

NELNET INC

FORM S-1/A (Securities Registration Statement)

Filed 11/12/2003

Address	121 SOUTH 13TH ST STE 201 LINCONLN, Nebraska 68508
CIK	0001258602
Industry	Consumer Financial Services
Sector	Financial
Fiscal Year	12/31

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

**Pre-Effective
Amendment No. 4
to
Form S-1**
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Nelnet, Inc.

(Exact name of registrant as specified in its charter)

Nebraska

*(State or other jurisdiction of
incorporation or organization)*

6141

*(Primary Standard Industrial
Classification Code Number)*

84-0748903

*(I.R.S. Employer
Identification No.)*

**121 South 13th Street, Suite 201
Lincoln, Nebraska 68508
Telephone: (402) 458-2370**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, 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(c) 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.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Class A common stock, par value \$0.01 per share	\$200,000,000	\$16,180

(1) Previously paid.

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 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Subject to completion, dated November 12, 2003

Prospectus

Shares



Class A Common Stock

Nelnet, Inc. is selling all of the shares of Class A common stock in this offering. This is the initial public offering of our Class A common stock. The estimated initial public offering price is between \$ and \$ per share.

Prior to this offering, there has been no public market for our Class A common stock. We intend to apply for the listing of shares of our Class A common stock on the New York Stock Exchange under the symbol "NNI."

Each share of Class A common stock has one vote and each share of Class B common stock has ten votes. Following this offering, Michael S. Dunlap and Stephen F. Butterfield, our Co-Chief Executive Officers, persons related to them and trusts in which they have beneficial interests will beneficially own Class A and Class B common stock representing % of the combined voting power of our common stock, and will control substantially all matters requiring approval by our shareholders.

Investing in our Class A common stock involves risks. See "Risk Factors" beginning on page 9.

	Per share	Total
Initial public offering price	\$	\$
Underwriting discounts	\$	\$
Proceeds to Nelnet, before expenses	\$	\$

We have granted the underwriters an option for a period of 30 days to purchase up to additional shares of our Class A common stock on the same terms and conditions set forth above to cover overallocments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of Class A common stock to investors on , 2003.

JPMorgan

Banc of America Securities LLC

Credit Suisse First Boston

Morgan Stanley

, 2003

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our Class A common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our Class A common stock.

No action is being taken in any jurisdiction outside the United States to permit a public offering of the Class A common stock or possession or distribution of this prospectus in that jurisdiction. Persons who come into possession of this prospectus in jurisdictions outside the United States are required to inform themselves about and to observe any restrictions as to this offering and the distribution of this prospectus applicable to those jurisdictions.

The product and service names and logos used in this prospectus are service marks/trademarks or registered service marks/trademarks of Nelnet or its affiliates. Nelnet, Ntrust, Ngenius, Nteract, Nservice, Nelnet Notes and @theU are service marks of Nelnet, Inc. Other products, services and company names mentioned in this prospectus are the service marks/trademarks of their respective owners.

PROSPECTUS SUMMARY

In this prospectus, unless the context requires otherwise, “Nelnet,” “we,” “us” and “our” refer to Nelnet, Inc., a Nebraska corporation, and its subsidiaries, and not to the underwriters. A detailed description of the Federal Family Education Loan Program appears in Annex A to this prospectus.

This summary highlights selected information contained elsewhere in this prospectus. This summary does not contain all the information you should consider before investing in shares of our Class A common stock. You should read this entire prospectus carefully, including “Risk Factors” and our financial statements and the related notes, before making an investment decision.

Nelnet, Inc.

We are a vertically integrated education finance company, with over \$11 billion in total assets, making us one of the leading education finance companies in the country. We are focused on providing quality products and services to participants in the education finance process. Headquartered in Lincoln, Nebraska, we originate, hold and service student loans, principally loans originated under the Federal Family Education Loan Program, which we refer to as the FFEL Program or FFELP. The FFEL Program is a federal program which provides for direct federal insurance of student loans made by private lenders as well as reinsurance of student loans guaranteed by guaranty agencies. For 2002, we were the fourth largest holder and second largest servicer of FFELP loans. In addition, we, together with our branding partners, originated and acquired approximately \$3.2 billion of student loans in the nine months ended September 30, 2003 and \$2.7 billion of student loans in 2002, making us a leading originator and acquirer of student loans.

We offer a broad range of financial services and technology-based products, including student loan origination and lending, student loan and guarantee servicing and a suite of software solutions. Our products are designed to simplify the student loan process by automating financial aid delivery, loan processing and funds disbursement. Our infrastructure, technological expertise and breadth of product and service offerings connect the key constituents of the student loan process, including lenders, financial aid officers, guaranty agencies, governmental agencies, student and parent borrowers, servicers and the capital markets, thereby streamlining the education finance process.

Our business is comprised of four primary product and service offerings:

- **Asset management, including student loan originations and acquisitions** — provides student loan sales, marketing, origination, acquisition and portfolio management.
- **Student loan servicing** — provides student loan servicing for our portfolio and for third parties.
- **Guarantee servicing** — provides software systems and sub-servicing to guaranty agencies.
- **Servicing software** — provides student loan servicing software internally and to third-party student loan holders and servicers.

We originate and acquire student loans through a variety of methods, or channels, including:

- our direct channel, in which we originate student loans in one of our brand names directly to student and parent borrowers, which accounted for 52.2% and 40.7% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively;
- our branding partner channel, in which we acquire student loans from lenders to whom we provide marketing and origination services, which accounted for 22.8% and 19.5% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively; and
- our forward flow channel, in which we acquire student loans from lenders to whom we provide origination services, but provide no marketing services, or who have agreed to sell loans to us under

forward sale commitments, which accounted for 15.3% and 21.7% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively.

In addition, we acquire student loans through spot purchases and whole-company acquisitions, which accounted for 9.7% and 18.1% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively.

Of the \$3.2 billion and \$2.7 billion in student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively, \$1.5 billion and \$859 million, respectively, were loans consolidated through our direct channel. Student loans that we originate through our direct channel are our most profitable student loans because they typically cost us less than loans acquired through our other channels and remain in our portfolio for a longer period of time. As of September 30, 2003, our student loan portfolio was \$10.1 billion.

Our earnings and earnings growth are directly affected by the size of our portfolio of student loans, the interest rate characteristics of our portfolio, the costs associated with financing and managing our portfolio and the costs associated with origination and acquisition of the student loans in the portfolio. We generate the majority of our earnings from the spread between the yield we receive on our student loan portfolio and the cost of funding these loans. While the spread may vary due to fluctuations in interest rates, special allowance payments from the federal government ensure that we receive a minimum yield on our student loans, so long as certain requirements are met. For the nine months ended September 30, 2003, we generated net interest income of \$133.8 million, total other income, including loan servicing income, of \$83.8 million and net income of \$16.8 million. In 2002, we generated net interest income of \$190.9 million, total other income, including loan servicing income, of \$125.2 million and net income of \$48.5 million.

We currently service more than \$18 billion in FFELP loans, which makes us the second largest servicer of FFELP loans, according to Student Loan Servicing Alliance, or SLSA, statistics. Our software is also used by third parties to service an additional \$27 billion in student loans. In addition, we currently provide servicing support to guaranty agencies on a total of \$20 billion of FFELP loans. Servicing support includes functions such as system software, hardware and telecommunication support, borrower and loan updates, default aversion tracking services, claim processing services and post-default collection services. We provide student loan servicing and origination functions either directly or indirectly to more than 1.7 million borrowers at hundreds of colleges and universities through our proprietary software products and outsourcing functions. We protect our proprietary software products through copyrights, trade secrets and contractual agreements.

The cost of funding our student loan portfolio is determined by the costs of borrowings under our operating lines of credit, secured warehouse financings and asset-backed securitizations. We currently have \$65 million in operating lines of credit and a \$35 million commercial paper facility. We are also in the process of increasing our operating lines of credit by an additional \$30 million. In addition, we have obtained financing through asset-backed commercial paper conduit warehouse programs and the issuance of variable-rate and fixed-rate, taxable and tax-exempt bonds, including asset-backed securities. For the majority of our long-term financing needs, we rely on asset-backed securitization transactions. We completed three securitization transactions totaling \$2.9 billion in the nine months ended September 30, 2003, three securitization transactions totaling \$2.8 billion in 2002 and five securitization transactions totaling \$1.3 billion in 2001. As a result of the increase in the size of these securitization transactions, we have achieved increased economies of scale in connection with our costs of financing.

We have entered into a series of agreements with Union Bank and Trust Company, or Union Bank, including transactions to sell interests in student loans to Union Bank in its capacity as trustee, to purchase student loans from Union Bank, to provide student loan servicing to Union Bank, to sublease real estate from Union Bank and to provide consulting services to and receive consulting services from Union Bank. Michael S. Dunlap, our Co-Chief Executive Officer, owns an indirect interest in Union Bank and serves as its non-executive chairman. In the nine months ended September 30, 2003, and in 2002, 2001 and 2000, approximately 19%, 14%, 15% and 68%, respectively, of the principal amount of the student loans added to our portfolio were acquired from Union Bank as part of our branding partner channel, a portion of which

loans were originated by Union Bank and a portion of which were originated by third parties. To the extent Union Bank were to experience problems, it could have a material adverse effect on us.

Student Loan Industry

Since the creation of the federal student loan programs, hundreds of billions of dollars in federal student loans have financed the higher education of millions of students at thousands of schools across the United States. More students and families depend on federal student loans to cover the costs of post-secondary education than any other single source of financial aid, and the demand for student loans is expected to grow along with the cost of a college education. According to U.S. Department of Education or, DOE, projections, annual gross federal student loan volume is expected to increase from \$45.4 billion in federal fiscal year 2002 to \$71.8 billion in federal fiscal year 2009, excluding consolidation loan volume.

We have more than \$11 billion in total assets, which places us, in terms of total student loan related assets, among the top four education finance companies in the United States. Of the \$25.9 billion in FFELP loan originations by private lenders and the federal government in 2000, the combined figures for our own originations as well as origination rights acquired by us from Union Bank totaled \$629.2 million.

Competitive Strengths

The following competitive strengths distinguish us in the education finance industry:

- ***We are a focused leader with a vertically integrated platform.*** We provide school financial aid offices and students with a comprehensive, full-service student lending package (Stafford, PLUS, consolidation and private loans), loan and guarantee servicing and loan servicing software. In doing so, we maintain a strong position and expertise in each of our product and service offerings and are well positioned to capitalize on industry growth.
- ***We have established a high-quality loan portfolio through our concentration on FFELP loans.*** As of September 30, 2003, more than 99% of our student loan portfolio consisted of FFELP loans, which carry at least a 98% federal guarantee on principal and accrued interest.
- ***We enjoy strong relationships with student loan market constituents.*** We have established long-term strategic relationships with school financial aid offices and with eligible lenders that direct committed portions of their originations to us. The effort and cost to establish and maintain these relationships, as well as the low turnover of selected providers, act as a barrier to entry for competitors.
- ***We have benefited from access to cost-effective financings.*** Our \$2 billion loan warehousing capacity allows us to pool student loans in order to aggregate sufficient volume for cost-effective long-term financing and to time securitization market conditions effectively. As a result, our securitizations routinely price in line with our largest competitor within the student loan industry.
- ***We have built a leading, cost-competitive servicing platform with a focus on asset protection.*** Our student loan servicing platform, which facilitates interaction with borrowers, is critical to our success as a lender in the student loan marketplace. The quality of our servicing capability is also a key factor in preserving the federal guarantee on our FFELP loans. The quality of our servicing operation is best demonstrated by our low initial claim reject rate due to servicer error, which was 0.25% in 2002.
- ***Our comprehensive suite of software products enables us to carry our brand forward to the key constituents of the student loan market.*** Our products include an Internet-based financial aid delivery and management system, an Internet-based loan origination system and a centralized disbursement agent service. Our “open architecture” origination products afford schools the flexibility to work with multiple lenders.
- ***We are run by a management team with significant operating and acquisition experience.*** Our senior management employees have, on average, been with us or one of our predecessor companies

for over ten years. We have a track record of successfully integrating the companies that we have acquired and retaining key employees. As a result, we have a management team with significant experience and knowledge in both student loan operations and portfolio and company acquisitions.

Strategy

We intend to achieve our corporate objective of furthering our leadership position in the student loan industry by executing the following strategies:

- ***Establish and maintain leadership in all our product and service offerings by utilizing our technology.*** Schools, lenders, guaranty agencies and borrowers in today's student loan industry demand cutting edge, state-of-the-art technology to streamline the burdensome and time consuming processes of originating, servicing and administering student loans. We believe that the technology products that we provide position us to become a preferred provider for participants in the student loan industry and that their expanded utilization will promote our originations and acquisitions. We will continue to invest, develop and upgrade our technology to help solidify our leadership position and further penetrate our potential market.
- ***Focus on increasing our organic growth while maintaining a low-cost infrastructure.*** We believe there is continued opportunity for significant growth in light of the DOE's projected growth rates for the student loan industry. To increase our organic growth, we have expanded our sales and marketing force to promote FFELP loan origination and consolidation efforts. We believe the infrastructure we have developed has positioned us to continue to achieve economies of scale and be a low-cost provider to our customers. In this regard, we decreased our operating expenses as a percentage of average student loans from 0.78% in 1998 to 0.54% in 2002.
- ***Strengthen existing relationships while establishing new ones.*** We have extensive customer relationships with schools and lenders throughout the United States. We will continue to focus on expanding the loan volume associated with these existing relationships, while establishing new ones through our sales force.
- ***Continue our commitment to highly focused and disciplined loan origination and acquisition practices.*** We will continue to pursue our conservative approach to asset quality by concentrating on originating, acquiring and holding federally guaranteed loans through the FFEL Program, while maintaining a disciplined underwriting approach to private loans.
- ***Opportunistically make company and portfolio acquisitions.*** Although we have reached a point in our development where we offer a comprehensive set of products and services essential to our vertically integrated business model, we will still consider acquisitions of both individual companies and loan portfolios that we believe have the potential to enhance long-term shareholder value.

Potential Acquisitions

We have entered into an agreement with a lender to acquire a portion of its portfolio of FFELP loans, as well as interests in other FFELP loans of that lender. It is anticipated that the outstanding principal and accrued interest on the FFELP loans and interests to be acquired will be financed initially through one of our warehouse line facilities, and ultimately through a long-term securitization. It also is anticipated that a significant portion of the purchase price of the interests will be funded through the issuance of debt securities of a consolidated student lending subsidiary. We currently estimate that the cash cost to us at the closing of the transaction could be as little as approximately \$10 million to \$15 million or as much as approximately \$35 million to \$45 million. We also have entered into an agreement to acquire a company which has a portfolio of FFELP loans. We currently estimate that the cash cost to us to acquire this company will be approximately \$10 million. We anticipate that a portion of the proceeds of this offering may be utilized to fund a portion of the cash cost of these transactions. Closings of the transactions are contingent upon a number of substantial conditions and are tentatively scheduled to occur by the second

quarter of 2004. There can be no assurance as to the actual timing of either closing or that either closing will, in fact, occur.

Risk Factors

You should consider the risks that we face in evaluating an investment in our Class A common stock. Among these risks are:

- potential adverse changes that may be enacted in connection with the reauthorization of the Higher Education Act of 1965, as amended, which together with the regulations thereunder we refer to as the Higher Education Act, which is scheduled to expire in September 2004, or the possibility that this Act may not be reauthorized at all;
- the fact that we operate in a highly competitive industry and compete directly against large and well-financed competitors;
- that our failure to comply with governmental regulations and guaranty agency rules could result in the loss of the federal guarantees of our FFELP loans;
- interest rate sensitivity of our balance sheet arising from variations in maturities, timing of reset of interest rates and variation of indices of our assets and liabilities;
- transactions with affiliates, such as Union Bank, and potential conflicts of interest, such as those potentially created by virtue of the relationship between our Co-Chief Executive Officer, Michael S. Dunlap, and Union Bank, of which Mr. Dunlap serves as a director and a non-executive chairman, and the holding company of Union Bank, Farmers & Merchants Investment Inc., of which Mr. Dunlap serves as president and a director and of which Mr. Dunlap owns or controls approximately 38.4% of the outstanding voting stock; and
- that our executive officers, directors and principal shareholders will own an aggregate of % of our common stock and possess % of the combined voting power of our common stock, and our Co-Chief Executive Officers, persons related to them and trusts in which they have beneficial interests will own an aggregate of % of our common stock and possess % of the combined voting power of our common stock, and will be able to control substantially all corporate decisions, including the election of directors and other matters requiring shareholder approval.

