

CERNER CORP /MO/
Form S-4
October 22, 2001

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As filed with the Securities and Exchange Commission on October 22, 2001
Registration No. 333-

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

FORM S-4
REGISTRATION STATEMENT
Under
The Securities Act of 1933

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

DELAWARE
(State or other jurisdiction
of incorporation or organization)

7373
(Primary Standard Industrial
Classification Code Number)

43-1196944
(I.R.S. Employer
Identification No.)

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

MARC G. NAUGHTON
Vice President and Chief Financial Officer
2800 Rockcreek Parkway
North Kansas City, Missouri 64117
(816) 221-1024
(Name, address, including zip code, and telephone number, including area code, of agent for service)
Copies to:

CRAIG L. EVANS, ESQ.
Stinson, Mag & Fizzell, P.C.
1201 Walnut Street, Suite 2800
Kansas City, Missouri 64106
(816) 842-8600
Facsimile: (816) 691-3495

RICHARD A. DENMON, ESQ.
Carlton Fields, P.A.
One Harbour Place, 777 S. Harbour Island Blvd.
Tampa, Florida 33602
(813) 223-7000
Facsimile: (813) 229-4133

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement is declared effective and all other conditions to the merger (as described herein) have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

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| Title of Each Class of Securities to be Registered (1) | Amount to be Registered (2) | Proposed Maximum Offering Price Per Unit | Proposed Maximum Aggregate Offering Price | Amount of Registration Fee (3) |
|---|-----------------------------------|--|---|--------------------------------------|
| Common Stock, par value \$0.01 per share | 362,791 | N/A | \$16,285,244 | \$4,071 |

- (1) Includes associated Rights (the Rights) to purchase one one-thousandth of a share of Cerner Series A Preferred Stock. Until the occurrence of certain prescribed events, the Rights are not exercisable, are evidenced by the certificates representing Cerner Common Stock and will be transferred only with such shares of Cerner Common Stock.
- (2) This Registration Statement relates to Common Stock, par value \$0.01 per share (Cerner Common Stock), of Cerner Corporation (Cerner) issuable to holders of Common Stock, par value \$0.01 per share (Dynamic Common Stock), of Dynamic Healthcare Technologies, Inc. (Dynamic) in the proposed merger of Dynamic into Cerner Holdings, Inc., a wholly-owned subsidiary of Cerner. The amount of Cerner Common Stock to be registered as set forth in the merger agreement relating to the merger is 362,791 shares, unless the average of the closing sales price of Cerner Common Stock during the 15 consecutive trading day period immediately preceding the date that all conditions to the merger have been satisfied or waived is \$64.50 or greater, then the number of shares of Cerner Common Stock to be registered shall be an amount equal to 362,791 times a fraction, the numerator of which is \$64.50 and the denominator of which is the average of the closing sales price of Cerner Common Stock during such 15 trading day period. In accordance with Rule 416, this registration statement also shall register any additional shares of the Registrant s common stock which may become issuable to prevent dilution resulting from stock splits, stock dividends, or similar transactions as provided in the agreement relating to the merger.
- (3) The registration fee was calculated pursuant to Rule 457(f) as 0.025% of \$16,285,244 (the average high and low price of Dynamic Common Stock on the Nasdaq National Market System on October 18, 2001 (\$2.47) multiplied by the number of shares of Dynamic Common Stock issued and outstanding as of October 16, 2001).

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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[Logo of Cerner]

[Logo of Dynamic Healthcare Technologies, Inc.]

PROSPECTUS OF PROXY
STATEMENT OF CERNER
CORPORATION DYNAMIC
HEALTHCARE TECHNOLOGIES, INC.

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

To the Shareholders of Dynamic Healthcare Technologies, Inc.

The boards of directors of Cerner Corporation and Dynamic Healthcare Technologies, Inc. have approved a merger agreement that would result in Cerner acquiring Dynamic. The merger offers Dynamic shareholders the opportunity to become shareholders of Cerner, a more significant provider of information systems to the healthcare industry. Dynamic believes the combination of these two companies will result in an opportunity to create substantially more shareholder value than could be achieved by Dynamic individually.

