

CERNER CORP /MO/  
Form 8-K  
March 10, 2006

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

**FORM 8-K  
CURRENT REPORT PURSUANT  
TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported): March 6, 2006**

**Cerner Corporation**

(Exact Name of Registrant as Specified in Its Charter)

**Delaware**

(State or Other Jurisdiction of Incorporation)

**0-15386**

(Commission File Number)

**43-1196944**

(IRS Employer Identification No.)

**2800 Rockcreek Parkway, North Kansas City,  
Missouri**

(Address of Principal Executive Offices)

**64117**

(Zip Code)

**(816) 221-1024**

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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2006 Executive Performance Plan

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On March 6, 2006, after review and consideration of Cerner Corporation's (the Company's) performance in 2005, the individual performance of the Company's named executive officers as noted below and such other matters and information as deemed appropriate, the Compensation Committee (the Committee) and the Equity and Cash Incentive Grant Subcommittee (the Subcommittee) of the Board of Directors of the Company approved the following actions:

*Fiscal 2006 Base Salaries and Target Bonus Levels.* The 2006 base salary levels, beginning March 5, 2006, and the 2006 target (not the maximum) bonus levels under the Executive Performance Plans, described below, of the Company's named executive officers were set as follows:

| <b>Name</b>          | <b>Title</b>   | <b>2006 Base Salary</b> | <b>2006 Target Bonus Level</b> |
|----------------------|--|-------------------------|--------------------------------|
| Neal L. Patterson    | Chairman of the Board and Chief Executive Officer  | \$865,000               | \$865,000                      |
| Earl H. Devanny, III | President  | \$450,000               | \$375,000                      |
| Paul M. Black        | Executive Vice President and Chief Operating Officer   | \$400,000               | \$400,000                      |
| Jeffrey A. Townsend  | Executive Vice President   | \$400,000               | \$300,000                      |
| Douglas M. Krebs     | Senior Vice President, and General Manager, Cerner Europe, Middle East and Asia Pacific Organization | \$300,000               | \$350,000                      |

*2006 Individual Executive Compensation (Cash Bonus) Plans.*

The Company's Performance Plan (the Plan), an incentive-based compensation plan, is designed to provide a meaningful incentive on both a quarterly and annual basis to key associates and executives of the Company and to motivate them to assist the Company in achieving ambitious, attainable, short-term goals. Under the executive feature of the Plan, for which the Company's Section 16 Insider officers are eligible, the Subcommittee establishes targets prior to or at the beginning of the performance period and for which measurement of the achievement of such targets can be, and are, determined under pre-established objective formulas.

Individual executive compensation plans are entered into with each of the Company's Section 16 Insiders, including its named executive officers, pursuant to the Plan (the

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Executive Performance Plans), which Executive Performance Plans set forth the quarterly and annual targets for each of the named executive officers. The 2006 performance awards for the Company's named executive officers will be based primarily on achievement of earnings per share and cash collections as a measure of client satisfaction targets and, for named executive officers with sales-focused roles and/or operational responsibility, the targets will also include contract and operating margins and operational metrics such as service level request resolution and client systems uptime.

The above description is qualified in its entirety by reference to the 2006 Executive Performance Plan, which is filed with this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

*2006 Stock Option Grants.* The Subcommittee approved grants of stock options to be issued on March 9, 2006, to the Company's Section 16 Insiders. Consistent with the Company's Long-Term Incentive Plans, the options have an exercise price of \$43.51 per share (the closing price of the Company's common stock on The NASDAQ Stock Market on March 9, 2006) and vest over a five year term with 40% vested at the end of the second year and 20% each year thereafter. Specifically, the 2006 option grants to the Company's named executive officers were set as follows:

| <b>Name</b>          | <b>Title</b>   | <b>2006 Option Grants</b> |
|----------------------|--|---------------------------|
| Neal L. Patterson    | Chairman of the Board and Chief Executive Officer  | 100,000                   |
| Earl H. Devanny, III | President  | 25,000                    |
| Paul M. Black        | Executive Vice President and Chief Operating Officer   | 25,000                    |
| Jeffrey A. Townsend  | Executive Vice President   | 25,000                    |
| Douglas M. Krebs     | Senior Vice President, and General Manager, Cerner Europe, Middle East and Asia Pacific Organization | 10,000                    |

**Item 9.01 Financial Statements and Exhibits.****c) Exhibits**

99.1 2006 Executive Performance Plan.

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**SIGNATURES**

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

CERNER CORPORATION

Date: March 10, 2006

By: /s/ Marc G. Naughton  
Marc G. Naughton, Senior Vice  
President and Chief Financial Officer

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EXHIBIT INDEX

| <u>Exhibit<br/>Number</u> | <u>Description</u>               |
|---------------------------|----------------------------------|
| 99.1                      | 2006 Executive Performance Plan. |