With respect to the first risk factor mentioned above, we expect debate on reauthorization of the Higher Education Act to increase substantially in the first quarter of 2004, and to focus on issues such as interest rates paid on FFELP loans and lifting restrictions on consolidations of loans. Legislative proposals include initiatives to reward schools for participating in the William D. Ford Federal Direct Loan Program, or the FDL Program, and to reduce income on FFELP loans. Legislation has also been proposed to make FFELP loans subject to reconsolidation or refinancing at any time at a fixed rate. These proposed changes, if adopted, could present material increases in competition by the FDL Program, could make loans in our portfolio more vulnerable to consolidation by others and could lower our return on individual loans.

For additional information regarding the risks that we face, see “Risk Factors.”

Our principal executive offices are located at 121 South 13th Street, Suite 201, Lincoln, Nebraska 68508, and our telephone number is (402) 458-2370. Our web site is www.nelnet.net. Information contained on our web site is not a part of this prospectus.

Summary Consolidated Financial Data

You should read the summary consolidated financial data set forth below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and the related notes included elsewhere in this prospectus. We derived the financial data as of December 31, 2002 and 2001 and for the years ended December 31, 2002, 2001 and 2000 from our audited financial statements included elsewhere in this prospectus. We derived the financial data as of December 31, 2000 from our audited financial statements not included in this prospectus. We derived the financial data as of September 30, 2003 and for the nine months ended September 30, 2003 and 2002 from our unaudited financial statements included elsewhere in this prospectus. Results for interim periods are not necessarily indicative of results to be expected during the remainder of the fiscal year or for any future periods. The as adjusted balance sheet data set forth below have been adjusted to give effect to the sale of _____ shares of our Class A common stock in this offering and the use of \$ _____ million of the net proceeds from this offering to repay revolving credit indebtedness. See “Capitalization.”

	Nine months ended September 30,		Year ended December 31,		
	2003	2002	2002	2001	2000
	(dollars in thousands, except per share data)				
Income Statement Data:					
Net interest income	\$ 133,827	\$ 156,296	\$ 190,900	\$ 114,565	\$ 64,853
Less provision for loan losses	8,875	3,319	5,587	3,925	1,370
Net interest income after provision for loan losses	124,952	152,977	185,313	110,640	63,483
Loan servicing and other fee income	74,470	80,189	103,899	93,172	66,015
Software services and other income	13,988	15,129	21,909	7,713	8,431
Derivative market value loss	(4,632)	(579)	(579)	(2,962)	—
Operating expenses	178,827	172,928	234,701(c)	195,438(c)	131,196(c)
Income before income taxes and minority interest	29,951	74,788	75,841(c)	13,125(c)	6,733(c)
Net income	16,771	47,853	48,538	7,147	4,520
Earnings per share, basic and diluted	\$ 0.37	\$ 1.06	\$ 1.08	\$ 0.16	\$ 0.11
Weighted average shares outstanding	45,019,823	44,971,290	44,971,290	44,331,490	41,187,230
Other Data:					
Origination and acquisition volume (a)	\$ 3,173,325	\$ 2,113,134	\$ 2,665,786	\$ 1,448,607	\$ 1,027,498
Average student loans	\$ 9,432,513	\$ 8,056,047	\$ 8,171,898	\$ 5,135,227	\$ 3,388,156
Student loans serviced (at end of period)	\$18,341,409	\$17,393,686	\$17,863,210	\$16,585,295	\$11,971,095
Ratios:					
Net interest margin(b)	1.76%	2.38%	2.15%	2.09%	1.76%
Return on average total assets	0.21%	0.70%	0.52%	0.12%	0.12%
Return on average equity	17.8%	67.1%	49.2%	11.7%	8.2%
Net loan charge-offs as a percentage of average student loans	0.073%	0.036%	0.047%	0.042%	0.055%

	As of September 30, 2003		As of December 31,		
	Actual	As adjusted	2002	2001	2000
	(in thousands)				
Balance Sheet Data:					
Cash and cash equivalents	\$ 34,650	\$	\$ 40,155	\$ 36,440	\$ 23,263
Student loan receivables, net	10,059,920		8,559,420	7,423,872	3,585,943
Total assets	11,152,997		9,766,583	8,134,560	4,021,948
Bonds and notes payable	10,892,347		9,447,682	7,926,362	3,934,130
Shareholders' equity	131,222		109,122	63,186	54,161

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- (a) Initial loans originated and acquired through various channels, including originations through our direct channel and acquisitions through our branding partner channel, our forward flow channel and the secondary market.
- (b) Net interest margin is computed by dividing net interest income by the sum of average student loans and the average balance of other interest earning assets.
- (c) As more fully described in note 21 of the notes to consolidated financial statements, we have restated this financial data to reflect certain adjustments to intangible assets and deferred taxes.

RISK FACTORS

You should carefully consider the following risk factors and all other information contained in this prospectus before investing in shares of our Class A common stock. Investing in our Class A common stock involves a high degree of risk. If any of the following risks actually occurs, our business, financial condition and results of operations could be materially and adversely affected. In that event, the trading price of our Class A common stock could decline and you may lose part or all of your investment.

Risks Related to Our Business and Industry

Failure to comply with governmental regulations or guaranty agency rules could harm our business.

Our principal business is comprised of originating, acquiring, holding and servicing student loans made and guaranteed pursuant to the FFEL Program, which was created by the Higher Education Act. Most significant aspects of our lines of business are governed by the Higher Education Act. We are also subject to rules and regulations of the agencies that act as guarantors of the student loans, known as guaranty agencies. In addition, we are subject to certain federal and state banking laws, regulations and examinations.

Our private loan portfolio is also subject to federal and state consumer protection laws and regulations, including state usury laws and related regulations and the Federal Truth in Lending Act. These laws and regulations impose substantial requirements upon lenders and servicers involved in consumer finance. Failure to comply with these laws and regulations could result in our liability to borrowers, the imposition of civil penalties and potential class action suits.

Our failure to comply with regulatory regimes described above may arise from:

- breaches of our internal control system, such as a failure to adjust manual or automated servicing functions following a change in regulatory requirements;
- technological defects, such as a malfunction in or destruction of our computer systems; or
- fraud by our employees or other persons in activities such as borrower payment processing.

Such failure to comply, irrespective of the reason, could subject us to loss of the federal guarantee on FFELP loans, costs of curing servicing deficiencies or remedial servicing, suspension or termination of our right to participate in the FFEL Program or to participate as a servicer, negative publicity and potential legal claims or actions brought by our servicing customers and borrowers.

We must satisfy certain requirements necessary to maintain the federal guarantees of our FFELP loans and we may incur penalties or lose our guarantees if we fail to meet these requirements.

We must meet various requirements in order to maintain the federal guarantee on our FFELP loans. These requirements establish servicing requirements and procedural guidelines and specify school and borrower eligibility criteria. The federal guarantee on our FFELP loans is conditioned on compliance with origination, servicing and collection standards set by the DOE and guaranty agencies. FFELP loans that are not originated, disbursed or serviced in accordance with DOE regulations risk loss of their guarantee, in full or in part. If we experience a high rate of servicing deficiencies or costs associated with remedial servicing, and if we are unsuccessful in curing such deficiencies, the eventual losses on the loans that are not cured could be material.

A guaranty agency may reject a loan for claim payment due to a violation of FFEL Program due diligence collection and servicing requirements. In addition, a guaranty agency may reject claims under other circumstances, including, for example, if a claim is not timely filed or adequate documentation is not maintained. Once a loan ceases to be guaranteed, it is ineligible for federal interest subsidies and special allowance payments. If a loan is rejected for claim payment by a guaranty agency, we continue to pursue the borrower for payment and/or institute a process to reinstate the guarantee.

Rejections of claims as to portions of interest may be made by guaranty agencies for certain violations of the due diligence collection and servicing requirements, even though the remainder of a claim may be paid. Examples of errors that cause claim rejections include isolated missed collection calls or failures to send collection letters as required.

School eligibility requirements, which include default rate limits, have been implemented by the DOE. In order to maintain eligibility in the FFEL Program, schools must maintain default rates below specified levels, and both guaranty agencies and lenders are required to ensure that loans are made to students attending schools that meet default criteria.

If we fail to comply with any of the above requirements, we could incur penalties or lose the federal guarantee on some or all of our FFELP loans. Our actual loss experience on denied guarantee claims historically has not been material to our operations, but the impact on us could become material if losses were to increase substantially in future periods. During the last three fiscal years, our actual loss on denied guarantee claims did not exceed 0.004%.

Failure to comply with restrictions on inducements under the Higher Education Act could harm our business.

The Higher Education Act generally prohibits a lender from providing inducements to educational institutions or individuals in order to secure applicants for FFELP loans. We have entered into arrangements with various schools pursuant to which the schools become lenders of FFELP loans to graduate students, and we provide origination services, servicing and funding to the schools with respect to such loans. A similar "school-as-lender" arrangement that Sallie Mae previously had in place was challenged by the DOE, but a federal court decision determined that the arrangement fell within parameters of regulatory guidelines established by the DOE. Sallie Mae also has come under scrutiny as a result of recent charges that it makes private loans available to students of a school only if the school, in return, promises to leave the FDL Program and market FFELP loans to its students. The DOE has stated that private loans are legal and permissible if offered simply as a benefit to schools. We offer private loans to student borrowers on a regular basis, but we do so without requiring anything in return from the schools that these borrowers attend. In addition, as pronouncements from the DOE permit de minimus gifts in connection with advertising FFELP loans, we entertain financial aid officers from schools at student loan industry conferences and functions from time to time and sponsor promotional events such as lunches and golf outings from time to time. If the DOE were to change its position on any of these matters, this could potentially result in the DOE imposing sanctions upon us and could negatively impact our business.

We have also entered into various agreements to acquire marketing lists of prospective FFELP loan borrowers from sources such as college alumni associations. We pay to acquire these lists and for the completed applications for loans resulting therefrom. We believe that such arrangements are permissible and do not violate restrictions on inducements, as they fit within a regulatory exception recognized by the DOE for generalized marketing and advertising activities. The DOE has provided informal guidance to us that such arrangements do not raise any improper inducement issues, since such arrangements fall within the generalized marketing exception. If the DOE were to change its position, this could hurt our reputation and could potentially result in the DOE imposing sanctions on us. These sanctions could negatively impact our business.

Possible changes in legislation and regulations could have a negative impact upon our business.

Pursuant to the terms of the Higher Education Act, the FFEL Program is periodically amended, and the Higher Education Act must be reauthorized by Congress every five years in order to prevent sunset of that Act. Changes in the Higher Education Act made in the two most recent reauthorizations have included reductions in student loan yields paid to lenders, increased fees paid by lenders and a decreased level of federal guarantee. Future changes could result in further negative impacts on our business. Moreover, there can be no assurance that the provisions of the Higher Education Act, which is scheduled to expire on September 30, 2004, will be reauthorized. While Congress has consistently extended the

effective date of the Higher Education Act, it may elect not to reauthorize the DOE's ability to provide interest subsidies, special allowance payments and federal guarantees for student loans. Such a failure to reauthorize would reduce the number of federally guaranteed student loans available for us to originate and/or acquire in the future and would materially adversely affect us.

In addition, funds for payment of interest subsidies and other payments under the FFEL Program are subject to annual budgetary appropriation by Congress. In recent years, federal budget legislation has contained provisions that have restricted payments made under the FFEL Program to achieve reductions in federal spending. Future legislation may adversely affect expenditures by the DOE and the financial condition of guaranty agencies.

Senator Edward M. Kennedy has introduced legislation, to which we refer as the Kennedy Bill, proposing a number of initiatives aimed at supporting the FDL Program to the detriment of the FFEL Program. The Kennedy Bill proposes to enable all graduates to refinance their FFELP loans at a fixed rate and proposes to pay schools as a reward for choosing to participate in the FDL Program. The Kennedy Bill also proposes to eliminate variable rate floor income as well as the 9.5% floor interest rate on loans financed with funds from pre-1993 tax-exempt financings. If the Kennedy Bill in its current form were to be enacted, this would have a material negative impact on us. Senator John Edwards has advocated elimination of the FFEL Program in its entirety, which also would have a material negative impact on our business.

Efforts are underway to pass legislation which would permit borrowers holding consolidation loans made under the Higher Education Act to refinance their loans under the FFEL Program multiple times, rather than only once, which would open approximately 43% of our student loan portfolio to further refinancing. Similar legislation may also abolish the so-called single holder rule, which restricts the ability of other lenders to consolidate student loans away from a lender that owns all of a particular borrower's loans. This would put approximately one-third of our non-consolidated portfolio at risk of being consolidated away by our competitors. In addition, if legislation is enacted to allow variable-rate consolidation loans or to extend the term of Stafford loans, we may experience a decrease in our consolidation loan opportunities. Accordingly, any of these legislative changes could have a material adverse impact upon us. In addition, the DOE oversees and implements the Higher Education Act and periodically issues regulations and interpretations of that Act. Changes in such regulations and interpretations could negatively impact our business.

Variation in the maturities, timing of rate reset and variation of indices of our assets and liabilities may pose risks to us.

Because we generate the majority of our earnings from the spread between the yield we receive on our portfolio of student loans and the cost of financing these loans, the interest rate sensitivity of our balance sheet could have a material effect on our results of operations. The majority of our student loans have variable rate characteristics in interest rate environments where the special allowance payment formula exceeds the borrower rate. Some of our student loans, primarily consolidation loans, include fixed-rate components depending upon loan terms and the rate reset provisions set by the DOE. We have financed the majority of our student loan portfolio with variable-rate debt. Absent utilization of derivative instruments to match the interest rate characteristics and duration of the assets and liabilities, fluctuations in the interest rate environment will affect our results of operations. Such fluctuations may be adverse and may be material.

In the current low interest rate environment, our FFELP loan portfolio is yielding excess income due to the reduction in the interest rates on the variable-rate liabilities financing student loans at a fixed borrower rate. Absent the use of derivative instruments, a rise in interest rates will have an adverse effect on earnings and fair values due to interest margin compression caused by increasing financing costs, until such time as that the FFELP loans earn interest at a variable rate in accordance with the special allowance payment formula. In higher interest rate environments, where the interest rate rises above the borrower rate and fixed-rate loans become variable, the impact of the rate fluctuations is reduced.

Loans that reset annually on each July 1 can generate excess spread income as compared to the rate based on the special allowance payment formula in declining interest rate environments where the borrower rate establishes a floor on our variable-rate assets. We refer to this additional income as variable rate floor income, and it is included in loan interest income. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Results of Operations.” Historically, we have earned variable rate floor income in declining interest rate environments. Since the rates are reset annually, we view these earnings as temporary and not necessarily sustainable. Our ability to earn variable rate floor income in future periods is dependent upon the interest rate environment following the annual reset of borrower rates, and we cannot assure you that such environment will exist in the future. Variable rate floor income accounted for 9.5% of our net interest income during the nine months ended September 30, 2003, 26.1% during 2002 and 26.1% during 2001. There was no variable rate floor income in 2000.

Due to the variability in duration of our assets and varying market conditions, we do not attempt to perfectly match the interest rate characteristics of our entire loan portfolio with the underlying debt instruments. At September 30, 2003, approximately 48.5% of our assets was earning interest at the current fixed rate, while only 9.1% of the liabilities used to finance those assets was set at fixed rates. This mismatch in duration and interest rate characteristics could have a negative impact on our results of operations. We have employed various derivative instruments to somewhat offset this mismatch. For the nine months ended September 30, 2003, an increase in short-term rates of 100 basis points would decrease our earnings per share by approximately \$0.19 while a corresponding decrease in short-term interest rates of 100 basis points would increase our earnings per share by approximately \$0.23. Changes in interest rates, the composition of our student loan portfolio and derivative instruments will impact the effect of interest rates on our earnings, and we cannot predict any such impact with any level of certainty.

Market risks to which we are subject may have an adverse impact upon our business and operations.

Our primary market risk exposure arises from fluctuations in our borrowing and lending rates, the spread between which could be impacted by shifts in market interest rates. The borrower rates on our FFELP loans are generally reset by the DOE each July 1st based on a formula determined by the date of the origination of the loan, with the exception of rates on consolidation loans which are fixed to term. The interest rate we actually receive on our FFELP loans is the greater of the borrower rate and a rate determined by a formula based on a spread to either the 91-day Treasury Bill index or the 90-day commercial paper index, depending on when the loans were originated and the current repayment status of the loans.

We issue asset-backed securities, both fixed- and variable-rate, to fund our student loan assets. The variable-rate debt is generally indexed to 90-day LIBOR or set by auction. The income generated by our student loan assets is generally driven by different short-term indices than our liabilities, which creates interest rate risk for us. We have historically borne this risk internally through the net spread on our portfolio while continuing to monitor our interest rate risk.

Our derivative instruments may not be successful in managing our interest rate risks.