If we complete the merger, Dynamic shareholders will receive a number of shares of Cerner common stock equal to 362,791 divided by the number of Dynamic common shares issued and outstanding as of the close of business on the date that all of the conditions to the merger have been satisfied or waived. However, there is one exception. If the average of the closing sales price of Cerner common stock during the 15 consecutive trading day period ending on the first trading day immediately prior to the date that all of the conditions to the merger have been satisfied or waived is \$64.50 or greater then the Dynamic shareholders will receive for each Dynamic common share that number of shares of Cerner common stock equal to:

362,791 divided by the number of Dynamic common shares issued and outstanding on the date that all of the conditions to the merger have been satisfied or waived, multiplied by

a fraction, the numerator of which is \$64.50 and the denominator of which is the average of the closing sales price of Cerner common stock during such 15 day trading period.

Dynamic cannot complete the merger unless the shareholders holding a majority of the outstanding Dynamic common shares approve it. Dynamic will hold a meeting of its shareholders to vote on the merger. **Your vote is very important. Whether or not you plan to attend the shareholder meeting, please vote by completing and mailing the enclosed proxy card to us.** If you sign, date and mail your proxy card without indicating how you want to vote, your proxy will be counted as a vote in favor of the merger. Not returning your proxy card or not instructing your broker how to vote shares held for you in street name will have the same effect as voting those shares against the merger.

The date, time and place of the meeting is:

This document provides you with detailed information about the proposed merger. Dynamic encourages you to read this entire document carefully.

[/s/ Neal L. Patterson]
Neal L. Patterson
Chairman of the Board and
Chief Executive Officer
Cerner Corporation

[/s/ T. Christopher Assif]
T. Christopher Assif
Chief Executive Officer
Dynamic Healthcare Technologies, Inc.

Cerner's common stock and Dynamic's common shares are quoted on the Nasdaq National Market under the symbols CERN and DHTI, respectively.

For a discussion of certain risk factors that you should consider in evaluating the merger, see Risk Factors beginning on page .

Neither the Securities and Exchange Commission nor any state securities regulators has approved or disapproved of the Cerner common stock to be issued in the merger or determined whether this document is truthful or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated , 2001, and is being first mailed to shareholders on or about , 2001.

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[Dynamic Healthcare Technologies, Inc. Logo]

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS OF
DYNAMIC HEALTHCARE TECHNOLOGIES, INC.**

To be held on _____, 2001

To the shareholders of Dynamic Healthcare Technologies, Inc.:

We will hold a special meeting of shareholders of Dynamic Healthcare Technologies, Inc., a Florida corporation, on _____, 2001, at _____ .m., local time, at _____ [Address], Florida, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated September 5, 2001, by and among Cerner Corporation, Dynamic Healthcare Technologies, Inc. and Cerner Holdings, Inc., and the transactions contemplated thereby. Under the merger agreement:

Dynamic Healthcare Technologies, Inc. will merge with and into Cerner Holdings, Inc., a wholly owned subsidiary of Cerner.

Each issued and outstanding Dynamic Healthcare Technologies, Inc. common share will be converted into a number of shares of Cerner common stock determined by dividing 362,791 by the number of Dynamic common shares issued and outstanding as of the close of business on the date that all of the conditions to the merger have been satisfied or waived, unless the average of the closing sales price of Cerner common stock during the 15 consecutive trading day period ending on first trading day immediately prior to the date that all of the conditions to the merger have been satisfied or waived is \$64.50 or greater, in which case each Dynamic common share will be converted into that number of shares of Cerner common stock equal to (a) 362,791 divided by the number of Dynamic common shares issued and outstanding on the date that all of the conditions to the merger have been satisfied or waived, multiplied by (b) a fraction, the numerator of which is \$64.50 and the denominator of which is the average of the closing sales price of Cerner common stock during such 15 day trading period.

Each share of Dynamic preferred stock will be redeemed at a price per share equal to \$2.00 in cash, plus all unpaid accrued dividends to which holders of such preferred stock are entitled to receive.

