulting roles, additional provisions incorporated as Attachment IV to this Agreement are applicable to your employment relationship.

3. AGREEMENT NOT TO DISCLOSE OR TO USE CONFIDENTIAL INFORMATION.

You agree that you will forever maintain the confidentiality of Confidential Information. You will never disclose Confidential Information except to persons who have both the right and need to know it, and then only for the purpose and in the course of performing Cerner duties, or of permitting or assisting in the authorized use of Cerner products and services. In the event your employment with Cerner terminates (voluntarily or involuntarily), you will promptly deliver to Cerner all Confidential Information, including any Confidential Information on any laptop, computer or other communication equipment used by you during your employment with Cerner.

4. NON-CERNER EMPLOYMENT.

Except for those part-time associates, hired to work less than 40 hours per week, employment at Cerner is a full-time responsibility. As a full-time associate, it is Cerner's expectation that you devote your full time and attention to meet your Cerner responsibilities and that you will not engage in any other employment activities which would detract from or conflict with your ability to carry out your duties at Cerner. If you are a part-time associate, it is Cerner's expectation that you will not engage in other employment activities that would detract from or conflict with your ability to carry out your part-time duties at Cerner.

5. NEW PRODUCTS AND IDEAS.

With respect to New Products and Ideas that you develop, author or conceive in whole or in part while employed at Cerner, plus for one year thereafter with regard to such New Products or Ideas that were initiated while employed by Cerner, you agree to keep accurate, complete and timely records of such New Products and Ideas, and will promptly disclose and fully describe such New Products and Ideas in writing to Cerner. You further

agree to maintain all information respecting any New Products and Ideas as Confidential Information and shall not disclose such information to any party outside of Cerner without the express written approval of an officer of Cerner.

You agree to assign and transfer to Cerner, without further consideration, your entire right, title and interest in and to all such New Products and Ideas including any patents, copyrights, trade secrets and other proprietary rights in the same. You waive any and all moral rights which you otherwise would have in any New Products and Ideas.

You agree to execute promptly at Cerner's expense, a written assignment of title to Cerner, and all letters (and applications for letters) of patent and copyright, in all countries, for any New Products or Ideas required to be assigned by this Agreement. You also agree to assist Cerner or its nominee in every reasonable way (at Cerner's request and expense, but at no charge to Cerner), both during and after your time of employment at Cerner, in vesting and defending title to the New Products and Ideas in and for Cerner, in any and all countries, including the obtainment and preservation of patents, copyrights, trade secrets and other proprietary rights.

This Section does not apply to your new products and ideas which do not relate directly to the business of Cerner, and which are developed entirely on your own time.

6. PRIOR INVENTIONS.

Any and all patented and unpatented inventions, new products and ideas which you made prior to your employment by Cerner are excluded from the scope of this Agreement and are documented on Attachment V, Inventory of Prior Inventions.

7. NON-COMPETITION AND NON-SOLICITATION

A. For a period of one (1) year after the voluntary or involuntary termination of your employment with Cerner, you will tell any prospective new employer, prior to accepting employment that this Employment Agreement exists.

B. (i) For a period of one (1) year after the voluntary termination of your employment with Cerner or your termination by Cerner for Cause, or (ii) in the event that Cerner terminates your employment without Cause, then for the period you are paid severance pursuant to Paragraph 2 (including any time that you would have been paid severance pursuant to Paragraph 2 but for the fact you commenced employment with a new employer), you will not provide services that are substantially similar to the services you provided while at Cerner to any Conflicting Organization in the United States or in any country in which Cerner has a business interest.