When we utilize derivative instruments, we utilize them to manage our interest rate sensitivity. Although we do not use derivative instruments for speculative purposes, our derivative instruments may not meet the criteria set forth in Statement of Financial Accounting Standards, or SFAS, No. 133, *Accounting for Derivatives Instruments and Hedging Activities* which would allow us to offset the changes in fair value of the derivative instrument against the effects of the changes in the hedged item in the statement of income. The derivative instruments we use are typically in the form of interest rate swaps and interest rate caps. Interest rate swaps effectively change variable-rate debt obligations either to fixed-rate debt obligations or to variable-rate debt obligations based on a different index. Interest rate caps effectively limit the maximum interest on variable-rate debt obligations. Developing an effective strategy for dealing with movements in interest rates is complex, and no strategy can completely insulate us from risks associated with such fluctuations. In addition, a counterparty to a derivative instrument could default on its obligation thereby exposing us to credit risk. Further, we may have to repay certain costs, such as transaction fees or

brokerage costs, if a derivative instrument is terminated by us. Finally, our interest rate risk management activities could expose us to substantial losses if interest rates move materially differently from our expectations. As a result, we cannot assure you that our economic hedging activities will effectively manage our interest rate sensitivity or have the desired beneficial impact on our results of operations or financial condition. The derivative instruments that we entered into in the third quarter of 2003 do not meet the criteria for hedge accounting pursuant to SFAS No. 133. Consequently, the change in the fair value of the derivative instruments is included in the derivative market value adjustment in other income in the statement of income for the nine months ended September 30, 2003.

During 2001, we entered into an interest rate swap arrangement with a notional amount of \$500 million. This swap was adjusted to fair value in our statements of income, resulting in a \$579,000 loss in 2002 and a \$3.0 million loss in 2001. This swap expired in June 2002. The only derivative instruments entered into in 2002 were embedded credit enhancement products within our securitization transactions. In the third quarter of 2003, we entered into various interest rate swap agreements, a basis swap and a cap contract with an aggregate notional amount of \$3.5 billion.

We face liquidity risks due to the fact that our operating and warehouse financing needs are substantially provided by third-party sources.

Our primary funding needs are those required to finance our student loan portfolio and satisfy our cash requirements for new student loan originations and acquisitions, operating expenses and technological development. Our operating and warehouse financings are substantially provided by third parties, over which we have no control. Unavailability of such financing sources may subject us to the risk that we may be unable to meet our financial commitments to creditors, branding partners, forward flow lenders or borrowers when due unless we find alternative funding mechanisms.

We rely upon conduit warehouse loan financing vehicles to support our funding needs on a short-term basis. There can be no assurance that we will be able to maintain such warehouse financing in the future. We currently have four such conduit facilities in place, with various maturity dates. Currently, the aggregate short-term commitment amount from our conduit lenders is over \$2 billion. There can be no assurance that we will be able to maintain such conduit facilities, find alternative funding or increase the commitment level of such facilities, if necessary. The term of each conduit facility is less than one year, and each facility is renewable at the option of the lender and may be terminated at any time for cause. While our conduit facilities have historically been renewed for successive terms, there can be no assurance that this will continue in the future. Our general operating lines of credit are also for terms of less than one year each, are renewable at the option of the lenders and may be terminated at any time for cause.

Characteristics unique to asset-backed securitization pose risks to our continued liquidity.

We have historically relied upon, and expect to continue to rely upon, asset-backed securitizations as our most significant source of funding for student loans on a long-term basis. Approximately \$8.6 billion of our student loans were funded by long-term asset backed securitizations as of September 30, 2003, and approximately \$7.1 billion of our student loans were funded by asset-backed securitizations as of December 31, 2002. The net cash flow we receive from the securitized student loans generally represents the excess amounts, if any, generated by the underlying student loans over the amounts required to be paid to the bondholders, after deducting servicing fees and any other expenses relating to the securitizations. In addition, some of the residual interests in these securitizations have been pledged to secure additional bond obligations. Our rights to cash flow from securitized student loans are subordinate to bondholder interests and these loans may fail to generate any cash flow beyond what is due to pay bondholders.

The interest rates on certain of our asset-backed securities are set and periodically reset via a "dutch auction" utilizing remarketing agents for varying intervals ranging from seven to 91 days. Investors and potential investors submit orders through a broker-dealer as to the principal amount of notes they wish to buy, hold or sell at various interest rates. The broker-dealers submit their clients' orders to the auction agent or remarketing agent, who determines the interest rate for the upcoming period. If there are insufficient

potential bid orders to purchase all of the notes offered for sale or being repriced, we could be subject to interest costs substantially above the anticipated and historical rates paid on these types of securities. A failed auction or remarketing could also reduce the investor base of our other financing and debt instruments.

Rising interest rates existing at the time our asset-backed securities are remarketed may cause other competing investments to become more attractive to investors than our securities, which may decrease our liquidity. We periodically utilize a variety of derivative instruments in order to protect against changing interest rate environments. To the extent that anticipated changes in interest rates differ from actual changes in interest rates, these derivative instruments may not operate as effective hedges.

Future losses due to defaults on loans held by us present credit risk which could adversely affect our earnings.

More than 99% of our student loan portfolio as of September 30, 2003 was comprised of FFELP loans. These loans benefit from a federal guarantee of between 98% and 100% of their principal balance and accrued interest. We bear full risk of losses experienced with respect to the unguaranteed portion of the student loans.

Losses on our private loans will be borne by us, with the exception of certain privately insured loans. Privately insured loans constitute a minority of our private loan portfolio. The loan loss pattern on our private loan portfolio is not as developed as that on our FFELP loan portfolio. As of September 30, 2003, the aggregate principal balance of private loans comprised less than 1% of our entire student loan portfolio; however, it is expected to increase to between 1% and 2% over the next three years. There can be no assurance that this percentage will not further increase over the long term.

The performance of student loans in our portfolio is affected by the economy, and a prolonged economic downturn may have an adverse effect on the credit performance of these loans. While we have provided allowances estimated to cover losses that may be experienced in both our student loans that are federally guaranteed under the FFEL Program as well as our private loan portfolio, there can be no assurance that such allowances will be sufficient to cover actual losses in the future.

We could experience cash flow problems if a guaranty agency defaults on its guarantee obligation.

A deterioration in the financial status of a guaranty agency and its ability to honor guarantee claims on defaulted student loans could result in a failure of that guaranty agency to make its guarantee payments in a timely manner, if at all. The financial condition of a guaranty agency can be adversely affected if it submits a large number of reimbursement claims to the DOE, which results in a reduction of the amount of reimbursement that the DOE is obligated to pay the guaranty agency. The DOE may also require a guaranty agency to return its reserve funds to the DOE upon a finding that the reserves are unnecessary for the guaranty agency to pay its FFELP expenses or to serve the best interests of the FFEL Program.

If the DOE has determined that a guaranty agency is unable to meet its guarantee obligations, the loan holder may submit claims directly to the DOE, and the DOE is required to pay the full guarantee claim. However, the DOE's obligation to pay guarantee claims directly in this fashion is contingent upon the DOE making the determination that a guaranty agency is unable to meet its guarantee obligations. The DOE may not ever make this determination with respect to a guaranty agency and, even if the DOE does make this determination, payment of the guarantee claims may not be made in a timely manner, which could result in our experiencing cash shortfalls.

Failure of counterparties to perform under credit enhancement agreements could harm our business.

In connection with our securitizations, we periodically utilize credit enhancements or other support agreements such as letters of credit, bond insurance and interest rate swap agreements. We utilize these credit enhancement agreements in order to improve the marketability of certain of our asset-backed securities when such enhancements will lower our over-all costs with respect to these securities. We cannot assure performance of the counterparties to these various agreements, and failure of such counterparties to perform their obligations

under these agreements could impair the viability of our underlying debt or securitization structures, which in turn could adversely impact our results of operations and financial condition.

Competition created by the Federal Direct Loan Program and from other lenders and servicers may adversely impact our business.

In 1992, Congress created the William D. Ford Federal Direct Loan Program, which we refer to as the FDL Program or the FDLP. Under the FDL Program, the DOE makes loans directly to student borrowers through the educational institutions they attend. The volume of student loans made under the FFEL Program and available for us to originate or acquire may be reduced to the extent loans are made to students under the FDL Program. In addition, if the FDL Program expands, to the extent the volume of loans serviced by us is reduced, we may experience reduced economies of scale, which could adversely affect our earnings. Loan volume reductions could further reduce amounts received by the guaranty agencies available to pay claims on defaulted student loans.

In the FFELP market, we face significant competition from SLM Corporation, the parent company of Sallie Mae. SLM Corporation services nearly half of all outstanding FFELP loans and is the largest holder of student loans, with a portfolio of approximately \$70 billion. We also face intense competition from other existing lenders and servicers. As we expand our student loan origination and acquisition activities, that expansion may result in increased competition with some of our servicing customers. This has in the past resulted in servicing customers terminating their contractual relationships with us, and we could in the future lose more servicing customers as a result. As we seek to further expand our business, we will face numerous other competitors, many of which will be well established in the markets we seek to penetrate. Some of our competitors are much larger than we are, have better name recognition than we do and have greater financial and other resources than we do. In addition, several of our competitors have large market capitalizations or cash reserves and are better positioned to acquire companies or portfolios in order to gain market share than we are. Furthermore, many of the institutions with which we compete have significantly more equity relative to their asset bases than we do. Consequently, such competitors may have more flexibility to address the risks inherent in the student loan business. Finally, some of our competitors are tax-exempt organizations which do not pay federal or state income taxes and which generally receive floor income on certain tax-exempt obligations on a greater percentage of their student loan portfolio than we do because they have financed a greater percentage of their student loans with tax-exempt obligations issued prior to October 1, 1993 than we have. These factors could give our competitors a strategic advantage.

Higher rates of prepayments of student loans could reduce our profits.

Pursuant to the Higher Education Act, borrowers may prepay loans made under the FFEL Program at any time. Prepayments may result from consolidating student loans, which tends to occur more frequently in low interest rate environments, from borrower defaults, which will result in the receipt of a guarantee payment, and from voluntary full or partial prepayments, among other things. High prepayment rates will have the most impact on our asset-backed securitization transactions priced in relation to LIBOR. At September 30, 2003, we had four transactions outstanding totaling approximately \$3.4 billion which had experienced cumulative prepayment rates of 15.2% to 22.1%, respectively. At December 31, 2002, we had two transactions outstanding totaling approximately \$2.0 billion which had experienced cumulative prepayment rates of 14.3% and 15.9%, respectively. The rate of prepayments of student loans may be influenced by a variety of economic, social and other factors affecting borrowers, including interest rates and the availability of alternative financing. Our profits could be adversely affected by higher prepayments, which would reduce the amount of interest we receive and expose us to reinvestment risk.

Increases in consolidation loan activity by us and our competitors present a risk to our loan portfolio and profitability.

Our portfolio of FFELP loans is subject to refinancing through the use of consolidation loans, which are expressly permitted by the Higher Education Act. Consolidation loan activity may result in three detrimental effects on us. First, when we consolidate loans already held by us, the new consolidation loans have a lower yield than the loans being refinanced due to the statutorily mandated consolidation loan

rebate fee of 1.05% per year. Although consolidation loans generally feature higher average balances, longer average lives and slightly higher special allowance payments, such attributes may not be sufficient to counterbalance the cost of the rebate fees. Second, and more significantly, we may lose student loans in our portfolio that are consolidated away by competing lenders. In prior years, our competitors consolidated away more student loans from us than we consolidated away from our competitors. Increased consolidations of student loans away from us by our competitors may result in a negative return on loans, when considering the origination costs or acquisition premiums paid with respect to these loans. Additionally, consolidation of loans away from us can result in a decrease of our servicing portfolio, thereby decreasing fee-based servicing income. Third, increased consolidations by us of our own student loans create cash flow risk because we incur upfront consolidation costs, which are in addition to the origination or acquisition costs we incurred in connection with the underlying student loans, while extending the repayment schedule of the consolidated loans.

The volume of available student loans may decrease in the future and may adversely affect our income.

Our student loan originations generally are limited to students attending eligible educational institutions in the United States. Volumes of originations are greater at some schools than others, and our ability to remain an active lender at a particular school with concentrated volumes is subject to a variety of risks, including the fact that each school has the option to remove us from its “preferred lender” list or to add other lenders to its “preferred lender” list, the risk that a school may enter the FDL Program or the risk that a school may begin making student loans itself. We acquire student loans through forward flow commitments with other student loan lenders, but each of these commitments has a finite term. There can be no assurance that these lenders will renew or extend their existing forward flow commitments on terms that are favorable to us, if at all, following their expiration.

In addition, as of September 30, 2003, approximately 52% of the loans we serviced were owned by third parties. To the extent that our third-party servicing clients reduce the volume of student loans that we process on their behalf, our income would be reduced, and, to the extent the related costs could not be reduced correspondingly, our net income could be materially adversely affected. Such volume reductions occur for a variety of reasons, including if our third-party servicing clients commence or increase internal servicing activities, shift volume to another service provider, perhaps because such other service provider does not compete with the client in student loan originations and acquisitions or exit the FFEL Program completely.

Special allowance payments on student loans originated or acquired with the proceeds of certain tax-exempt obligations may limit the interest rate on certain student loans to our detriment.

Student loans originated or acquired with the proceeds of tax-exempt obligations issued prior to October 1, 1993, as well as student loans acquired with the sale proceeds of those student loans, receive only a portion of the special allowance payment which they would otherwise be entitled to receive, but are guaranteed a minimum rate of return of 9.5% per year, less the applicable interest rate for the student loan.

As of September 30, 2003, approximately \$1.7 billion of our student loan portfolio was comprised of loans which are currently or were previously financed with the proceeds of tax-exempt obligations issued prior to October 1, 1993. Based upon provisions of the Higher Education Act and related interpretations by the DOE, we believe that, for each of these student loans, we will receive partial special allowance payments, subject to the 9.5% minimum rate of return. However, the DOE may change its regulations or its interpretations of existing regulations, or the Higher Education Act may be amended, to eliminate this special allowance payment treatment. In this event, we would receive regular special allowance payments, but with no minimum rate of return.

In the current low interest rate environment, we generally receive partial special allowance payments and the minimum 9.5% rate of return with respect to our eligible student loans originated or acquired with qualifying tax-exempt proceeds. In a higher interest rate environment, however, the regular special

allowance payments on loans not originated or acquired with qualifying tax-exempt proceeds may exceed the total subsidy to holders of eligible loans originated or acquired with qualifying tax-exempt proceeds. Thus, in a higher interest rate environment, these loans could have an adverse effect upon our earnings. For further information regarding special allowance payments, see “Industry Overview — Student Loan Business Model.”

Failures in our information technology system could materially disrupt our business.

Our servicing and operating processes are highly dependent upon our information technology system infrastructure, and we face the risk of business disruption if failures in our information systems occur, which could have a material impact upon our business and operations. We depend heavily on our own computer-based data processing systems in servicing both our own student loans and those of third-party servicing customers. On January 1, 2002, we converted the great majority of the student loans we service to a computer hardware and software platform developed and maintained by an affiliated company. In November 2002, we converted our remaining approximately \$3 billion of student loans to this same computer hardware and software platform. Problems or errors of which we are not currently aware may have occurred in connection with this conversion, and problems or errors may occur in the future in connection with the conversion of newly originated and acquired loans to our platform. If servicing errors do occur, they may result in a loss of the federal guarantee on the FFELP loans that we service or in a failure to collect amounts due on the student loans that we service. In addition, although we regularly back up our data and maintain detailed disaster recovery plans, we do not maintain fully redundant information systems. A major physical disaster or other calamity that causes significant damage to our information systems could adversely affect our business. Additionally, loss of our information systems for a sustained period of time could have a negative impact on our performance and ultimately on our cash flow in the event we were unable to process borrower payments.

Transactions with affiliates and potential conflicts of interest of certain of our officers and directors, including one of our Co-Chief Executive Officers, pose risks to our shareholders.

We have entered into certain contractual arrangements with entities controlled by Michael S. Dunlap, our Chairman and Co-Chief Executive Officer and one of our principal shareholders, and members of his family and, to a lesser extent, with entities in which other directors and members of management hold equity interests or board or management positions. Such arrangements constitute a significant portion of our business and include, among other things:

- performance of servicing duties;
- sales of student loans by such affiliates to us; and
- sales of student loan origination rights by such affiliates to us.

These arrangements may present potential conflicts of interest.

Many of these arrangements are with Union Bank in which Michael S. Dunlap owns an indirect interest and of which he serves as non-executive chairman. Union Bank is a significant source of student loans to us and a significant servicing customer of ours.

In the nine months ended September 30, 2003 and in 2002, approximately 19% and 14%, respectively, of the principal amount of the student loans added to our portfolio were acquired from Union Bank, a portion of which loans were originated by Union Bank and portion of which were originated by third parties. We believe that the acquisitions were made on terms similar to those made from unrelated entities. We intend to maintain our relationship with Union Bank, which we believe provides substantial benefits to us, although there can be no assurance that all transactions in which we engage with Union Bank are, or in the future will be, on terms that are no less favorable than we could obtain from an unrelated third party. For information on affiliated transactions, see “Related Party Transactions.”