2. To transact any other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.

The merger agreement is described in the accompanying proxy statement/prospectus, and a copy of the merger agreement is attached as Appendix A to the proxy statement/prospectus. **Please review these materials carefully and consider fully the information disclosed.**

Action may be taken on the above proposal at the special meeting on the date specified above or on any date or dates to which the special meeting may be adjourned. Only holders of record of Dynamic Healthcare Technologies, Inc. common shares at the close of business on _____, 2001 are entitled to notice of, and to vote at, the special meeting or any adjournments or postponements of the special meeting. The affirmative vote of at least a majority of the outstanding Dynamic Healthcare Technologies, Inc. common shares entitled to vote is required for approval of the merger agreement and the transactions contemplated thereby, including the merger.

The board of directors of Dynamic Healthcare Technologies, Inc. recommends that you vote FOR approval of the merger agreement and the transactions contemplated by the merger agreement.

Your vote is important. Whether or not you plan to attend the special meeting in person, please complete, date, sign and return the accompanying proxy card promptly in the postage-paid enclosed envelope. Sending in your proxy now will not interfere with your right to attend the meeting or to vote your shares personally at the meeting if you wish to do so.

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If your shares are held in street name by your broker or other nominee, only that holder can vote your shares. You should follow the directions provided by your broker or other nominee regarding how to instruct them to vote your shares.

You may revoke your proxy with respect to any proposal at any time prior to the completion of the voting on such proposal at the meeting, by following the procedures set forth in the accompanying proxy statement/prospectus.

By Order of the Board of Directors

PLEASE COMPLETE, SIGN, DATE, AND RETURN THE ENCLOSED
PROXY CARD, WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING.

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WHAT DYNAMIC SHAREHOLDERS WILL RECEIVE IN THE MERGER

We refer to the number of shares of Cerner common stock into which one Dynamic common share will be converted in the merger as the exchange ratio. If we complete the merger, Dynamic holders of common shares will receive an aggregate of 362,791 shares of Cerner common stock, unless the average of the closing sales price of Cerner common stock during the 15 consecutive trading day period ending immediately prior to the date that all conditions to the merger are satisfied or waived is \$64.50 or greater. The number of shares of Cerner common stock that will be issued with respect to each Dynamic common share will be determined as follows:

if the average of the closing sales price of Cerner common stock during the 15 consecutive trading day period ending immediately prior to the date that all conditions to the merger are satisfied or waived is less than \$64.50, then the number of shares of Cerner common stock that a Dynamic shareholder will receive for each Dynamic common share will be an amount equal to 362,791 divided by the number of issued and outstanding Dynamic common shares; or

if the average of the closing sales price of Cerner common stock during such 15 trading day period is \$64.50 or greater, then the number of shares of Cerner common stock that a Dynamic shareholder will receive for each Dynamic common share will be an amount equal to (a) 362,791 divided by the number of issued and outstanding Dynamic common shares, multiplied by (b) a fraction, the numerator of which is \$64.50 and the denominator of which is the average of the closing sales price of Cerner common stock during such 15 trading day period.

Illustrations of the calculation of the exchange ratio are provided below, assuming there are 6,593,216 Dynamic common shares issued and outstanding on the effective date of the merger (which is the number of shares issued and outstanding on October 16, 2001).

| (1) | (2) | (3) | (4) | (5) |
|--|--|--|-------------------------------------|---|
| If the average Cerner common stock price is: | Number of Dynamic common shares issued and outstanding | The number of shares of Cerner common stock to be issued in the merger | The exchange ratio (3 divided by 2) | The value of the merger consideration per Dynamic share (1 times 4) |

(a) Calculated by multiplying 362,791 times a fraction, the numerator of which is \$64.50 and the denominator is the amount in column 1. Because the trading price of Cerner common stock varies, the actual market value of the Cerner common stock you receive as merger consideration may differ from the calculated value of the merger consideration shown above, which is provided here for illustrative purposes only.

Each share of Dynamic preferred stock will be redeemed at a price per share equal to \$2.00 in cash, plus all unpaid accrued dividends which the holders of such preferred shares are entitled to receive.

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**QUESTIONS AND ANSWERS
ABOUT THE MERGER AND THE SHAREHOLDER MEETING**

Q: Why are the two companies proposing to merge?