C Notwithstanding the foregoing, nothing contained in this Paragraph 7 shall prohibit you (after your termination of employment with Cerner for any reason) from (x) accepting employment with a large Conflicting Organization whose business is diversified, and with a portion of its business that is not considered a Conflicting Organization, provided that Cerner, prior to your acceptance of such employment, shall receive separate written assurances satisfactory to Cerner from such Conflicting Organization and from you that you will not render services directly or indirectly in connection with any Conflicting Product, or (y) taking a position with a general consulting organization whose only Conflicting Product is the provision of consulting services to the healthcare industry, so long as you personally do not thereby provide or assist in providing consulting services to a Client with respect to any Cerner product, process or service or any Conflicting Product.

D. For a period of one (1) year after the voluntary or involuntary termination of your employment with Cerner, you agree not, on behalf of yourself or on behalf of any

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other person, entity, or organization, to employ, solicit for employment, or otherwise seek to employ or retain any Cerner associate or employee, or any employee of a Cerner client company, or in any way assist or facilitate any such employment, solicitation, or retention effort.

8. [INTENTIONALLY OMITTED].

9. PUBLICITY RELEASE.

You consent and agree to the use of your name, voice and picture (including but not limited to use in still photographs, videotape and film formats, and both during and after your period of employment at Cerner) for advertising, promotional, public relations, and other business purposes (including its and their use in newspapers, brochures, magazines, journals and films or videotapes) by Cerner.

10. CERNER PROPERTY.

You understand that you may be assigned various items of Cerner property and equipment to help you carry out your Cerner responsibilities. When such property or equipment is issued, you will formally acknowledge receipt of it and will take all reasonable precautions and actions necessary to safeguard and maintain it in normal operating condition. You further agree to accept financial responsibility for damage or wear to the property and equipment you are issued beyond that associated with normal business use. You will notify Cerner immediately of any such damage or loss. If your employment with Cerner terminates (for any reason), you will immediately return to Cerner all property and equipment which you have been issued or which otherwise belongs to Cerner, including any laptops, computer equipment, wireless telephone, pagers and/or other computer or communication devices provided to you by Cerner. You further agree that Cerner may, at its discretion, deduct from your paycheck(s), including your final paycheck, the replacement cost of any such equipment or devices provided to you that are not immediately returned to Cerner upon your termination of employment and you agree to repay Cerner any outstanding balance owed within 30 days following your employment termination.

11. SYSTEMS AND PHYSICAL SECURITY.

You understand the importance of both systems and physical security to the daily operations of Cerner and to the protection of business information. You will, therefore, comply with and assist in the vigorous enforcement of all policies, practices, and procedures which may be developed to ensure the integrity of Cerner systems and facilities. Further, you understand that willful violation of such policies, practices, and procedures may result in termination of your employment for Cause.

12. PRIOR EMPLOYMENT RELATIONSHIPS AND OBLIGATIONS.

By accepting employment with Cerner, you represent to Cerner that you are not subject to any non-competition or confidentiality agreements that your employment and activities at Cerner would violate. You also represent and agree that you will not disclose to Cerner, or induce Cerner to use, any proprietary or confidential information belonging to any previous employer or to others.

13. REMEDIES.

By signing this Agreement, both parties agree that the promises made in it, by each respective party, are of a special nature, and that any breach, violation or evasion by one party of the terms of this Agreement will result in immediate and irreparable harm to the non-breaching party. It will also cause damage to the non-breaching party in amounts difficult to ascertain. Accordingly, the non-breaching party shall be entitled to the remedies

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of injunction and specific performance, as well as to all other legal and equitable remedies which may be available to the non-breaching party.

14. INDEMNIFICATION.

You agree to indemnify and hold Cerner harmless from and against any damages, liability, actions, suits or other claims arising out of your breach of this Agreement. Cerner agrees to indemnify and hold you harmless from and against any damages, liability, actions, suits or other claims arising out of Cerner's breach of this Agreement. Cerner agrees to indemnify you from and against any damages, liability, actions, suits or other claims arising as a result of your actions taken on behalf of Cerner in the due course of your employment with Cerner to the extent Cerner's Bylaws, as amended from time to time, and applicable laws permit such indemnification. Such indemnification, again to the extent permitted by Cerner's Bylaws and applicable law, shall also apply after your employment with Cerner has been terminated.