Material problems affecting Union Bank could have a material adverse effect on us.

The ability of Union Bank to continue to do business with us will depend on the development of Union Bank's own business, financial condition and results of operations, which will be affected by competitive and other factors beyond our control or knowledge. Because Union Bank is a privately held company, an investor in our Class A common stock might have little advance warning of problems affecting Union Bank, even though these problems could have a material adverse effect on us. For further information regarding affiliated transactions, see "Related Party Transactions."

Imposition of personal holding company tax would decrease our net income.

A corporation is considered to be a "personal holding company" under the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, if (1) at least 60% of its adjusted ordinary gross income is "personal holding company income" (generally, passive income) and (2) at any time during the last half of the taxable year more than half, by value, of its stock is owned by five or fewer individuals, as determined under attribution rules of the Code. If both of these tests are met, a personal holding company is subject to an additional tax on its undistributed personal holding company income, currently at a 15% rate. Before this offering, more than half the value of our stock was held by five or fewer individuals, and immediately after this offering, we expect that this will continue to be the case. In June 2003, we submitted a request for a private letter ruling from the Internal Revenue Service seeking a determination that our federally guaranteed student loans qualify as assets of a "lending or finance business," as defined in the Code. Such a determination would have enabled us to establish that a company holding such loans does not constitute a personal holding company. Based on its historical practice of not issuing private letter rulings concerning matters that it considers to be primarily factual, the Internal Revenue Service has indicated that it will not issue the requested ruling, taking no position on the merits of the legal issue. So long as more than half of our value continues to be held by five or fewer individuals, if it were to be determined that some portion of our federally guaranteed student loans does not qualify as assets of a "lending or finance business," as defined in the Code, we could become subject to personal holding company tax on our undistributed personal holding company income. We continue to believe that neither Nelnet, Inc. nor any of its subsidiaries is a personal holding company. However, even if it were to be determined that any of such entities is a personal holding company, we believe that by utilizing intercompany distributions we can eliminate or substantially eliminate our exposure to personal holding company tax for at least 2003, 2004 and 2005, although we cannot assure you that this will be the case.

"Do not call" registries may limit our ability to market our products and services.

Our direct marketing operations are or may become subject to various federal and state "do not call" list requirements. The Federal Trade Commission has recently amended its rules to provide for a national "do not call" registry. Under these new federal regulations, which are currently being challenged in court, consumers may have their phone numbers added to the national "do not call" registry. Generally, we will be prohibited from calling anyone on that registry. In September 2003, telemarketers will have access to the registry and will be required to compare their call lists against the national "do not call" registry at least once every 90 days. We also will be required to pay a fee to access the registry on a quarterly basis. Enforcement of the "do not call" provisions will begin in the fall of 2003, and the rule provides for fines of up to \$11,000 per violation and other possible penalties. This rule may restrict our ability to market effectively our products and services to new customers. Furthermore, compliance with this new rule may prove difficult, and we may incur penalties for improperly conducting our marketing activities.

Our inability to maintain our relationships with significant branding partners and/or customers could have an adverse impact on our business.

Our inability to maintain strong relationships with significant schools, branding partners, servicing customers, guaranty agencies and software licensees could result in loss of:

- loan origination volume with borrowers' attending certain schools;
- loan origination volume generated by some of our branding partners;

- loan and guarantee servicing volume generated by some of our loan servicing customers and guaranty agencies; and
- software licensing volume generated by some of our licensees.

We cannot assure you that our forward flow channel lenders or our branding partners will continue their relationships with us. Loss of a strong relationship, like that with a significant branding partner such as Union Bank, or with schools such as the University of Phoenix and Nova Southeastern University from which we directly or indirectly acquire a significant volume of student loans, could result in an adverse effect on our business. For example, Nova Southeastern University, from which we purchased FFELP loans (through its relationship with Union Bank) which comprised approximately 5.9% of our total student loan volume in the nine months ended September 30, 2003 and 7.4% in 2002, has informed us and Union Bank, the direct acquirer of the student loans, of its intent not to renew its sale commitment starting January 2007, in order to make a request for a proposal to potential purchasers.

Risks Related to This Offering

Future sales of our Class A common stock may depress our stock price.

The market price of our Class A common stock could decline as a result of sales of substantial amounts of our Class A common stock in the public market after this offering, or the perception that these sales could occur. In addition, these factors could make it more difficult for us to raise funds through future equity offerings. There will be _____ shares of our Class A common stock and 14,023,454 shares of our Class B common stock, which are convertible on a one-for-one basis into shares of Class A common stock, outstanding immediately after this offering.

All of the shares of our Class A common stock sold in this offering will be freely transferable by persons other than our affiliates without restriction or further registration under the Securities Act of 1933. Substantially all of the remaining shares of our Class A common stock, including shares of Class A common stock issued upon conversion of shares of Class B common stock, will be eligible for immediate sale in the public market pursuant to Rule 144 under the Securities Act of 1933 (other than shares of common stock held by our affiliates which will be subject to volume limitations) subject to 180-day lock-up agreements with the underwriters and to our share retention policy. See “Description of Capital Stock — Share Retention Policy” and “Shares Eligible for Future Sale — Sales of Restricted Shares” and “— Lock-up Agreements.”

We and our executive officers and directors and all of our shareholders have entered into 180-day lock-up agreements with the underwriters. The lock-up agreements prohibit each of us from selling or otherwise disposing of shares of common stock except in limited circumstances. The lock-up agreements are only contractual agreements, and J.P. Morgan Securities Inc. and Banc of America Securities LLC, at their discretion, can waive the restrictions of any lock-up agreement at an earlier time without prior notice or announcement and allow any of us to sell shares of common stock. If the restrictions in the lock-up agreement are waived, shares of our Class A common stock will be available for sale into the public market, subject to applicable securities laws and our share retention policy, which could reduce the market price for shares of our Class A common stock. Our share retention policy prevents, subject to some exceptions, our officers or the officers of any of our direct or indirect subsidiaries at or above the level of executive director, defined for purposes of this policy as Executives, from selling or otherwise disposing of a number of shares of common stock in any calendar year in excess of one-third of the number of shares of common stock beneficially owned by such Executive on the first day of the calendar year. See “Description of Capital Stock — Share Retention Policy” and “Shares Eligible for Future Sale — Sales of Restricted Shares.”

Michael S. Dunlap, Stephen F. Butterfield and persons related to them and trusts in which they have beneficial interests have the right, subject to limitations, to make two written demands of Nelnet for registration with the Securities and Exchange Commission of all or part of their common stock. These

shareholders also have piggyback registration rights for their common stock following the consummation of this offering. See “Description of Capital Stock — Registration Rights.”

You will experience immediate and substantial dilution as a result of this offering.

You will pay a price per share that substantially exceeds the per share value of our tangible assets after subtracting our total liabilities. As a result, if we were to distribute our net tangible assets to our shareholders immediately following this offering, you would receive less than the amount you paid for your shares of our Class A common stock. As of September 30, 2003, our net tangible book value was \$2.59 per share of common stock. After giving effect to the issuance and sale of _____ shares of our Class A common stock in this offering, and after deducting the underwriting discounts and estimated offering expenses that we will pay, our pro forma net tangible book value as of September 30, 2003 would have been \$ _____ per share of common stock. This represents an immediate increase in net tangible book value of \$ _____ per share to existing shareholders and an immediate dilution of \$ _____ per share to new investors purchasing shares of Class A common stock in this offering. See “Dilution.”

Our executive officers, directors and principal shareholders own a large percentage of our common stock and will be able to control substantially all corporate decisions.

Immediately after this offering, our executive officers, directors and principal shareholders will beneficially own, in the aggregate, _____ % of our outstanding Class A common stock, and Michael S. Dunlap and Stephen F. Butterfield, our Co-Chief Executive Officers, persons related to them and trusts in which they have beneficial interests will beneficially own Class A and Class B common stock representing _____ % of the combined voting power of our common stock. Each share of Class A common stock has one vote and each share of Class B common stock has ten votes on all matters to be voted upon by our shareholders. As a result, our executive officers, directors and principal shareholders, as a group, and Messrs. Dunlap and Butterfield, by themselves, will be able to control substantially all matters requiring approval by our shareholders, including the election of all directors, and they may do so in a manner with which you may not agree or which may not be in the best interest of other shareholders. See “Description of Capital Stock — Common Stock.”

Our management will have broad discretion in the use of net proceeds from this offering and may not use them effectively.

As of the date of this prospectus, we cannot specify with certainty the amounts we will spend on particular uses from the net proceeds that we will receive from this offering. Our management will have broad discretion in the application of these net proceeds, but currently intends to use them as described in “Use of Proceeds.” The failure by our management to apply these net proceeds effectively could adversely affect our ability to continue to develop our business.

Provisions of our charter and by-laws and Nebraska law may inhibit a takeover, which could negatively affect our stock price.

Provisions of our charter and by-laws could discourage potential acquisition proposals or make it more difficult for a third party to acquire control of us. These provisions include, among others, the authority of our board of directors to create and issue rights entitling the holders thereof to purchase our securities or the securities of any other corporation. In addition, we are subject to the provisions of the Nebraska Shareholders Protection Act, an anti-takeover law, which may also dissuade a potential acquiror of our common stock. These provisions may make it more difficult or expensive for a third party to acquire a majority of our outstanding voting stock or may delay, prevent or deter a merger, acquisition, tender offer or proxy contest, which may negatively affect our stock price. See “Description of Capital Stock — Nebraska Anti-takeover Law and Certain Charter and By-law Provisions.”

A potential conflict of interest may exist with respect to a member of the selling group for this offering.

UFS Securities, LLC, or UFS Securities, is one of our wholly owned subsidiaries and is also acting as a member of the selling group for this offering. As our wholly owned subsidiary, UFS Securities' participation in the selling process may involve certain conflicts of interest. Pursuant to Conduct Rule 2720 of the National Association of Securities Dealers, Inc., the shares of Class A common stock are being offered at a price no higher than that recommended by J.P. Morgan Securities Inc., which is acting as a qualified independent underwriter, or QIU. Although the QIU has participated in the preparation of this prospectus and the registration statement and is required to satisfy customary due diligence obligations with respect thereto, there can be no assurance that conflicts will not arise with respect to the offering, or, if conflicts do arise, that they will be resolved in a manner favorable to investors.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements based on our current expectations, assumptions, estimates and projections about our business and our industry that involve risks and uncertainties. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "could," "would," "expect," "plan," "anticipate," "believe," "estimate," "project," "predict," "intend," "potential" or the negative of such terms or other similar expressions. Given these risks and uncertainties, you should not place undue reliance on the forward-looking statements. We undertake no obligation to update any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, unless we have an obligation to do so under the federal securities laws.

USE OF PROCEEDS

Our net proceeds from this offering are estimated to be \$ million, or \$ million if the underwriters' overallotment option is exercised in full, after deducting the underwriting discounts and estimated offering expenses that we will pay.

We intend to use the net proceeds from this offering to originate and acquire interests in student loans potentially including up to approximately \$55 million to fund a portion of the acquisitions described in "Prospectus Summary — Potential Acquisitions," to repay any revolving credit indebtedness outstanding at the closing of this offering and for general corporate purposes, including capital expenditures, working capital and possible acquisitions complementary to our business. The indebtedness to be repaid is revolving credit indebtedness with a weighted average interest rate of 1.40% as of October 31, 2003, and that matures on September 24, 2004. The proceeds of the indebtedness to be repaid were used to refinance one of our operating lines of credit. The borrowings under that line of credit were used to finance our 2001 acquisition of EFS, Inc., an Indiana student loan servicing and secondary market company. We do not expect revolving credit indebtedness to be repaid with the net proceeds of this offering to exceed \$35 million. Except as described in "Prospectus Summary — Potential Acquisitions," we currently have no agreements or understandings with respect to any material acquisition.

A portion of the net proceeds from this offering may be applied to capital expenditures, which could include costs incurred in connection with expanding our sales and marketing forces. Such expansion may include up to the addition, between August 2003 and the end of the first quarter of 2004, of approximately 10 additional personnel, who market to schools and are dispersed throughout the country. During the same time period, we may also use a portion of the net proceeds from this offering to add up to approximately 100 direct consumer marketing personnel in Denver, Colorado, 70 in Lincoln, Nebraska and 30 in Fredericksburg, Virginia.

The foregoing uses of the net proceeds from this offering represent our current intentions based upon our present plans and business condition. We retain broad discretion in the allocation and use of the net proceeds of this offering and a change in our plans or business condition could result in the application of the net proceeds from this offering in a manner other than as described in this prospectus. Pending the uses described above, we intend to invest the net proceeds from this offering in our student loan portfolio and/or short-term, investment grade securities.

DIVIDEND POLICY

We have not declared or paid dividends on our capital stock during 2001, 2002 or 2003 and do not intend to pay any cash dividends on our common stock. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on our financial condition, results of operations, capital requirements and other factors that our board of directors may deem relevant.

CAPITALIZATION

The following table sets forth our capitalization as of September 30, 2003:

- on an actual basis; and
- on an as adjusted basis to give effect to the sale of _____ shares of our Class A common stock in this offering and the use of \$ _____ million of the net proceeds from this offering to repay revolving credit indebtedness.

You should read this table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and the related notes included elsewhere in this prospectus.

	As of September 30, 2003	
	Actual	As adjusted
	(in thousands, except share data)	
Bonds and notes payable	\$10,892,347	\$
Shareholders’ equity:		
Preferred stock, \$0.01 par value:		
50,000,000 shares authorized; no shares issued or outstanding		
actual or as adjusted	—	—
Class A common stock, \$0.01 par value:		
600,000,000 shares authorized; 31,015,034 shares issued and		
outstanding actual and _____ as adjusted	310	
Class B common stock, \$0.01 par value:		
15,000,000 shares authorized; 14,023,454 shares issued and		
outstanding actual and as adjusted	140	140
Additional paid-in capital	43,219	
Retained earnings	87,553	
	131,222	—
Total shareholders’ equity		
	\$11,023,569	\$
Total capitalization	\$11,023,569	\$

DILUTION

If you invest in our Class A common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our Class A common stock and the pro forma net tangible book value per share of our common stock after this offering.

Our net tangible book value as of September 30, 2003 was approximately \$116.8 million, or \$2.59 per share of common stock. Net tangible book value per share represents total tangible assets less total liabilities, divided by the number of shares of common stock outstanding. After giving effect to the issuance and sale of _____ shares of our Class A common stock in this offering, and after deducting the underwriting discounts and estimated offering expenses that we will pay, our pro forma net tangible book value as of September 30, 2003 would have been approximately \$ _____ million, or \$ _____ per share of common stock. This represents an immediate increase in net tangible book value of \$ _____ per share to existing shareholders and an immediate dilution of \$ _____ per share to new investors purchasing shares of Class A common stock in this offering.

The following table illustrates this dilution:

Assumed initial public offering price per share	\$	
Net tangible book value per share as of September 30, 2003	\$2.59	
Increase per share attributable to this offering	\$	
Pro forma net tangible book value per share after this offering	\$	
Dilution per share to new investors	\$	

The following table summarizes, as of September 30, 2003, on a pro forma basis, the total number of shares of common stock acquired from us for cash (in one case for cash and services) during the past five years by existing shareholders and the total consideration received by us and the average price per share paid by them and by new investors purchasing shares of Class A common stock in this offering, before deducting the underwriting discounts and estimated offering expenses that we will pay:

	Shares purchased		Total consideration		Average price per share
	Number	Percent of total shares	Amount	Percent	
Existing shareholders purchasing shares in the past five years	%	%	\$	%	\$
New investors	%	%	\$	%	\$
Totals		%	\$	100.0%	\$

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the selected consolidated financial data set forth below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our financial statements and the related notes included elsewhere in this prospectus. We derived the financial data as of December 31, 2002 and 2001 and for the years ended December 31, 2002, 2001 and 2000 from our audited financial statements included elsewhere in this prospectus. We derived the financial data as of December 31, 2000, 1999 and 1998 and for the years ended December 31, 1999 and 1998 from our audited financial statements not included in this prospectus. We derived the financial data as of September 30, 2003 and for the nine months ended September 30, 2003 and 2002 from our unaudited financial statements included elsewhere in this prospectus; and such unaudited interim financial statements reflect all material adjustments, consisting only of normal recurring accruals, which, in the opinion of management, are necessary for a fair presentation. Results for interim periods are not necessarily indicative of results to be expected during the remainder of the fiscal year or for any future periods.