A: We believe the proposed merger is in the best interests of both of the companies and their respective shareholders. The board of directors of Cerner believes that the merger will result in an addition to Cerner's significant pathology, laboratory and radiology client base that primarily consists of larger hospitals, health systems and independent laboratories. The board of directors of Dynamic believes the merger provides significant value to Dynamic shareholders, provides them with greater liquidity for their investment, and enables them to participate in the opportunities for growth offered by Cerner.

You should review the reasons for the merger described in greater detail at pages through .

Q: When and where is the special meeting?

A: The Dynamic special meeting is scheduled to take place on , 2001, at local time, at .

Q: When do you expect the merger to be completed?

A: We expect to complete the merger promptly after receiving shareholder approval at the special meeting.

Q: What do I need to do now?

A: You should carefully read and consider the information contained in this document. Then, please fill out, sign and mail your proxy card in the enclosed return envelope as soon as possible so that your shares may be represented at the special meeting. If the card is signed, dated and mailed, but does not specify a choice, it will be voted FOR approval of the merger and the transactions contemplated by the merger agreement.

Q: What if I don't vote or I abstain from voting?

A: If you do not vote or you abstain from voting, the effect will be a vote against the merger and the transactions contemplated by the merger agreement.

Q: If my shares are held by my broker in street name, will my broker vote my shares for me?

A: Your broker will vote your shares only if you provide instructions on how to vote. You should follow the directions provided by your broker to vote your shares. If you do not provide your broker with instructions on how to vote your shares held in street name, your broker will not be permitted to vote your shares, which will have the effect of a vote against the merger and the transactions contemplated by the merger agreement.

Q: May I change my vote after I have mailed my signed proxy card?

A: Yes. You may change your vote at any time before your proxy is voted at the special meeting. You can do this in one of three ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card. If you choose either of these two methods, you must submit your notice of revocation or your new proxy card to Dynamic Healthcare Technologies, Inc., at 615 Crescent Executive Court, Fifth Floor, Lake Mary, Florida 32746, Attention: Brian Greco, Corporate Secretary, prior to the vote of the shareholders at the Special Meeting to be held on , 2001. Third, you can attend the special meeting and vote in person. Simply attending the meeting, however, will not revoke your proxy; you must request a ballot and vote the ballot at the meeting. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote.

Q: Are Dynamic shareholders entitled to dissenters' rights?

A: No. Under Florida law, Dynamic shareholders are not entitled to dissenters' rights of appraisal or other rights to demand fair value for their shares in cash by reason of the merger.

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Q: Should I send in my stock certificate now?

A: No. After the merger is completed, you will receive written instructions for exchanging your stock certificates for certificates of Cerner common stock and the cash consideration for any fractional shares of Dynamic common stock.

Q: Who can I call with questions about the special meeting or the merger?

A: If you have any questions about the merger, or if you need additional copies of the proxy statement/prospectus or the enclosed proxy, you can contact Brian Greco, Corporate Secretary of Dynamic, at (407) 333-5300.

This document incorporates important business and financial information about Cerner and Dynamic from documents filed with the SEC that have not been included in or delivered with this document. You may read and copy these documents at the SEC's public reference facilities. Please call the SEC at 1-800-SEC-0330 for information about these facilities. This information also is available at the Internet site the SEC maintains at <http://www.sec.gov>. Reports and other information relating to Cerner and Dynamic also are available at the offices of the Nasdaq National Market. See [Where You Can Find More Information](#) on page .

Cerner will provide you with copies of the documents relating to Cerner, without charge, upon written or oral request to:

Cerner Corporation
2800 Rockcreek Parkway
North Kansas City, Missouri 64117
(816) 221-1024
Attention: Randy D. Sims, Secretary

Dynamic will provide you with copies of the documents relating to Dynamic, without charge, upon written or oral request to:

Dynamic Healthcare Technologies, Inc.
615 Crescent Executive Court
Fifth Floor
Lake Mary, Florida 32746
(407) 333-5300
Attention: Brian Greco, Secretary

In order to receive timely delivery of the documents in advance of the special meeting of shareholders, you should make your request no later than , 2001.