15. MODIFICATION.

This Agreement may not be modified in any respect, except by a written agreement executed by you and Cerner. However, Cerner may from time to time publish and adopt reasonable supplementary policies with respect to the subject matter of this Agreement, and you agree that such supplementary policies shall be binding upon you.

16. NOTICES.

Any notice required or permitted to be given pursuant to the terms of the Agreement shall be sufficient if given in writing and if personally delivered by receipted hand delivery to you or to Cerner, or if deposited in the United States Mail, postage prepaid, first class or certified mail, to you at your residence address or to Cerner's Corporate headquarters address or to such other addresses as each party may give the other party notice in accordance with this Agreement.

17. TERM OF THIS AGREEMENT.

This Agreement begins as noted above and will continue in perpetuity, even though your employment can be terminated by you or by Cerner as described elsewhere herein.

18. GOVERNING LAW; ARBITRATION.

This Agreement will be governed by, construed, interpreted, and its validity determined, under the laws of the State of Missouri. Any controversy or claim arising out of or relating to your employment relationship with Cerner and/or this Agreement, except for those claims arising under Sections 3, 5, 6 or 7 of this Agreement and claims arising under applicable workers' or unemployment compensation laws, shall be settled by arbitration administered by the American Arbitration Association under its then-current National Rules for the Resolution of Employment Disputes and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Subject to the provisions of Section 14 hereof, attorneys' fees and costs of arbitration shall be allocated between the parties by the arbitrator(s).

19. SEVERABILITY.

If any provision of this Agreement is held to be unenforceable, then this Agreement will be deemed amended to the extent necessary to render the otherwise unenforceable provision, and the rest of this Agreement, valid and enforceable.

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20. ENTIRE AGREEMENT AND PRIOR AGREEMENTS.

You hereby acknowledge receipt of a signed counterpart of this Agreement and acknowledge that it is your entire agreement with Cerner, except for the June 18, 2001 letter agreement that Cerner will issue to you on your start date, a copy of which has been provided to you, concerning the subject matter. This Agreement cancels, terminates, and supersedes any of your previous oral or written understandings or agreements with Cerner or with any officer or representative of Cerner with respect to your employment with Cerner.

21. SUCCESSORS.

This Agreement shall be binding upon Cerner's successors and assigns. This Agreement shall also be binding upon your heirs, spouse, assigns and legal representatives.

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This Employment Agreement is executed this ___________ day of ___________, ____.

Associate

Cerner Corporation

Stanley M. Sword
Vice President and Chief People Officer

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APPENDIX A

DEFINITION OF TERMS

ASSOCIATE or CERNER ASSOCIATE means an employee of Cerner.

CAUSE means that Cerner terminates your employment due to your material dishonesty to Cerner, illegal conduct with respect to your actions as an associate of Cerner, conviction of a felony crime, a material breach of any Cerner policy or a material breach of this Agreement.

CERNER CORPORATION and CERNER mean Cerner Corporation, the Delaware corporation. The terms also cover all of Cerner Corporation's parent, subsidiary and affiliate corporations and business enterprises, both presently existing and subsequently created or acquired. Such affiliate corporation may be directly or indirectly controlled by Cerner or related to Cerner by equity ownership.

CLIENT means any actual or potential customer or licensee of Cerner.

CONFIDENTIAL INFORMATION means Cerner, Client and Vendor trade secrets. It also means other Cerner, Cerner Associate, Client, and Vendor information which is not generally known, and is proprietary to Cerner Corporation or to Cerner Associates, Clients, and Vendors. It includes, but is not limited to, research, design, development, installation, purchasing, accounting, marketing, selling, servicing, finance, business systems, business practices, documentation, methodology, procedures, manuals (both internal and user), program listings, source codes, working papers, Client and Vendor lists, marketing and sales materials not otherwise available to the general public, sales activity information, computer programs and software, compensation plans, your personal compensation, performance evaluations, patient information and other client-related data, and all other non-public information of Cerner and its Associates, Clients, and Vendors.