	Nine months ended September 30,		Year ended December 31,				
	2003	2002	2002	2001	2000	1999	1998
	(dollars in thousands, except per share data)						
Income Statement Data:							
Net interest income	\$ 133,827	\$ 156,296	\$ 190,900	\$ 114,565	\$ 64,853	\$ 59,538	\$ 19,855
Less provision for loan losses	8,875	3,319	5,587	3,925	1,370	1,800	899
Net interest income after provision for loan losses	124,952	152,977	185,313	110,640	63,483	57,738	18,956
Loan servicing and other fee income	74,470	80,189	103,899	93,172	66,015	—	—
Software services and other income	13,988	15,129	21,909	7,713	8,431	5,387	7,506
Derivative market value loss	(4,632)	(579)	(579)	(2,962)	—	—	—
Operating expenses	178,827	172,928	234,701(c)	195,438(c)	131,196(c)	47,417	22,086
Income before income taxes and minority interest	29,951	74,788	75,841(c)	13,125(c)	6,733(c)	15,708	4,376
Net income	16,771	47,853	48,538	7,147	4,520	9,671	2,879
Earnings per share, basic and diluted	\$ 0.37	\$ 1.06	\$ 1.08	\$ 0.16	\$ 0.11	\$ 0.42	\$ 0.14
Weighted average shares outstanding	45,019,823	44,971,290	44,971,290	44,331,490	41,187,230	22,863,444	21,000,000
Other Data:							
Origination and acquisition volume(a)	\$ 3,173,325	\$ 2,113,134	\$ 2,665,786	\$ 1,448,607	\$ 1,027,498	\$ 2,015,263	\$ 700,317
Average student loans	\$ 9,432,513	\$ 8,056,047	\$ 8,171,898	\$ 5,135,227	\$ 3,388,156	\$ 1,750,097	\$ 1,147,842
Student loans serviced (at end of period)	\$18,341,409	\$17,393,686	\$17,863,210	\$16,585,295	\$11,971,095	\$ —	\$ —
Ratios:							
Net interest margin(b)	1.76%	2.38%	2.15%	2.09%	1.76%	2.60%	1.24%
Return on average total assets	0.21%	0.70%	0.52%	0.12%	0.12%	0.32%	0.21%
Return on average equity	17.8%	67.1%	49.2%	11.7%	8.2%	99.6%	109.2%
Net loan charge-offs as a percentage of average student loans	0.073%	0.036%	0.047%	0.042%	0.055%	0.033%	0.022%

	As of	As of December 31,				
	September 30, 2003	2002	2001	2000	1999	1998
		(in thousands)				
Balance Sheet Data:						
Cash and cash equivalents	\$ 34,650	\$ 40,155	\$ 36,440	\$ 23,263	\$ 26,497	\$ 11,636
Student loan receivables, net	10,059,920	8,559,420	7,423,872	3,585,943	2,989,985	1,814,625
Total assets	11,152,997	9,766,583	8,134,560	4,021,948	3,302,098	2,739,605
Bonds and notes payable	10,892,347	9,447,682	7,926,362	3,934,130	3,265,532	2,718,705
Shareholders' equity	131,222	109,122	63,186	54,161	15,380	4,038

- (a) Initial loans originated and acquired through various channels, including originations through our direct channel and acquisitions through our branding partner channel, our forward flow channel and the secondary market.
- (b) Net interest margin is computed by dividing net interest income by the sum of average student loans and the average balance of other interest earning assets.
- (c) As more fully described in note 21 of the notes to consolidated financial statements, we have restated this financial data to reflect certain adjustments to intangible assets and deferred taxes.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis by our management of our financial condition and results of operations in conjunction with our "Selected Consolidated Financial Data" and our financial statements and the related notes included elsewhere in this prospectus.

Overview

We are a vertically integrated education finance company, with over \$11 billion in total assets, making us one of the leading education finance companies in the country. We are focused on providing quality products and services to participants in the education finance process. Headquartered in Lincoln, Nebraska, we originate, hold and service student loans, principally loans originated under the Federal Family Education Loan Program. For 2002, we were the fourth largest holder and second largest servicer of FFELP loans. In addition, we, together with our branding partners, originated and acquired approximately \$3.2 billion of student loans in the nine months ended September 30, 2003 and \$2.7 billion of student loans in 2002, making us a leading originator and acquirer of student loans.

Our business is comprised of four primary product and service offerings:

- **Asset management, including student loan originations and acquisitions.** We provide student loan sales, marketing, originations, acquisition and portfolio management. We own a large portfolio of student loan assets through a series of education lending subsidiaries. As of September 30, 2003, our student loan portfolio was \$10.1 billion, consisting of over 99% of FFELP loans and less than 1% of private loans. We generate loans owned in special purpose lending facilities through direct origination or through acquisition of loans. We generate the majority of our earnings from the spread between the yield we earn on our student loan portfolio and the cost of funding these loans. We also provide marketing and sales support and managerial and administrative support related to our asset generation activities, as well as those performed for our branding partners or other lenders who sell us loans. Revenues are primarily generated from interest earnings. While our net interest margin may vary due to fluctuations in interest rates, government special allowance payments ensure that we receive a minimum yield on our student loans, so long as certain requirements are met.
- **Student loan servicing.** We service our student loan portfolio and the portfolios of third parties. We currently service or provide complete outsourcing of servicing activities for more than \$18 billion in student loans, including approximately \$8.7 billion of loans in our own portfolio. The servicing activities provided include loan origination activities, application processing, borrower updates, payment processing, claim processing and due diligence procedures. These activities are performed internally for our own portfolio in addition to generating fee revenue when performed for third-party clients.
- **Guarantee servicing.** We provide servicing support to guaranty agencies, which includes system software, hardware and telecommunication support, borrower and loan updates, default aversion tracking services, claim processing services and post-default collection services. We currently provide servicing support to agencies that guarantee \$20 billion of FFELP loans. These activities generate fee revenue in addition to expanding our relationship with other participants in the education finance sector.
- **Servicing software.** We provide student loan servicing software internally and to third-party student loan holders and servicers. We currently service more than \$18 billion in student loans, which makes us the second largest servicer of FFELP loans, according to SLSA statistics. Our software is also used by third parties to service an additional \$27 billion in student loans. We earn software license and maintenance fees annually from third-party clients for use of this software. We also provide computer consulting, custom software applications and customer service support.

In accordance with accounting principles generally accepted in the United States, our asset management and student loan servicing offerings constitute reportable operating segments. Our guarantee servicing and servicing software offerings are operating segments that do not meet the quantitative thresholds, and, therefore, are included as other segments that do not meet the reportable segment criteria. For additional information, see note 19 of the notes to consolidated financial statements.

Our student loan portfolio has grown significantly through origination and acquisition. With the development of our fully integrated platform, we are positioned for sustained organic growth. We originated and acquired \$3.2 billion of student loans in the nine months ended September 30, 2003 and \$2.7 billion in student loans during 2002 through various channels, including:

- our direct channel, in which we originate student loans in one of our brand names directly to student and parent borrowers, which accounted for 52.2% and 40.7% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively;
- our branding partner channel, in which we acquire student loans from lenders to whom we provide marketing and origination services, which accounted for 22.8% and 19.5% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively; and
- our forward flow channel, in which we acquire student loans from lenders to whom we provide origination services, but provide no marketing services, or who have agreed to sell loans to us under forward sale commitments, which accounted for 15.3% and 21.7% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively.

In addition, we also acquire student loans through spot purchases and whole-company acquisitions, which accounted for 9.7% and 18.1% of student loans that we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively. We have increased our student loan portfolio by \$6.4 billion over the last two years and nine months, including \$2.9 billion of loans acquired in subsidiary acquisitions.

Our student loan portfolio and asset growth will be significant factors in determining future growth in our net interest income as our primary source of income is interest earned on our student loan portfolio. If our student loan portfolio continues to grow and our net interest margin remains relatively stable, we expect our net interest income to increase after adjusting for any variable rate floor income. Interest income, and to a certain extent our net income, is also dependent upon the relative level of interest rates. While we expect our student loan portfolio and interest earning assets to continue to grow, which should cause interest income and earnings growth, we do not expect to continue to grow at historical levels. Specifically, our net income for the nine months ended September 30, 2003 decreased \$31.1 million, or 65.0%, as compared to the comparable period in 2002. Net interest income decreased by \$22.5 million, or 14.4%, for the nine months ended September 30, 2003 as compared to the comparable period in 2002. However, net interest income, excluding the effects of variable rate floor income, increased approximately \$11.9 million, or 10.9%, for the nine months ended September 30, 2003 as compared to the comparable period in 2002. This increase in net interest income, excluding variable rate floor income, has resulted from the portfolio growth previously discussed. Variable rate floor income occurs in certain declining interest rate environments, and we cannot predict whether these interest rate environments will occur in the future. We generally do not anticipate receiving or plan to receive variable rate floor income.

We have positioned ourselves for growth by building a strong foundation through mergers and acquisitions of related and unrelated entities. Although our assets and loan portfolios increased through these transactions, a key aspect of each transaction was its impact on our prospective organic growth and the development of our integrated platform of services. As a result of our rapid growth, the development of our platform and changes in operations, period-to-period comparability of our results of operations may be difficult. The following are the significant acquisitions that we have made since 2000:

- We acquired the operations of UNIPAC Service Corporation, a related entity, in March 2000, which added servicing operations and growth potential.

- We added the servicing and origination operations of InTuition Holdings, Inc. in June 2000, which expanded our presence in the southeastern United States.
- We acquired MELMAC, Inc., a Maine student loan company, in January 2001, which increased our FFELP portfolio by \$424 million, and increased our presence on the East Coast.
- We acquired GuaranTec, LLP in June 2001, which expanded our products and services through the addition of guarantee servicing.
- We acquired EFS, Inc. in December 2001, which increased our origination opportunities in the Midwest, increased our loan servicing operations and added \$2.5 billion to our FFELP portfolio.
- We acquired Idaho Financial Associates, Inc. in January 2002 and Charter Account Systems, Inc. in May 2002, which further secured and expanded our product suite through proven and tested loan servicing software products.
- We acquired UFS Securities, LLC in August 2003, which added broker-dealer services to our services.

Our earnings and earnings growth are directly affected by the size of our portfolio of student loans, the interest rate characteristics of our portfolio, the costs associated with financing and managing our portfolio and the costs associated with the origination and acquisition of the student loans in the portfolio. See “Liquidity and Capital Resources — Student Loan Portfolio.”

Net Interest Income

We generate the majority of our earnings from the spread between the yield we receive on our portfolio of student loans and the cost of funding these loans. This spread income is reported on our income statement as net interest income. The amortization and write-offs of premiums or discounts, including capitalized costs of origination, the consolidation loan rebate fee and yield adjustments from borrower benefit programs are netted against loan interest income on our income statement. The amortization and write-offs of bond issuance costs are included in interest expense on our income statement.

Our portfolio of FFELP loans generally earns interest at the higher of a variable rate based on the special allowance payment, or SAP, formula set by the DOE, and the borrower rate, which is fixed over a period of time. The SAP formula is based on an applicable index plus a fixed spread that is dependent upon when the loan was originated and the loan’s repayment status. Depending on the type of student loan and when the loan was originated, the borrower rate is either fixed to term or is reset to a market rate each July 1. Loans that reset annually on each July 1 can generate excess spread income as compared to the rate based on the SAP formula in certain declining interest rate environments. We refer to this additional income as variable rate floor income and it is included in loan interest income as described further in “— Results of Operations” below. Historically, we have earned excess spread, or variable rate floor income, in declining interest rate environments as recently as our most recent fiscal year. Since the rates are reset annually, we view these earnings as temporary and not necessarily sustainable. Our ability to earn variable rate floor income in the future periods is dependent upon the interest rate environment following the annual reset of borrower rates, and we cannot assure that such environment will exist in the future.

The table below sets forth the weighted average borrower interest rate and weighted average lender interest rate for all variable-rate student loan assets for the period indicated.

	As of September 30,		As of December 31,		
	2003	2002	2002	2001	2000
Weighted average borrower interest rate	3.87%	5.29%	4.97%	7.02%	7.80%
Weighted average lender interest rate	3.54%	4.40%	4.27%	6.23%	7.80%

Because we generate the majority of our earnings from the spread between the yield we receive on our portfolio of student loans and the cost of financing these loans, the interest rate sensitivity of our balance sheet is very important to our operations. The current and future interest rate environment can and

will affect our interest earnings, net interest income and net income. The effects of changing interest rate environments are further outlined in “— Interest Rate Risk” below.

On those FFELP loans with fixed to term borrower rates, primarily consolidation loans, we earn interest at the greater of the borrower rate or a variable rate based on the SAP formula. Since we finance the majority of our student loan portfolio with variable-rate debt, we may earn excess spread on these loans for an extended period of time.

On most consolidation loans, we must pay a 1.05% per year rebate fee to the DOE. Those consolidation loans which have variable interest rates based on the SAP formula earn a yield less than that of a Stafford loan. Those consolidation loans which have fixed interest rates less than the sum of 1.05% and the variable rate based on the SAP formula also earn a yield less than that of a Stafford loan. As a result, as consolidation loans matching these criteria become a larger portion of our loan portfolio, there will be a lower yield on our loan portfolio in the short term. However, due to the extended terms of consolidation loans, we expect to earn the yield on these loans for a longer duration, making them beneficial to us in the long term.

A portion of our FFELP loan portfolio, with an outstanding balance of \$1.4 billion as of September 30, 2003, is comprised of loans which were previously financed with tax-exempt obligations issued prior to October 1, 1993. Based upon provisions of the Higher Education Act and related interpretations by the DOE, we believe that we may be entitled to receive special allowance payments on these loans providing us with a 9.5% minimum rate of return. To date, we have not recognized interest income generated by these loans based on the 9.5% minimum rate of return. We have asked the DOE to confirm that we are allowed to recognize the income based on the 9.5% minimum rate of return. We have deferred recognition of this excess interest income pending satisfactory resolution of this issue. As of September 30, 2003, the amount of excess interest income deferred totaled approximately \$20.3 million. Since we did not refinance loans with the aforementioned tax-exempt obligations until 2003, all of this deferred income was recorded this year.

Investment interest income includes income from unrestricted interest-earning deposits and funds in our special purpose entities for our asset-backed securitizations.

Provision for Loan Losses

We maintain an allowance for loan losses associated with our student loan portfolio at a level that is based on the performance characteristics of the underlying loans. We analyze the allowance separately for our FFELP loans and our private loans.

The loan loss allowance attributable to FFELP loans consists of two components: a risk sharing reserve and a reserve for rejected guaranty agency claim losses, caused mainly by servicing defects. The risk sharing reserve is an estimate based on the amount of loans subject to the 2% risk sharing and on the historical experience of losses. The rejected claim loss reserve is based on the historical trend of ultimate losses on loans initially rejected for reimbursement by guaranty agencies. FFELP loans are guaranteed as to both principal and interest and, therefore, continue to accrue interest until the time they are paid by the guaranty agency. Once a FFELP loan is rejected for claim payment, our policy is to continue to pursue recovery of principal and interest, whether by curing the reject or collecting from the borrower. We attempt to cure the rejected claims through our collection efforts. As of September 30, 2003, we had an allowance for loan losses on FFELP loans aggregating approximately \$11.0 million.

In determining the private loan loss allowance, we divide the portfolio into various categories, such as the type of program, loan status and months into repayment. We then estimate defaults based on the borrowers' credit profiles, net of estimated recoveries. We place a private loan on non-accrual status and charge off the loan when the collection of principal and interest is 120 days past due. We utilize this data to estimate the amount of losses in the portfolio, net of subsequent collections, that are probable of occurrence. As of September 30, 2003, we had an allowance for loan losses on private loans of approximately \$4.7 million.

The evaluation of the provision for loan losses is inherently subjective, as it requires material estimates that may be subject to significant changes. The provision for loan losses reflects the activity for the applicable period and provides an allowance at a level which our management believes is adequate to cover probable losses inherent in the loan portfolio.

Other Income

We also earn fees and generate income from other sources, including principally loan servicing, guarantee servicing and licensing fees on our software products. Loan servicing fees are determined according to individual agreements with customers and are calculated based on the dollar value or number of loans or accounts serviced for each customer. Guarantee servicing fees are earned as a result of our providing system software, hardware and telecommunication support, borrower and loan updates, default aversion tracking services, claim processing services and post-default collection services to guaranty agencies. Guarantee servicing fees are calculated based on the number of loans serviced or amounts collected. Software services income includes software license and maintenance fees associated with student loan software products as well as certain loan marketing fees. We also charge borrowers fees on certain private loans, both at origination and when the loan enters repayment, which help to compensate for anticipated loan losses. In addition, we earn fee income on some of our securitization transactions through UFS Securities, our wholly owned broker-dealer, which effectively decreases our costs associated with accessing this market. UFS Securities sells certain tranches of our auction rate securities in a co-broker dealer arrangement with certain third-party broker-dealers. UFS Securities is paid the same amount of fees as the third-party broker-dealers for selling the auction rate securities. Since UFS Securities, which was acquired in August 2003, is our wholly owned subsidiary, these sales and the fees received for the sales by our wholly owned subsidiary will have the effect of reducing our overall costs on the sales of our auction rate securities.