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SUMMARY

*This Summary, together with the preceding Question and Answer section, highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. To better understand the merger and related transactions and for a more complete description of the legal terms of the merger and related transactions, you should carefully read this entire document and the documents to which we have referred you. See *Where You Can Find More Information* on page .*

The Companies

Cerner Corporation

2800 Rockcreek Parkway
North Kansas City, Missouri 64117
(816) 221-1024

Cerner, a Delaware corporation incorporated in 1980, is a leading supplier of clinical and management information and knowledge systems to healthcare organizations worldwide. Cerner's mission is to connect the appropriate persons, knowledge and resources at the appropriate time and location to achieve the optimal health outcome.

Dynamic Healthcare Technologies, Inc.

615 Crescent Executive Court
Fifth Floor
Lake Mary, Florida 32746
(407) 333-5300

Dynamic, a Florida corporation incorporated in 1977, is a provider of NT, UNIX and AS/400 based diagnostic workflow solutions for pathology, laboratory and radiology departments in approximately 640 customer sites, most located in the United States. Dynamic's information systems contribute to higher quality and more cost-effective delivery of care and make it possible to have access to information across the entire continuum of care.

The Merger

We have attached a copy of the Agreement and Plan of Merger to this document as Appendix A. We encourage you to read this merger agreement as it is the legal document that governs the merger.

Vote Required (see pages through)

The affirmative vote of a majority of each of Dynamic's outstanding classes of equity, the common shares and the preferred shares, voting as a separate class must approve the merger. As of the Dynamic record date, directors and executive officers of Dynamic owned or controlled approximately Dynamic common shares, entitling them to exercise approximately % of the voting power of the Dynamic common shares entitled to vote at the Dynamic special meeting. In addition, at the time the merger agreement was entered into by Dynamic and Cerner, certain holders affiliated with directors of Dynamic that beneficially own in excess of a majority of the Dynamic preferred shares entered into a shareholder agreement with Cerner to vote their preferred shares in favor of the merger and have furnished Cerner with an irrevocable proxy to ensure such vote. A copy of the shareholder agreement is attached to this document as Appendix C.

Our Reasons for the Merger (see pages through)

We are proposing to merge because we believe that:

by combining the companies we can create a stronger company that will provide benefits to both our shareholders and customers; and

the merger will strengthen the combined company's position as a competitor in the healthcare information management industry, which is rapidly changing and growing more competitive.

In reaching its conclusions, the board of directors of Dynamic considered a number of factors, including:

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the anticipated merger consideration to be received by its shareholders in relation to book value, market value, and earnings per Dynamic common share,

the available alternatives to enhance shareholder value,

the opportunity for shareholders to realize a premium over recent historical market prices for the shares in a tax free exchange,

the business, operations, financial condition, and future prospects of Dynamic as a stand alone company, including the attendant risks of such a strategy,

an evaluation of the potential long-term prospects of Cerner,

the complementary nature of the products offered by each of the companies and the access to additional channels of distribution for Dynamic s products,

Dynamic s limited capital resources, as evidenced by its negative working capital, and the difficulty of raising additional capital on

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satisfactory terms under current market conditions, and

minimal disruption to, and the potential benefits to be received by Dynamic's customers, employees, and the communities in which Dynamic operates.

Dynamic's Board of Directors Recommends that Dynamic's Shareholders Approve the Merger and Related Transactions (see pages through)

The Dynamic board of directors believes that the merger and the transactions contemplated thereby are fair to you and in your best interests and recommends that you vote FOR the proposal to approve and adopt the merger agreement and the transactions contemplated thereby.

What Dynamic's Shareholders Will Receive (see page)

If we complete the merger, the number of shares of Cerner common stock that a Dynamic shareholder will receive for each Dynamic common share will be an amount equal to 362,791 divided by the number of Dynamic common shares issued and outstanding as of the close of business on the date that all of the conditions to the merger have been satisfied or waived, unless the average of the closing sales price of Cerner common stock during the 15 consecutive trading day period ending immediately preceding the date that all conditions of the merger have been satisfied or waived is \$64.50 or greater, in which case the Dynamic common shareholders will receive for each Dynamic common share that number of shares of Cerner common stock equal to (a) 362,791 divided by the number of Dynamic common shares issued and outstanding on the date that all conditions of the merger have been satisfied or waived multiplied by (b) a fraction, the numerator of which is \$64.50 and the denominator of which is the average of the closing sales price of Cerner common stock during such 15 trading day period. Cerner will not issue any fractional shares in the merger. Instead, you will receive a small cash payment equal to the value of any fractional shares that otherwise would have been issued to you.