CONFLICTING ORGANIZATION means IDX Systems Corporation, Eclipsys Corporation, McKessonHBOC, Inc., GE Medical Systems, a division of General Electric Company, Philips Medical Systems, Siemens Medical Solutions Health Services Corporation and Meditech, Inc.; provided, however, that the principal business of any such company is, at the date of your termination of employment, providing consulting services of a substantially similar nature as those consulting services then performed by Cerner, and that Cerner shall have the right to update such list no later than your date of termination from Cerner. Should any dispute arise with regard to the updated list of competitors, as provided by Cerner, then both you and Cerner shall decide upon a mutually acceptable third party to determine whether any listed organization is in fact a Conflicting Organization at the time of your termination of employment from Cerner.

CONFLICTING PRODUCT means any product, process or service which is the same as, similar to, or competes with any Cerner product, process or service with which you worked during the last three years of your employment by Cerner, or about which you have acquired Confidential Information.

NEW PRODUCTS AND IDEAS means discoveries, computer programs, improvements, works of authorship, designs, methods, ideas and products (whether or not they are described in writing, reduced to practice, patentable or copyrightable) which results from any work performed by you for Cerner, or involve the use of any Cerner equipment, supplies, facilities or Confidential Information, or relate directly to the business of Cerner, or relate to Cerner's actual or demonstrably anticipated research or development.

OTHER ASSISTANCE PROGRAMS means programs that Cerner may pay or reimburse you for certain reasonable costs incurred and also provide for Cerner's recovery of such amounts as specified in the policies of such Other Assistance Programs, as may be amended from time to time. Other Assistance Programs include, but are not limited to: tuition assistance, specialty external

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training, and immigration assistance. Cerner reserves the right to establish future assistance programs and designate such programs as Other Assistance Programs for purposes of inclusion under paragraph 2.C. of this Agreement.

VENDOR means any actual or potential licensor, supplier, contractor, agent, consultant or other purveyor of products or services to Cerner.

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APPENDIX B

SUMMARY OF ATTACHMENTS

The following documents, if noted, are incorporated as attachments to this Employment Agreement.

Included	Not Included	Attachment	Description
X		I	Original Offer Letter
		II	Offer Letter Amendments
X		III	Termination Statement
X		IV	Sales Associate Provisions
		V	Inventory of Prior Inventions

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ATTACHMENT III

TERMINATION STATEMENT

I represent that I have complied with all the provisions of the Cerner Associate Employment Agreement entered into between Cerner Corporation and me on the ______________________ day of ______________, ______, in that:

1. I have not improperly disclosed or otherwise misused any of the Confidential Information covered by such Agreement. I shall continue to comply with all the continuing terms of the Agreement, including but not limited to the non-disclosure and (for the required term) non-compete provisions, and also including but not limited to the reporting of any New Products and Ideas conceived or made by me as covered by the Agreement.

2. I do not have in my possession, nor have I taken with me or failed to return, any records, plans, information, drawings, designs, documents, manuals, formulae, statistics, correspondence, client and vendor lists, specifications, blueprints, reproductions, sketches, notes, reports, proposals, or other documents or materials, or copies of them, or any equipment (including any laptops, computer equipment, wireless telephone, pagers and/or other computer or communication devices provided to you by Cerner), credit cards or other property belonging to Cerner or its Clients or Vendors. I have returned to Cerner (or will return within 10 calendar days or earlier if requested by Cerner) all material and information compiled or received by me during the term of such employment. I have returned (or will return within 10 calendar days or earlier if requested by Cerner) all Confidential Information, as specified by such Agreement, and all correspondence and other writings. I have returned (or will return within 10 calendar days or earlier if requested by Cerner) all keys and other means of access to Cerner's premises.