As we expand our student loan origination and acquisition activities, we may face increased competition with some of our servicing customers. In the past, including in one case in 2003, servicing customers have terminated their servicing relationships with us. Furthermore, we could in the future lose more servicing customers as a result of such increased competition. However, the vast majority of our servicing agreements provide for life-of-loan servicing of the existing loans, and, as such, we do not expect this loss or the potential future loss of customers to have a material adverse effect on our results of operations for the foreseeable future.

One of our guarantee servicing customers recently notified us of its intention not to renew its servicing contract. The loss of this customer is not expected to have a material effect on our results of operations due to the relative portion of our earnings attributable to guarantee servicing revenue and the size of the individual customer.

The income and revenues provided through our servicing software operations have increased in recent years with the acquisitions of Idaho Financial Associates, Inc. and Charter Account Systems, Inc. To the extent that our servicing software license and maintenance revenues continue to increase, we believe that such increase will primarily come from our existing customer base.

Operating Expenses

Operating expenses include costs incurred to manage and administer our student loan portfolio and our financing transactions, costs incurred to generate and acquire student loans and general and administrative expenses, which include corporate overhead. Operating expenses also include amortization of intangible assets related to acquisitions.

Other Significant Drivers

In addition to the impact of growth of our student loan portfolio, our results of operations and financial condition may be materially affected by, among other things, changes in:

- applicable laws and regulations that may affect the volume or terms of education loans;
- demand for education financing and competition within the student loan industry;
- the interest rate environment, funding spreads on our financing programs and access to capital markets;
- prepayment rates on student loans, including prepayments relating to loan consolidation; and
- acquisition costs of student loan assets.

See “Risk Factors” for more information on the impact of these factors on our results of operations and financial condition.

Results of Operations

Nine months ended September 30, 2003 compared to nine months ended September 30, 2002

Net interest income. Loan interest income decreased by \$41.5 million, or 13.3%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002. This decrease was a result of changes in the interest rate environment, in the pricing characteristics of our student loan assets and in the size of our student loan portfolio. Lower interest rates in the nine months ended September 30, 2003 caused a decrease in the average net yield on our student loan portfolio to 3.82% from 5.16% for the comparable period in 2002. Variable rate floor income decreased approximately \$34.3 million to approximately \$12.7 million during the nine months ended September 30, 2003 from approximately \$47.0 million for the comparable period in 2002, due to the timing and relative change in interest rates during the periods. The weighted average interest rate on our student loan portfolio decreased during the nine months ended September 30, 2003 due to lower interest rates, together with the addition of lower yielding consolidation loans. The lower weighted average loan interest rate resulted in a reduction in loan interest income of approximately \$37.0 million. Consolidation loan activity also increased the amortization and write-offs of acquisition costs and increased the consolidation rebate fee, reducing loan interest income an additional approximately \$17.1 million during the nine months ended September 30, 2003. The reduction in loan interest income resulting from the decline in interest rates and reduction in variable rate floor income was partially offset by an increase in our portfolio of student loans. The average student loan portfolio increased by approximately \$1.4 billion, or 17.1%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002, which increased loan interest income by approximately \$45.6 million during the nine months ended September 30, 2003 as compared to the comparable period in 2002.

Investment interest income decreased \$3.2 million, or 21.3%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002. This decrease was due to the termination of a joint venture with a large financial institution in the second quarter of 2003.

Interest expense on bonds and notes payable decreased \$22.3 million, or 13.1%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002. This decrease occurred despite an increase in average total debt of approximately \$1.4 billion, specifically an increase in average variable-rate debt of \$1.5 billion, which increased interest expense by approximately \$16.8 million. The reduction in interest rates, specifically LIBOR and auction rates, decreased our average cost of funds to 1.92% in the nine months ended September 30, 2003 from 2.55% in the nine months ended September 30, 2002. As a result, interest expense decreased approximately \$34.7 million during the nine months ended September 30, 2003, as compared to the comparable period in 2002. We reduced average fixed-rate debt by \$182.3 million during the nine months ended September 30, 2003, which decreased our overall interest expense by approximately \$8.0 million as compared to the comparable period in 2002. Interest expense on

bonds and notes payable during the nine months ended September 30, 2003 includes additional amortization and write-offs of bond issuance costs of \$2.6 million incurred as a result of refinancing certain debt transactions.

As a result of the foregoing, net interest income decreased by \$22.5 million, or 14.4%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002. Our net interest margin decreased to 1.76% during the nine months ended September 30, 2003 from 2.38% for the comparable period in 2002. Net interest income, excluding the effects of variable rate floor income of \$12.7 million during the nine months ended September 30, 2003 and \$47.0 million for the comparable period in 2002, increased approximately \$11.9 million to approximately \$121.2 million during the nine months ended September 30, 2003 from approximately \$109.3 million for the comparable period in 2002.

Provision for loan losses. The provision for loan losses for FFELP and private loans increased \$5.6 million, or 167.4%, during the nine months ended September 30, 2003 compared to the comparable period in 2002. The provision for loan losses for FFELP loans increased \$1.0 million during the nine months ended September 30, 2003 compared to the comparable period in 2002 due to the increase in the size of our FFELP loan portfolio. The provision for loan losses for private loans increased \$4.5 million during the nine months ended September 30, 2003 compared to the comparable period in 2002. This increase was due to a provision of approximately \$4.0 million for an identified pool of private loans based on aging, delinquency and performance of such identified pool. This pool of private loans was limited to borrowers attending a single school, and, in early 2002, we ceased making private loans to borrowers attending that school. The remaining increase of \$500,000 was due to the increase in size of our private loan portfolio.

Other income. Total other income decreased \$10.9 million, or 11.5%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002. Loan servicing and other fee income decreased \$5.7 million, or 7.1%, software services and other income decreased \$1.1 million, or 7.5%, and derivative market value adjustment loss increased \$4.1 million during the nine months ended September 30, 2003 as compared to the comparable period in 2002.

Loan servicing and other fee income decreased due to the reduction in the number and dollar amount of loans we serviced for third parties. Total third party loan servicing volume decreased \$718.6 million, or 7.0%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002. This resulted in a decrease in loan servicing income of approximately \$9.6 million during the nine months ended September 30, 2003 as compared to the comparable period in 2002. This decrease in income was offset by an increase of \$3.9 million of guarantee servicing income during the nine months ended September 30, 2003 due to higher guarantee volume.

Software services and other income decreased \$6.2 million during the nine months ended September 30, 2003 as compared to the comparable period in 2002 due to additional income earned on a marketing contract during the nine months ended September 30, 2002 that was terminated in the fourth quarter of 2002. This decrease was offset by an increase of \$2.0 million due to the acquisitions of Charter Accounts Systems, Inc. in May 2002 and Idaho Financial Associates in January 2002 and an increase in other income of \$847,000 due to the acquisition of UFS Securities, LLC in August 2003. In addition, late fee income on borrower payments increased \$1.2 million during the nine months ended September 30, 2003 as compared to the comparable period in 2002.

The derivative market value adjustment loss increased as we utilized derivative instruments in the total notional amount of \$3.5 billion in the three months ended September 30, 2003 to provide economic hedges to protect against the impact of adverse changes in interest rates. The derivative market value adjustment loss of \$579,000 in the nine months ended September 30, 2002 was due to the interest rate swap in the notional amount of \$500 million entered into in 2001 that expired in the second quarter of 2002. See "Liquidity and Capital Resources — Interest Rate Risk".

Operating expenses. Total operating expenses increased \$5.9 million, or 3.4%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002. Salaries and benefits

increased \$13.0 million, or 16.2%, and total other expenses decreased \$7.1 million, or 7.6%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002.

Salaries and benefits increased as a non-cash stock compensation expense of \$5.2 million was recognized in the three months ended September 30, 2003 equal to the difference between the product of the estimated initial public offering price and the number of shares issued in March 2003 and the total price paid by the employees. In addition, salaries expense increased \$3.9 million during the nine months ended September 30, 2003 as compared to the comparable period in 2002 due to the termination of consulting and employment of agreements of six employees. The remaining increase is due to the increased personnel from the acquisitions previously described.

The net decrease in total other expenses can be attributed to an increase of \$1.2 million in the depreciation and amortization of furniture, equipment and leasehold improvements in the nine months ended September 30, 2003 as compared to the comparable period in 2002. This increase was offset by a decrease in the amortization of intangible assets of \$8.5 million due to certain intangible assets having been fully amortized in 2002. Trustee and other debt-related fees increased \$2.5 million, or 19.8%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002 as a result of a \$1.4 billion increase in average total debt outstanding. Occupancy and communications expense increased \$1.0 million, or 11.9%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002 as a result of increased telemarketing activities related to consolidation loan originations. Advertising and marketing expenses decreased \$3.7 million, or 35.5%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002 due to a \$2.4 million expense incurred on a large marketing contract that was terminated in December 2002. The remaining decrease was due to large purchases of marketing materials in the three months ended September 30, 2002 related to the increased marketing activities related to consolidation mailings. Professional services increased \$2.6 million, or 42.7%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002 as a result of outsourcing selected borrower payment processing activities in the three months ended June 30, 2002. Consulting fees and support services to related parties decreased \$3.7 million, or 54.3%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002 as a result of a \$1.4 million decrease in consulting fees due to the termination of a large consulting agreement in December 2002. The remaining decrease was due to the conversion related fees paid in 2002 for the systems conversion that occurred in November 2002. Postage and distribution expenses increased \$2.3 million, or 29.8%, during the nine months ended September 30, 2003 as compared to the comparable period in 2002 due to an increase in mass mailings to promote origination of Stafford and consolidation loans.

Income tax expense. Income tax expense decreased \$13.8 million, or 51.0%, during the nine months ended September 30, 2003 from \$27.1 million for the comparable period in 2002, due to the decrease in income before income taxes. Our effective tax rate was 44.4% for the nine months ended September 30, 2003 as compared to 36.3% for the comparable period in 2002. The increase in the effective rate was a result of the non-cash stock compensation expense for financial statement purposes that was not deductible for tax purposes.

Net income. Net income decreased to \$16.8 million for the nine months ended September 30, 2003 from \$47.9 million as compared to the comparable period in 2002, for the reasons discussed above.

Year ended December 31, 2002 compared to year ended December 31, 2001

Net interest income. Loan interest income increased by \$86.7 million, or 27.2%, for 2002 as compared to 2001. This increase was the result of changes in the interest rate environment, in the pricing characteristics of our student loan assets and in the size of our student loan portfolio. Lower interest rates in 2002 caused a decrease in the average net yield on our student loan portfolio to 4.96% in 2002 from 6.20% in 2001. Variable rate floor income increased approximately \$19.9 million to approximately \$49.8 million for 2002 from approximately \$29.9 million for 2001, due to the timing and relative change in interest rates during the periods. The weighted average interest rate on our student loan portfolio decreased in 2002 due to

the lower interest rates, together with the addition of lower yielding consolidation loans. The lower weighted average loan interest rate resulted in a reduction in loan interest income of approximately \$65.2 million. Consolidation loan activity also increased the amortization and write-offs of acquisition costs, reducing loan interest income an additional approximately \$40.4 million in 2002. The reduction in loan interest income resulting from the decline in interest rates and the reduction in variable rate floor income was partially offset by an increase in our portfolio of student loans. The average student loan portfolio increased by approximately \$3.0 billion, or 59.1%, for 2002 as compared to 2001, which increased loan interest income by approximately \$192.1 million for 2002 as compared to 2001, including the increase related to variable rate floor income.

Investment interest income increased \$4.0 million, or 23.6%, for 2002 as compared to 2001, due to an approximately \$360.1 million increase in average investment and interest-earning deposits during 2002.

Interest expense on bonds and notes payable increased \$14.3 million, or 6.5%, for 2002 as compared to 2001. Average variable-rate debt increased \$4.1 billion, which resulted in an increase in interest expense of \$85.9 million. The reduction in short-term interest rates, specifically LIBOR, decreased our average cost of funds to 2.59% in 2002 from 3.95% in 2001. As a result, interest expense decreased approximately \$83.1 million in 2002 as compared to 2001. We increased average fixed-rate debt by \$199.9 million during 2002, which increased our overall interest expense by approximately \$12.0 million as compared to 2001. In 2002, we first accessed the term securitization market. While the interest expense associated with term securitizations is less than that associated with our other debt instruments, the incremental benefit in 2002 was negligible. While we expect that we will continue to access the term securitization markets, we cannot predict whether the benefits of our accessing those markets will be material to our results of operations in future periods.

As a result of the foregoing, net interest income increased by \$76.3 million, or 66.6%, for 2002 as compared to 2001. Our net interest margin increased to 2.15% for 2002 from 2.09% for 2001. Net interest income, excluding the effects of variable rate floor income of \$49.8 million for 2002 and \$29.9 million for 2001, increased \$56.4 million to \$141.1 million for 2002 from \$84.7 million for 2001.

Provision for loan losses. The provision for loan losses for FFELP and private loans increased \$1.7 million, or 43.3%, for 2002 as compared to 2001. The provision for loan losses for FFELP loans decreased \$100,000, or 3.0%, for 2002 as compared to 2001. The provision for loan losses for private loans increased \$1.8 million, or 242.9%, for 2002 as compared to 2001. This increase was due to a provision of approximately \$1.6 million for an identified pool of private loans based on aging, delinquency and performance of such identified pool. This pool of private loans was limited to loans to borrowers attending a single school, and, in early 2002, we ceased making private loans to borrowers attending that school. The remaining combined increase of \$100,000, or 2.5%, was due to the increase in size of our FFELP and private loan portfolios.

Other income. Total other income increased \$27.3 million, or 27.9%, in 2002 as compared to 2001. Loan servicing and other fee income increased \$10.7 million, or 11.5%, software services and other income increased \$14.2 million, or 184.1%, and derivative market value adjustment loss decreased \$2.4 million, or 80.5%, in 2002 as compared to 2001.

Loan servicing and other fee income increased due to growth in the loan servicing portfolio of \$817.5 million in 2002 and the acquisition of EFS, Inc., which increased the servicing portfolio by an additional \$1.0 billion in 2002. The change in the loan servicing volume resulted in an increase in loan servicing income of \$1.3 million. In addition, we acquired Guarantec, LLP in June 2001 resulting in an increase of \$8.7 million in guarantee servicing income in 2002 as compared to 2001.

Software services and other income increased due to the acquisitions of Charter Account Systems, Inc. in May 2002 and Idaho Financial Associates, Inc. in January 2002. These acquisitions resulted in an increase in income of approximately \$6.2 million in 2002 compared to 2001. Additional income of \$6.6 million was earned on a marketing contract in 2002 that was not in existence in 2001. Other income

also included an increase in administrative services income of \$1.2 million in 2002 as compared to 2001 from the support services provided to FirstMark Services, LLC, which was not in existence in 2001.

The derivative market value adjustment loss decreased as the interest rate swap entered into in 2001 expired in June 2002.

Operating expenses. Total operating expenses increased \$39.3 million, or 20.1%, in 2002 as compared to 2001. Salaries and benefits increased \$29.5 million, or 38.1%, and total other expenses increased \$11.3 million, or 10.1%, in 2002 as compared to 2001. The increase in salaries and benefits is due to the following: the acquisition of EFS, Inc. in December 2001, which increased salaries and benefits by \$11.2 million, the acquisition of Idaho Financial Associates, Inc. in January 2002, which increased salaries and benefits by \$7.9 million and the acquisition of Charter Account Systems, Inc. in May 2002, which increased salaries and benefits by \$1.0 million. The remaining increase in salaries and benefits is due to an increase in support services personnel and the rising cost of employee benefits.

The net increase in total other expenses can be attributed to an increase in depreciation and amortization of \$3.9 million, or 13.5%, in 2002 as compared to 2001, which includes an increase in the amortization of intangible assets of \$3.4 million due to acquisitions of EFS, Inc., Idaho Financial Associates, Inc. and Charter Account Systems, Inc. in December 2001, January 2002 and May 2002, respectively. The remaining increase in depreciation and amortization was a result of increased depreciation and amortization of furniture, equipment and leasehold improvements in 2002 as compared to 2001, due to the acquisitions previously described. Trustee and other debt related fees increased \$3.8 million, or 29.5%, in 2002 as compared to 2001, as a result of the \$4.3 billion increase in average total debt outstanding. Occupancy and communications expense increased \$3.9 million, or 52.6%, in 2002 as compared to 2001 due to the acquisitions previously described. Advertising and marketing expenses increased \$1.4 million, or 13.7%, in 2002 as compared to 2001 due to an increase in consolidation loan origination activities. Professional services increased \$5.9 million, or 175.3%, in 2002 as compared to 2001 as a result of technology-related consulting in 2002 that did not exist in 2001. Consulting fees and support services to related parties decreased \$16.6 million, or 56.4%, in 2002 as compared to 2001. This decrease can be attributed to a \$9.7 million decrease due to the termination of the support services contract for InTuition Holdings, Inc. and Guarantec, LLP in December 2001, a \$4.8 million decrease in contracted technology services obtained from 5280 Solutions, Inc. related to the consolidation of our servicing platform in December 2001 and a \$2.1 million decrease as a result of a reduction in consulting fees for services provided by related parties. Other expenses increased \$4.0 million, or 21.5%, due to the acquisitions previously described.