Each share of Dynamic preferred stock will be redeemed at a price per share equal to \$2.00 in cash, plus all unpaid accrued dividends to which holders of such preferred shares are entitled to receive.

Following the merger, you will be entitled to exchange your Dynamic common shares for shares of Cerner common stock by sending your Dynamic common share certificates, and a form for exchanging the shares that we will send to you, to Cerner's exchange agent, UMB Bank, n.a. Upon receipt of these documents, the exchange agent will exchange your Dynamic common shares for shares of Cerner common stock at the applicable exchange ratio. For more information on this procedure, see THE MERGER Exchange of Stock Certificates on page .

Federal Income Tax Consequences (see pages through)

We expect that the holders of Dynamic common shares generally will not recognize any gain or loss for U.S. federal income tax purposes as a result of your exchange of Dynamic common shares for shares of Cerner common stock. You may, however, have to recognize gain or loss in connection with cash received in payment for any fractional share that may result from the exchange ratio of the merger. In addition, holders of the Dynamic preferred shares that are redeemed for cash in connection with the merger may have to recognize income, gain or loss in connection with such payment. The income tax treatment described above may not apply to all Dynamic common and preferred shareholders. Determining the actual income tax consequences of the merger to you can be complicated. You should consult your own tax advisor for a full understanding of the merger's tax consequences that are particular to you. We will not be obligated to complete the merger unless we receive a legal opinion, dated the closing date, that the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In that case, the U.S. federal income tax treatment of the merger will be as we have described it above. This opinion, however, will not bind the Internal Revenue Service, which could take a different view.

No Dissenters' Rights (see page)

Dynamic is incorporated under Florida law and under applicable Florida law Dynamic shareholders will not have any right of appraisal or other rights to demand fair value for their shares in cash in connection with the merger.

Opinion of SG Cowen Securities Corporation (see pages through)

In deciding to approve the merger, the Dynamic board considered the opinion from SG Cowen Securities Corporation as to the fairness, from a financial point of view to the holders of Dynamic common shares, of the exchange ratio at which Dynamic common shares will be converted into shares of Cerner common stock pursuant to the merger. A copy of this opinion is attached as Appendix B to this proxy statement/prospectus.

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Conditions to the Merger (see pages through)

The completion of the merger depends upon the satisfaction of a number of conditions, including the following:

approval by Dynamic's shareholders;

the continued accuracy of each company's representations and warranties and compliance by each company with its agreements contained in the merger agreement;

receipt of a legal opinion from Cerner's counsel as to the tax consequences of the merger;

the average of the closing sales price of Cerner common stock for the 15 consecutive trading day period ending immediately prior to the closing date of the merger is \$43.00 or more;

receipt of any required regulatory approvals;

there being no legal action or court order that prohibits the merger; and

there having not been a material adverse change in the financial condition or assets of either Cerner or Dynamic.

Termination of the Merger Agreement (see pages through)

Cerner and Dynamic can agree to terminate the merger agreement without completing the merger even if Dynamic's shareholders have approved it. Also, either of us can terminate the merger agreement on our own without completing the merger under various circumstances, including:

if the merger has not been consummated by February 28, 2002;

if there is any law that makes consummation of the merger illegal or otherwise prohibited;

if the Dynamic shareholders do not approve the merger on or before February 28, 2002; or

if the other company has materially breached its representations, warranties or obligations under the merger agreement.

In addition, Cerner may decide not to complete the merger if (a) Dynamic's board of directors changes, in a manner adverse to Cerner, its recommendation that Dynamic's shareholders approve the merger, (b) Dynamic has entered into an agreement to be acquired by another party or if the Dynamic board or committee of the board approves such a transaction to be acquired, or (c) a tender offer or exchange offer for the common stock of Dynamic has been commenced and Dynamic has not sent to its shareholders, within ten business days after the commencement of such tender or exchange offer, a statement that Dynamic recommends rejection of such tender or exchange offer. Similarly, Dynamic may decide not to complete the merger if it receives an acquisition proposal from another party that the Dynamic board believes is superior to the merger, or Cerner does not close the merger within 15 business days after all conditions to its obligation to close have been satisfied, other than the condition that the average of the closing sales price of Cerner common stock for the 15 consecutive trading day period immediately prior to the date that all other conditions are satisfied is \$43.00 or more.