3. I understand and agree that, with regard to all provisions of this Agreement relating to non-disclosure, non-solicitation, and confidentiality of information, such provisions shall not cease as of this termination but shall continue in full force and effect in perpetuity or as otherwise indicated within this Agreement. In compliance with the Agreement, I shall continue to preserve as confidential all Confidential Information as defined in the Agreement.

Associate

Date

Termination Date

Cerner Corporation

By

Title

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Associate's Initials

ATTACHMENT IV

SALES ASSOCIATE AND CERNER CONSULTING PROVISIONS

The following provisions are incorporated into this Employment Agreement for all associates who are responsible for sales activities related to Cerner products and certain associates in the Cerner Consulting group.

Should my employment by Cerner Corporation terminate for any reason, I understand and agree that:

1. Cerner reserves the right to offset any advances made to me against commissions or other amounts which I owe to Cerner, against available but unpaid salary, commissions payable, accrued vacation, expense reimbursement, or any other forms of compensation or reimbursement which may be owed to me. Any such offsets will be clearly documented by Cerner before they are processed. In addition, I agree that I will pay to Cerner the amount of any remaining balance owed to Cerner Corporation after the foregoing deductions, within 30 days of the end of my employment.

2. Any commissions to which I might otherwise be entitled will be payable to me only if the associated contract for products or services has been completed and fully executed by both parties, and if all deposit monies related to such contract have been paid in full by the client and received by Cerner prior to my last date of employment, in accordance with the terms of my Cerner Performance Plan. Cerner will not unreasonably delay or withhold execution of such contracts for the purpose of avoiding a commission payment to me, if it would otherwise be due.

3. Commissions, bonuses or other incentive-based compensation which may have accrued but are not payable as of my termination date because of the payment schedule defined for such compensation in the related Cerner Performance Plan will be paid to me according to the provisions of such Plan and my Employment Agreement. Such payment will be subject to the offsets described in item 1 above and will apply only to items otherwise payable within one year following my termination date.

Associate

Date

Termination Date

Cerner Corporation

By

Title

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EXHIBIT 22

SUBSIDIARIES OF REGISTRANT

Name	State of Incorporation
Cerner Corporation Pty Limited	New South Wales (Australia)
Cerner Deutschland GmbH	Germany
Cerner FSC, Inc.	Barbados
Cerner Health Connections, Inc.	Delaware
Cerner Belgium, Inc.	Delaware
Cerner International, Inc.	Delaware
Cerner Limited	United Kingdom
Cerner Citation, Inc.	Delaware
Citation Professional Services, Inc.	Delaware
Cerner Properties, Inc.	Delaware
Cerner Singapore Limited	Delaware
Cerner (Malaysia) Sdn Bnd	Malaysia
Cerner Canada Limited	Delaware
Cerner Multum, Inc.	Delaware
Cerner Investment Corp.	Nevada
Cerner Campus Redevelopment Corporation	Missouri
Health Network Ventures, Inc.	Delaware
Cerner Radiology Information Systems, Inc.	Texas
Cerner DHT, Inc.	Delaware

Exhibit 23

Independent Auditors' Consent

The Board of Directors
Cerner Corporation:

We consent to incorporation by reference in the Registration Statements (No. 333-77029, No. 333-75308, No. 333-70170, No. 33-56868, No. 33-55082, No. 33-41580, No. 33-39777, No. 33-39776, No. 33-20155, and No. 33-15156) on Form S-8, Registration Statement No. 33-72756 on Form S-3, and Registration Statements (No. 333-72024 and No. 333-40156) on Form S-4 of Cerner Corporation of our reports, dated January 23, 2002, relating to the consolidated balance sheets of Cerner Corporation as of December 29, 2001 and December 30, 2000 and the related consolidated statements of operations, changes in equity, and cash flows and the related schedule for each of the years in the three-year period ended December 29, 2001, which reports are included herein.

KPMG LLP

Kansas City, Missouri
March 29, 2002