Income tax expense. Income tax expense increased to \$27.7 million for 2002 as compared to \$5.4 million in 2001 due to the increase in income before income taxes in 2002. Our effective tax rate was 36.5% for 2002 as compared to 41.0% in 2001. The 2001 effective tax rate was higher because other nondeductible and nontaxable items were 4.0% of net income before taxes in 2001 compared to (0.4%) in 2002.

Net income. Net income increased to \$48.5 million for 2002 from \$7.1 million for 2001, for the reasons discussed above.

Year ended December 31, 2001 compared to year ended December 31, 2000

Net interest income. Loan interest income increased by \$37.4 million, or 13.3%, for 2001 as compared to 2000. This increase was the result of changes in the interest rate environment, in the pricing characteristics of our student loan assets and in the size of our student loan portfolio. Lower interest rates in 2001 caused a decrease in the average net yield on our student loan portfolio to 6.20% in 2001 from 8.29% in 2000. Variable rate floor income increased approximately \$29.9 million in 2001, due to the timing and relative change in interest rates during the periods. There was no variable rate floor income in 2000. The weighted average interest rate on our student loan portfolio decreased in 2001 due to the lower interest rates, together with the addition of lower yielding consolidation loans. The lower weighted average interest rate resulted in a reduction in loan interest income of approximately \$75.0 million. Consolidation loan activity also increased the amortization and write-offs of acquisition costs, reducing loan interest income an additional

\$3.5 million in 2001. The reduction in loan interest income resulting from a decline in interest rates and reduction in variable rate floor income was partially offset by an increase in our portfolio of student loans. The average student loan portfolio increased by approximately \$1.7 billion, or 51.6%, for 2001 as compared to 2000, which increased loan interest income by approximately \$117.2 million for 2001 as compared to 2000, which includes the increase related to variable rate floor income.

Investment interest income decreased by \$1.1 million, or 6.4%, for 2001 as compared to 2000, due to the decrease in interest rates on invested funds.

Interest expense on bonds and notes payable decreased \$13.4 million, or 5.7%, for 2001 as compared to 2000. The decline in short-term interest rates, specifically LIBOR, decreased our average cost of funds to 3.95% in 2001 from 6.04% in 2000. As a result, interest expense decreased approximately \$72.8 million for 2001 as compared to 2000. Additional average debt of \$1.2 million issued during 2001 increased our interest expense by approximately \$57.0 million for 2001 as compared to 2000.

As a result of the foregoing, net interest income increased by \$49.7 million, or 76.7%, for 2001 as compared to 2000. Our net interest margin increased to 2.09% for 2001 from 1.76% for 2000. Net interest income, excluding the effects of variable rate floor income of \$29.9 million for 2001 and \$0 for 2000, increased approximately \$19.8 million to approximately \$84.7 million for 2001 from approximately \$64.9 million for 2000.

Provision for loan losses. The provision for loan losses for FFELP and private loans increased \$2.6 million, or 189.8%, for 2001 as compared to 2000. The provision for loan losses for FFELP loans increased \$1.9 million, or 135.7%, for 2001 as compared to 2000. The provision for loan losses for private loans increased \$700,000, or 100.0%, for 2001 as compared to 2000. This increase was due to a provision of approximately \$400,000, for an identified pool of private loans based on aging, delinquency and performance of such identified pool. This pool of private loans was limited to loans to borrowers attending a single school, and, in early 2002, we ceased making private loans to borrowers attending that school. The remaining combined increase of \$2.2 million, or 160.6%, was due to the increase in size of our FFELP and private loan portfolios.

Other Income. Total other income increased \$23.5 million, or 31.5%, in 2001 as compared to 2000. Loan servicing and other fee income increased \$27.2 million, or 41.1%, software services and other income decreased \$718,000, or 8.5%, and derivative market value adjustment loss increased \$3.0 million, or 100.0%, in 2001 as compared to 2000.

Loan servicing and other fee income increased due to the acquisition of InTuition Holdings, Inc. in June 2000 and UNIPAC Service Corporation in March 2000 resulting in an increase in income of \$18.4 million in 2001 as compared to 2000. In addition, we acquired Guarantec, LLP in June 2001 which resulted in an increase in guarantee servicing of \$8.7 million in 2001 as compared to 2000.

Software services and other income decreased as we recognized a cash gain on the sale of student loans to a third party of \$700,000 in 2000. Derivative market value adjustment loss increased as we entered into an interest rate swap in 2001.

Operating expenses. Total operating expenses increased \$64.2 million, or 49.0%, in 2001 as compared to 2000. Salaries and benefits increased \$25.6 million, or 49.5%, and total other expenses increased \$36.4 million, or 48.8% in 2001 as compared to 2000. The increase in salaries and benefits expense was due to salaries expense of \$9.6 million related to the conversion of our servicing platform in December 2001. The remaining increase was due to salary and benefit increases related to the acquisitions of UNIPAC Service Corporation in March 2000, InTuition Holdings, Inc. in June 2000 and Guarantec, LLP in June 2001.

The net increase in total other expenses can be attributed to an increase in depreciation and amortization of \$11.3 million, or 65.2%, in 2001 as compared to 2000, which included an increase in the amortization of intangible assets of \$6.1 million due to acquisitions of UNIPAC Service Corporation and InTuition Holdings, Inc. in March and June 2000, respectively. The remaining increase in depreciation and

amortization was the result of increased depreciation and amortization of furniture, equipment and leasehold improvements in 2001 as compared to 2000 related to the acquisitions described above. Trustee and other debt related fees increased \$3.8 million, or 41.6%, in 2001 as compared to 2000 as a result of a \$1.2 billion increase in average total debt outstanding in 2001. Occupancy and communications expense increased \$2.0 million, or 35.7% in 2001 as compared to 2000 due to the acquisitions previously described. Advertising and marketing expenses increased \$5.6 million, or 122.8%, due to a large marketing services contract entered into in 2001. Professional services increased \$1.8 million, or 113.0%, in 2001 as compared to 2000 due to an increase in revenue from payment processing services and origination activities due to a complete year's operation of InTuition Holdings, Inc., which was acquired in June 2000. Consulting fees and support services to related parties increased \$14.1 million, or 91.8%, in 2001 compared to 2000. Consulting fees and support services to related parties increased due to an \$11.8 million increase in technology services contract related to the acquisition of 5280 Solutions and a \$5.0 million increase due to the acquisitions of the outsourced support services contract for InTuition Holdings, Inc. and GuaranTec, LLP. Postage and distribution expenses increased \$1.9 million, or 33.4%, in 2001 as compared to 2000 due to the acquisitions discussed above.

Income tax expense. Income tax expense increased to \$5.4 million for 2001 as compared to \$2.2 million in 2000 due to the increase in income before income taxes in 2001. Our effective tax rate was 41.0% for 2001 as compared to 32.9% for 2000. The 2001 effective tax rate was higher because other nondeductible and nontaxable items were 4.0% of net income before taxes in 2001 compared to (7.0%) in 2000.

Net income. Net income increased to \$7.1 million for 2001 from \$4.5 million for 2000, for the reasons discussed above.

Financial Condition

At September 30, 2003 compared to December 31, 2002

Total assets increased \$1.4 billion, or 14.2%, from \$9.8 billion at December 31, 2002 to \$11.2 billion at September 30, 2003. This was due to an increase in student loans receivable of approximately \$1.5 billion, or 17.5%, from \$8.6 billion at December 31, 2002 to \$10.1 billion at September 30, 2003. This increase was a result of net growth in consolidation loans of approximately \$1.5 billion during the nine months ended September 30, 2003. The increase in student loans receivable was offset by a decrease in restricted cash due to loan program customers of \$92 million, or 69.2%. The decrease in restricted cash due to loan program customers is a result of timing of second disbursements on loans and reduced lockbox volume.

Total liabilities increased \$1.4 billion, or 14.1%, from \$9.7 billion at December 31, 2002 to \$11.0 billion at September 30, 2003. The growth in liabilities was a result of an increase in bonds and notes payable of approximately \$1.4 billion, or 15.3%, from \$9.4 billion at December 31, 2002 to \$10.9 billion at September 30, 2003. The increase in bonds and notes payable resulted from additional borrowings to fund our growth in student loans receivable during the nine months ended September 30, 2003. The increase in bonds and notes payable was offset by a decrease in restricted cash due to loan program customers of \$92 million, or 69.2%. The decrease in restricted cash due to loan program customers is a result of timing of second disbursements on loans and reduced lockbox volume.

Shareholders' equity increased \$22.1 million, or 20.3%, from \$109.1 million at December 31, 2002 to \$131.2 million at September 30, 2003 partially as a result of net income for the nine months ended September 30, 2003. Shareholders' equity also increased as a result of a non-cash stock compensation charge of \$5.2 million during the nine months ended September 30, 2003.

At December 31, 2002 compared to December 31, 2001

Total assets increased approximately \$1.7 billion, or 20.1%, from \$8.1 billion at December 31, 2001 to \$9.8 billion at December 31, 2002. The increase in assets resulted from an increase in student loans receivable of \$1.2 billion, or 15.3%, from \$7.4 billion at December 31, 2001 to \$8.6 billion at December 31, 2002. The increase in student loans receivable resulted from an increase in consolidation loans of approximately \$1.1 billion as a result of acquisitions and origination activities. Total assets also increased due to an increase in restricted cash and investments of \$408.8 million, or 121.9%, resulting from bond indenture requirements that restricted cash reserves be held for the additional debt financings issued in 2002.

Total liabilities increased \$1.6 billion, or 19.7%, from \$8.1 billion at December 31, 2001 to \$9.7 billion at December 31, 2002. The growth in liabilities was a result of an increase in bonds and notes payable of \$1.5 billion, or 19.2%, from \$7.9 billion at December 31, 2001 to \$9.4 billion at December 31, 2002. The increase in bonds and notes payable was a result of additional debt financings issued to fund our growth in student loans receivable during 2002.

Shareholders' equity increased \$45.9 million, or 72.7%, from \$63.2 million at December 31, 2001 to \$109.1 million at December 31, 2002 as a result of the net income for the year ended December 31, 2002 of \$48.5 million, net of a \$3.0 million charge in connection with a related party acquisition.

Liquidity and Capital Resources

We finance our operations through operating cash flow, borrowings under credit facilities and secured financing transactions. Operating activities provided net cash of \$86.7 million for the nine months ended September 30, 2003, an increase of approximately \$20.6 million from the net cash provided by operating activities of \$66.1 million during the nine months ended September 30, 2002. Operating activities provided net cash of \$134.2 million in 2002, an increase of approximately \$52.7 million from the net cash provided by operating activities of \$81.5 million during 2001. Operating cash flows are driven by net income adjusted for various non-cash items such as the provision for loan losses, depreciation and amortization.

We also use secured and unsecured operating lines of credit and financing agreements to fund operations and student loan acquisitions. Historically, a significant portion of our unsecured operating credit facilities was provided by affiliated parties. See "Related Party Transactions." We have obtained \$100.0 million, and are in the process of obtaining an additional \$30.0 million, of operating lines of credit and commercial paper transactions under three separate facilities from a group of six large regional and national financial institutions. The cost of funds associated with our operating lines of credit is higher than that of the secured financing transactions used to fund our student loan portfolio. Our operating lines of credit are generally priced at a spread over LIBOR ranging from 60 to 250 basis points. We believe that the expansion of our operating lines and credit facilities will provide expanded access to capital in the future. In addition to our expanded operating lines and credit facilities, we believe that the growth in our cash flow from operating activities and shareholders' equity indicates a favorable trend in our available capital resources. We intend to use a portion of the net proceeds from this offering to repay any revolving credit indebtedness outstanding at the closing of this offering.

In the second quarter of 2003, we expanded our warehousing capacity for student loan assets with the addition of a \$750 million short-term student loan warehouse facility. In the third quarter of 2003, we further expanded this short-term student loan warehouse facility to \$1.05 billion. This warehouse facility will allow for expansion of our liquidity and capacity and will replace a smaller facility of approximately \$350 million which expired in the third quarter of 2003. We believe that the expansion of our warehousing capacity and continued access to the asset-backed securities market will provide adequate liquidity to fund our student loan operations for the foreseeable future.

Our secured financing instruments include commercial paper lines, short-term student loan warehouse programs, variable-rate tax-exempt bonds, fixed-rate, tax-exempt bonds and various asset-backed securities. Of the \$10.9 billion of debt outstanding as of September 30, 2003, approximately \$9.3 billion was issued under securitization transactions. During the nine months ended September 30, 2003 and in 2002, we

completed three asset-backed securities transactions in each period totaling \$2.9 billion and \$2.8 billion, respectively. We anticipate continuing to access the asset-backed securities markets in 2003 and subsequent years, depending on market conditions.

Securities issued in our securitization transactions are generally priced off a spread to LIBOR or set under an auction procedure related to the bonds and notes. The student loans financed are generally priced on a spread to commercial paper or Treasury bills.

The following table summarizes our bonds and notes outstanding as of September 30, 2003:

As of September 30, 2003					
	Carrying amount	Percent of total	Amount available	Interest rate range	Final maturity
(dollars in thousands)					
Variable-rate bonds and notes (a):					
Bond and notes based on indices	\$ 3,340,967	30.7%	\$ 3,340,967	1.12% – 1.90%	05/01/07 – 01/25/37
Bond and notes based on auction	4,927,835	45.2	4,927,835	0.79% – 1.22%	07/01/05 – 07/01/43
Total variable-rate bonds and notes	8,268,802	75.9	8,268,802		
Commercial paper and other	1,555,244	14.3	2,225,885	1.34% – 1.72%	09/02/04 – 09/25/24
Fixed-rate bonds and notes(a)	991,012	9.1	991,012	5.50% – 6.68%	05/01/05 – 06/01/28
Other secured borrowings	77,289	0.7	77,289	1.30% – 6.00%	01/10/05 – 11/01/05
Total	\$10,892,347		\$11,562,988		

(a) Issued in securitization transactions.

Total unused commitments under various commercial paper and warehouse agreements totaled \$670.6 million as of September 30, 2003. In addition, in October 2003 we obtained an additional \$70.0 million in an operating line of credit and a commercial paper facility. Bonds and notes outstanding as of September 30, 2003 are due in varying amounts as follows:

	As of September 30, 2003
	(dollars in thousands)
2004	\$ 440,704
2005	220,979
2006	127,965
2007	230,873
2008	86,070
2009 and thereafter	9,785,756
	\$10,892,347

We have commitments with our branding partners, from whom we acquire student loans and to whom we provide marketing and origination services, and forward flow lenders, from whom we acquire student loans and to whom we provide origination services only, which obligate us to purchase loans originated under specific criteria, although our branding partners and forward flow lenders are not obligated to provide us with a minimum amount of loans. These commitments generally run for periods ranging from one to five years and are generally renewable. As of September 30, 2003 and December 31, 2002 and 2001, we were obligated to purchase up to \$246.1 million, \$266.2 million and \$334.7 million, respectively, in student loans at current market rates upon the respective seller's request under various agreements through September 30, 2004. We may also expand our sales and marketing forces, or acquire interests in student loans, potentially including up to approximately \$55 million to fund a portion of the acquisitions described



in “Prospectus Summary — Potential Acquisitions,” each of which may result in short-term or long-term capital commitments.

Student Loan Portfolio

The tables below describe the components of our loan portfolio:

	As of September 30,			
	2003		2002	
	Dollars	Percent of total	Dollars	Percent of total
	(dollars in thousands)			
FFELP:				
Stafford	\$ 5,200,632	51.7%	\$5,237,030	61.8%
PLUS/ SLS (a)	273,598	2.7	338,066	4.0
Consolidation	4,347,866	43.2	2,651,402	31.3
Non-FFELP:				
Private loans	91,774	0.9	75,206	0.9
Total	9,913,870	98.5	8,301,704	98.0
Unamortized premiums	161,774	1.6	176,848	2.1
Allowance for loan losses:				
Allowance — FFELP	(10,974)	(0.1)	(10,289)	(0.1)
Allowance — Private	(4,750)	—	(1,089)	—
Net	\$10,059,920	100.0%	\$8,467,174	100.0%

(a) Supplemental Loans for Students, or SLS, are the predecessor to unsubsidized Stafford loans.