Termination Fees; Liquidated Damages and Expenses (see page)

Dynamic is required to pay Cerner a termination fee of \$2,000,000 if:

Dynamic terminates the merger agreement or modifies or withdraws its recommendation of the merger and merger agreement because it received an acquisition proposal from another party that the Dynamic board believes is superior to the merger; or

Cerner terminates the merger agreement because Dynamic (1) modified or withdrew its recommendation of the merger and merger agreement, (2) breached its obligations under certain provisions of the merger agreement relating to other acquisition proposals or the Dynamic recommendation of the merger and merger agreement, (3) approved an acquisition proposal from another party, or (4) failed to recommend to its shareholders rejection of a third party tender or exchange offer within ten business days after commencement of such offer, or (5) Dynamic's directors have resolved to do any of the foregoing.

In addition, if each of the conditions to a party's obligation to consummate the merger under the merger agreement has been satisfied and that party does not perform its obligation to consummate the merger pursuant to the merger agreement, then that party is required to pay the other party liquidated damages in the amount of \$2,000,000.

Dynamic Stock Options and Warrants (see page)

If we complete the merger, each option and warrant to acquire Dynamic common shares that is outstanding and unexercised immediately before completing the

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merger will become an option or warrant to purchase Cerner common stock. The number of shares of Cerner common stock subject to such options and warrants, as well as the exercise prices, will be adjusted to account for the exchange ratio in the merger. Additionally, certain stock options held by Dynamic directors, officers, and employees contain provisions that cause the options to become fully vested upon a change in control. Therefore, those options will vest as a result of the merger, but cannot be exercised until 12 months after the original date of grant. The options, as adjusted, will continue to be governed by the terms of the Dynamic stock option plans and the agreements under which such options were granted.

We May Amend the Terms of the Merger Agreement and Waive Rights Under the Merger Agreement (see page)

We may jointly amend the terms of the merger agreement, and either party may waive its right to require the other party to adhere to any of those terms, to the extent legally permissible. However, after the Dynamic shareholders approve the merger agreement, they must approve any amendment or waiver that would require such approval under any applicable law.

Stock Option Agreement (see pages ___)

As a condition to the merger agreement, Dynamic granted Cerner an option to purchase up to 985,746 Dynamic common shares at an exercise price of \$3.00 per share. Cerner may exercise this option upon the occurrence of certain events that are ordinarily associated with another party attempting to break up the merger and acquire Dynamic. As of this date, none of those events have occurred. The stock option, if exercised, would equal 15% of the total number of outstanding Dynamic common shares as of its date of exercise. The purpose of the stock option is to increase the likelihood that the merger will occur by making it more difficult for another party to acquire Dynamic. A copy of the stock option agreement is attached to this document as Appendix D.

Dynamic Officers and Directors Have Some Interests in the Merger That Are Different From or in Addition to Their Interests as Shareholders (see pages through)

Dynamic directors and officers have interests in the merger in addition to their interest as common shareholders of Dynamic. These interests exist because of employment and/or other agreements that Dynamic officers have entered into with Dynamic or Cerner and rights that Dynamic officers and directors have under certain benefit and compensation plans maintained by Dynamic.

Following the merger, the combined company will indemnify, and provide directors and officers insurance for, the officers and directors of Dynamic for events occurring before the merger, including events that are related to the merger.

In addition, some of the Dynamic directors and some of its former officers and directors also are the holders or beneficial owners of Dynamic preferred stock and they or the entities that they represent will receive a cash payment for their preferred stock in connection with the redemption of the preferred shares under the terms of the merger agreement.

The Dynamic board of directors knew about these additional interests, and considered them, when it approved the merger agreement.

Certain Differences in the Rights of Shareholders (see pages through)

Once the merger occurs, Dynamic common shareholders will automatically become shareholders of Cerner and their rights will be governed by Delaware law and Cerner's corporate governance documents rather than Florida law and Dynamic's corporate governance documents, including its articles of incorporation and bylaws.

Comparative Market Price Information (see pages through)

The shares of Cerner and Dynamic common stock trade on the Nasdaq National Market under the symbols CERN and DHTI, respectively.

The following table lists the closing prices of Cerner common stock and Dynamic common shares, and the equivalent per share value of a Dynamic common share, on September 5, 2001, the last trading day before we announced the merger, and on , 2001. The equivalent per share value of Dynamic common stock at the specified dates represents the closing price of a share of Cerner common stock on that date multiplied by the exchange ratio of 0.0550 (which assumes that there are 6,593,216 Dynamic common shares issued and outstanding as of such dates).

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| | Cerner Common Stock | Dynamic Common Stock | Equivalent Per Share Value of Dynamic Common Stock |
|---------------|------------------------------------|-------------------------------------|---|
| Sept. 5, 2001 | \$ 48.06 | \$ 2.25 | \$ 2.64 |
| , 2001 | \$ | \$ | \$ |

You should obtain current stock price quotations for Cerner common stock and Dynamic common shares.

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You can get these quotations from a newspaper, on the Internet or by calling your broker.

Regulatory Approvals (see page)

There are no material regulatory approvals required to consummate the merger or the transactions contemplated by the merger agreement.

Forward-Looking Statements May Prove Inaccurate (see Risk Factors, beginning on page)

This proxy statement/prospectus, including information included or incorporated by reference in this document, contains certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future performance and business of each of Cerner and Dynamic. Also, any statements preceded by, followed by or that include the words believes, expects, anticipates, estimates or similar expressions, are forward-looking statements. These forward-looking statements involve certain risks and uncertainties. The actual results may differ materially from those contemplated by the forward-looking statements due to various factors.

Table of Contents**SUMMARY FINANCIAL INFORMATION**

We are providing the following financial information to aid you in your analysis of the financial aspects of the merger. This information is only a summary and you should read it in conjunction with the historical financial statements of Cerner and Dynamic and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations. These items for Dynamic are contained under the caption Dynamic's Management's Discussion and Analysis of Financial Condition and Results of Operations beginning on page and in the Dynamic consolidated financial statements beginning on page F-2. All Dynamic per share data has been adjusted to reflect the Dynamic 1-for-3 reverse stock split effective June 28, 2001. These items for Cerner are contained in its annual, quarterly and other reports that Cerner has filed with the Securities and Exchange Commission that are incorporated herein by reference. See Where You Can Find More Information on page

Cerner Summary Historical Consolidated Financial Information

The historical consolidated financial information for Cerner reflects the following items that you should consider in making period-to-period comparisons. We derived the information below from the audited consolidated financial statements of Cerner for its fiscal years 2000, 1999, 1998, 1997, and 1996, and from the unaudited consolidated financial statements for the six months ended June 30, 2001 and July 1, 2000. The unaudited information contains all adjustments, consisting of normal recurring accruals, that Cerner considers necessary for a fair presentation of its financial position and results of operations as of such dates and for these periods. The results for the six months ended June 30, 2001 are not necessarily indicative of the results to be expected for the full year ending December 29, 2001.

| | Six Months Ended (unaudited) | | Fiscal Year Ended | | | | |
|---|---------------------------------|---------------------|-------------------------------|---------------------|--------------------|-----------------|------------------|
| | June 30, 2001 (1) | July 1, 2000 (2) | Dec. 30, 2000 (2)(3)(4) | Jan. 1, 2000 (5) | Jan. 2, 1999(6) | Jan. 3, 1998 | Dec. 28, 1996 |
| (In thousands, except per share data) | | | | | | | |
| Statements of Earnings Data: | | | | | | | |
| Revenues | \$ 250,982 | \$ 180,609 | \$ 404,504 | \$ 340,197 | \$ 330,902 | \$ 245,057 | \$ 189,107 |
| Operating earnings | 25,014 | 5,815 | 25,602 | 3,698 | 33,530 | 22,170 | 10,601 |
| Earnings (loss) before income taxes and extraordinary item | (97,042) | 4,030 | 172,123 | 302 | 33,268 | 24,484 | 12,902 |
| Extraordinary item early extinguishment of debt | | | | (1,395) | | | |
| Net earnings (loss) | (62,655) | | | | | | |