	As of December 31,					
	2002		2001		2000	
	Dollars	Percent of total	Dollars	Percent of total	Dollars	Percent of total
	(dollars in thousands)					
FFELP:						
Stafford	\$4,983,021	58.2%	\$4,947,316	66.6%	\$2,390,203	66.7%
PLUS/ SLS (a)	313,100	3.7	335,083	4.5	115,237	3.2
Consolidation	3,033,607	35.4	1,923,896	25.9	1,004,548	28.0
Non-FFELP:						
Private loans	74,660	0.9	60,760	0.8	31,843	0.9
Total	8,404,388	98.2	7,267,055	97.8	3,541,831	98.8
Unamortized premiums	167,032	1.9	167,059	2.3	47,726	1.3
Allowance for loan losses:						
Allowance — FFELP	(9,970)	(0.1)	(9,378)	(0.1)	(3,004)	(0.1)
Allowance — Private	(2,030)	—	(864)	—	(610)	—
Net	\$8,559,420	100.0%	\$7,423,872	100.0%	\$3,585,943	100.0%

(a) Supplemental Loans for Students, or SLS, are the predecessor to unsubsidized Stafford loans.

Activity in the Allowance for Loan Losses

The provision for loan losses represents the periodic expense of maintaining an allowance sufficient to absorb losses, net of recoveries, inherent in the portfolio of student loans.

An analysis of our allowance for loan losses is presented in the following table:

	Nine months ended September 30,		Year ended December 31,		
	2003	2002	2002	2001	2000
			(dollars in thousands)		
Balance at beginning of year	\$ 12,000	\$ 10,242	\$ 10,242	\$ 3,614	\$ 4,122
Provision for loan losses:					
FFELP loans	3,275	2,244	3,162	3,250	1,370
Private loans	5,600	1,075	2,425	675	—
Total provision for loan losses	8,875	3,319	5,587	3,925	1,370
Transfer from acquisitions	—	—	—	4,866	—
Charge-offs:					
FFELP loans	(2,271)	(1,417)	(2,570)	(1,742)	(1,389)
Private loans	(2,937)	(821)	(1,333)	(499)	(497)
Total charge-offs	(5,208)	(2,238)	(3,903)	(2,241)	(1,886)
Recoveries, private loans	57	55	74	78	8
Net charge-offs	(5,151)	(2,183)	(3,829)	(2,163)	(1,878)
Balance at end of period	\$ 15,724	\$ 11,378	\$ 12,000	\$ 10,242	\$ 3,614
Allocation of the allowance for loan losses:					
FFELP loans	\$ 10,974	\$ 10,289	\$ 9,970	\$ 9,378	\$ 3,004
Private loans	4,750	1,089	2,030	864	610
Total allowance for loan losses	\$ 15,724	\$ 11,378	\$ 12,000	\$ 10,242	\$ 3,614
Net charge-offs as a percentage of average student loans	0.073%	0.036%	0.047%	0.042%	0.055%
Total allowance as a percentage of average student loans	0.167%	0.141%	0.147%	0.199%	0.107%
Total allowance as a percentage of the ending balance of student loans	0.159%	0.137%	0.143%	0.141%	0.102%
Private allowance as a percentage of the ending balance of private loans	5.176%	1.448%	2.719%	1.422%	1.916%
Average student loans	\$9,432,513	\$8,056,047	\$8,171,898	\$5,135,227	\$3,388,156
Ending balance of student loans	\$9,913,870	\$8,301,704	\$8,404,388	\$7,267,055	\$3,541,831
Ending balance of private loans	\$ 91,774	\$ 75,206	\$ 74,660	\$ 60,760	\$ 31,843

The table below shows the student loan delinquency amounts as of September 30, 2003 and 2002 and December 31, 2002, 2001 and 2000. Delinquencies have the potential to adversely impact our earnings through increased servicing and collection costs and account charge-offs.

	September 30,				December 31,					
	2003		2002		2002		2001		2000	
	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent	Balance	Percent
(dollars in thousands)										
FFELP Student Loan Portfolio:										
Loans in school/ grace/deferment(1)	\$3,336,280		\$2,684,837		\$2,293,763		\$1,807,308		\$ 954,655	
Loans in forbearance(2)	1,380,721		1,305,380		1,289,606		854,737		99,153	
Loans in repayment status:										
Loans current	4,465,828	87.5%	3,639,344	85.9%	4,002,025	84.3%	3,957,114	87.1%	2,139,113	87.1%
Loans delinquent 31-60 days(3)	221,590	4.3	208,130	4.9	307,668	6.5	247,074	5.4	131,582	5.4
Loans delinquent 61-90 days	143,278	2.8	148,988	3.5	146,198	3.1	110,913	2.4	64,947	2.6
Loans delinquent 91 days or greater(4)	274,399	5.4	239,819	5.7	290,468	6.1	229,149	5.1	120,538	4.9
Total loans in repayment	5,105,095	100.0%	4,236,281	100.0%	4,746,359	100.0%	4,544,250	100.0%	2,456,180	100.0%
Total FFELP student loan portfolio	\$9,822,096		\$8,226,498		\$8,329,728		\$7,206,295		\$3,509,988	
Private Student Loan Portfolio:										
Loans in school/ grace/deferment (1)	\$ 26,554		\$ 36,069		\$ 30,545		\$ 34,597		\$ 10,253	
Loans in forbearance(2)	13,304		4,148		7,711		530		—	
Loans in repayment status:										
Loans current	47,449	91.4%	33,294	95.2%	31,168	85.6%	24,839	96.9%	20,712	95.9%
Loans delinquent 31-60 days(3)	1,046	2.0	584	1.7	2,953	8.1	339	1.3	335	1.6
Loans delinquent 61-90 days	1,765	3.4	474	1.3	1,259	3.5	222	0.9	66	0.3
Loans delinquent 91 days or greater(4)	1,656	3.2	637	1.8	1,024	2.8	233	0.9	477	2.2
Total loans in repayment	51,916	100.0%	34,989	100.0%	36,404	100.0%	25,633	100.0%	21,590	100.0%
Total private student loan portfolio	\$ 91,774		\$ 75,206		\$ 74,660		\$ 60,760		\$ 31,843	

- (1) Loans for borrowers who still may be attending school or engaging in other permitted educational activities and are not yet required to make payments on the loans, *e.g.*, residency periods for medical students or a grace period for bar exam preparation.
- (2) Loans for borrowers who have temporarily ceased making full payments due to hardship or other factors, according to a schedule approved by the servicer consistent with the established loan program servicing procedures and policies.
- (3) The period of delinquency is based on the number of days scheduled payments are contractually past due and relate to repayment loans, that is, receivables not charged off, and not in school, grace, deferment or forbearance.
- (4) Loans delinquent 91 days or greater include loans in claim status, which are loans which have gone into default and have been submitted to the guaranty agency for FFELP loans or the private insurer for private loans to process the claim for payment.

Origination and Acquisition

Our student loan portfolio increases through various channels, including originations through our direct channel and acquisitions through our branding partner channel, our forward flow channel and the

secondary market. Our portfolio increases with the addition of portfolios acquired through whole company or subsidiary acquisitions.

One of our primary objectives is to focus on originations through our direct channel and acquisitions through our branding partner channel. We have extensive and growing relationships with many large financial and educational institutions which are active in the education finance industry. Our branding relationships and forward flow relationships include Union Bank, an affiliate of ours, as well as many schools and national and regional financial institutions. See "Related Party Transactions."

The table below sets forth the increase during each period presented of loans originated or acquired through each of our channels:

	Nine months ended September 30,		Year ended December 31,		
	2003	2002	2002	2001	2000
	(dollars in thousands)				
Beginning balance	\$ 8,404,388	7,267,055	\$ 7,267,055	\$3,541,831	\$2,940,679
Direct channel:					
Stafford/ PLUS loan originations	188,695	186,671	224,827	84,599	—
Consolidation loan origination	1,469,624	452,108	859,120	55,715	43,951
Branding partner channel	723,023	510,291	521,023	524,964	592,001
Forward flow channel	485,334	494,389	577,603	484,058	391,503
Other channels	306,649	469,675	483,213	299,271	43
Total channel acquisitions	3,173,325	2,113,134	2,665,786	1,448,607	1,027,498
Loans acquired in subsidiary acquisitions	—	—	—	2,919,845	—
Repayments, claims, capitalized interest and other(a)	(1,663,843)	(1,078,485)	(1,528,453)	(643,228)	(426,346)
Ending balance	\$ 9,913,870	\$ 8,301,704	\$ 8,404,388	\$7,267,055	\$3,541,831

(a) Includes repayments on all consolidation loans.

Student Loan Spread Analysis

The following table analyzes the student loan spread on our portfolio of student loans for the period indicated. This table represents the spread on assets earned in conjunction with the liabilities used to fund the assets. Maintenance of the spread on assets is a key factor in maintaining and growing our income.

	Nine months ended September 30,		Year ended December 31,		
	2003	2002	2002	2001	2000
	(dollars in thousands)				
Student loan yield	4.93%	6.08%	5.94%	6.71%	8.86%
Consolidation rebate fees	(0.40)	(0.29)	(0.31)	(0.23)	(0.25)
Premium amortization	(0.71)	(0.63)	(0.67)	(0.28)	(0.32)
Student loan net yield	3.82	5.16	4.96	6.20	8.29
Student loan cost of funds	(1.92)	(2.55)	(2.59)	(3.95)	(6.04)
Student loan spread, including variable rate floor income	1.90	2.61	2.37	2.25	2.25
Variable rate floor income	(0.13)	(0.58)	(0.61)	(0.58)	—
Student loan spread, excluding variable rate floor income	1.77%	2.03%	1.76%	1.67%	2.25%
Average balance of student loans	\$9,432,513	\$8,056,047	\$8,171,898	\$5,135,227	\$3,388,156



Interest Rate Risk

Because we generate the majority of our earnings from the spread between the yield we receive on our portfolio of student loans and the cost of funding these loans, the interest sensitivity of our balance sheet is a key profitability driver. The majority of student loans have variable-rate characteristics in certain interest rate environments. Certain of our student loans include fixed-rate components depending upon the rate reset provisions, or, in the case of consolidation loans, are fixed at the weighted average interest rate of the underlying loans at the time of consolidation. The table below sets forth our loan assets and debt instruments by rate characteristics:

	As of September 30,				As of December 31,					
	2003	Percent	2002	Percent	2002	Percent	2001	Percent	2000	Percent
	(dollars in thousands)									
Fixed-rate loan assets(a)	\$ 4,812,473	48.5%	\$3,097,072	37.3%	\$3,320,121	39.5%	\$2,486,649	34.2%	\$1,277,098	36.1%
Variable-rate loan assets	5,101,397	51.5	5,204,632	62.7	5,084,267	60.5	4,780,406	65.8	2,264,733	63.9
	<u>\$ 9,913,870</u>	<u>100.0%</u>	<u>\$8,301,704</u>	<u>100.0%</u>	<u>\$8,404,388</u>	<u>100.0%</u>	<u>\$7,267,055</u>	<u>100.0%</u>	<u>\$3,541,831</u>	<u>100.0%</u>
Fixed-rate debt instruments	\$ 991,012	9.1%	\$1,171,986	12.8%	\$1,122,881	11.9%	\$1,232,662	15.6%	\$ 583,191	14.8%
Variable-rate debt instruments	9,901,335	90.9	7,971,637	87.2	8,324,801	88.1	6,693,700	84.4	3,350,939	85.2
	<u>\$10,892,347</u>	<u>100.0%</u>	<u>\$9,143,623</u>	<u>100.0%</u>	<u>\$9,447,682</u>	<u>100.0%</u>	<u>\$7,926,362</u>	<u>100.0%</u>	<u>\$3,934,130</u>	<u>100.0%</u>

(a) Includes approximately \$570 million, \$430 million, \$430 million, \$570 million and \$530 million of variable-rate loan assets which are classified as fixed-rate loan assets as a result of being financed by variable-rate, tax-exempt bonds subject to a 9.5% minimum yield as of September 30, 2003 and 2002 and December 31, 2002, 2001 and 2000, respectively.

Historically, we followed a policy of funding the majority of our student loan portfolio with variable-rate debt. In the current low interest rate environment, our FFELP loan portfolio is yielding excess income primarily due to the reduction in interest rates on the variable-rate liabilities funding student loans at the fixed borrower rate and due to consolidation loans earning interest at a fixed rate to the borrower. See "Risk Factors." Therefore, absent utilizing derivative instruments, in a low interest rate environment, a rise in interest rates will have an adverse effect on earnings and fair values. In higher interest rate environments, where the interest rate rises above the borrower rate and the fixed-rate loans become variable rate and are effectively matched with variable-rate debt, the impact of rate fluctuations is substantially reduced.

One objective when financing our student loan portfolio is to manage interest rate risk through:

- matching the funding of certain assets and liabilities;
- to some extent, utilizing derivative instruments to manage a portion of downside risk and interest rate fluctuations; and
- positioning our portfolio to benefit from interest rate movements and fluctuations.

We have used derivative instruments as described below to provide economic hedges to protect against the impact of adverse changes in interest rates. These derivative instruments do not meet the criteria for hedge accounting pursuant to SFAS No. 133; consequently, the changes in fair value of the derivative instruments of \$4.6 million are included in the derivative market value adjustment in other income in the statement of income for the nine months ended September 30, 2003 and have reduced our net income.

We attempt to match the interest rate characteristics of pools of loan assets with debt instruments of substantially similar characteristics, particularly in rising interest rate markets. Due to the variability in duration of our assets and varying market conditions, we do not attempt to perfectly match the interest

rate characteristics of the entire loan portfolio with the underlying debt instruments. We have adopted a policy of periodically reviewing the mismatch related to the interest rate characteristics of our assets and our liabilities and our opinion as to current and future market conditions. Based on those factors, we will periodically use interest rate swaps and other derivative instruments as part of overall risk management strategy to manage risk arising from our fixed-rate and variable-rate financial instruments. These strategies entail risk and may not be effective. Although the derivative instruments we currently hold do not meet the criteria for hedge accounting pursuant to SFAS No. 133, it is our intention to consider these criteria when entering into future derivative instruments and to use hedge accounting, if qualified to do so, pursuant to SFAS No. 133.

During the third quarter of 2003, we entered into various derivative instrument contracts to help manage our interest rate risk. The table below summarizes the derivative instruments to which we are currently a party:

Notional Amounts by product type

Maturity	Fixed/ Floating Swaps(a)	Basis Swaps(b)	Cap Contracts(c)	Total
	(dollars in millions)			
2004	\$1,000	\$ 500	\$ —	\$1,500
2005	—	1,000	500	1,500
2006	—	500	—	500
Total	\$1,000	\$2,000	\$500	\$3,500
Fair Value	\$ (0.3)	\$ (3.0)	\$ 4.2	\$ 0.9

(a) A fixed/floating swap is an interest rate swap in which we agree to pay a fixed rate in exchange for a floating rate. The interest rate swap effectively converts a portion of our variable rate debt to a fixed rate for a period of time fixing the relative spread between a portion of our student loan assets equal to the size of the swaps, notional amount and earning at a fixed rate and the converted fixed-rate liability.

(b) A basis swap is an interest rate swap agreement in which we agree to pay a floating rate in exchange for another floating rate, based upon different market indices. We have employed basis swaps to limit our sensitivity to dramatic fluctuations in the underlying indices used to price a portion of our variable-rate assets and variable-rate debt.

(c) A cap contract is a derivative instrument in which we agree to pay an up-front premium in exchange for a cap on the level of interest on a notional amount. We have entered into an interest rate cap contract to limit the relative rates on a portion of our variable rate debt, limiting the sensitivity to a dramatically rising interest rate market. The interest rate cap contract was purchased from J.P. Morgan Chase Bank for \$6 million in August 2003. The interest rate cap contract cost is amortized over the term of the contract, which matures in August 2005. The interest rate cap was terminated on October 16, 2003 for approximately \$6 million.

As a result of our interest rate management activities, we expect the change in pre-tax net income resulting from 100 basis point and 200 basis point increases in interest rates will not result in a proportional decrease in net income due to the effective switch of some variable-rate loans to fixed-rate loans. The change would also be less dramatic had the interest rate management strategies and derivative products employed in the third quarter of 2003 been in place for the entire nine months ended September 30, 2003 or the year ended December 31, 2002.

Under Statement of Financial Accounting Standards (“SFAS”) No. 133, *Accounting for Derivative Instruments and Hedging Activities*, the derivatives described above do not qualify for hedge accounting because they do not meet all criteria for effectiveness and, therefore, the change in fair value of the derivative instrument will be reflected in the statements of income. See “— Critical Accounting Policies — Accounting for Derivatives.”

The table below sets forth our variable-rate assets and liabilities categorized by the reset date of the underlying index. Fixed-rate assets and liabilities are categorized based on their maturity dates. An interest rate gap is the difference between volumes of assets and volumes of liabilities maturing or repricing during specific future time intervals. The following gap analysis reflects our interest rate-sensitive positions as of September 30, 2003 and December 31, 2002 and is not necessarily reflective of the positions that existed throughout the period.

As of September 30, 2003						
Interest rate sensitivity period						
	3 months or less	3 months to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
(dollars in thousands)						
Interest-sensitive assets:						
Student loans	\$10,059,920	\$ —	\$ —	\$ —	\$ —	\$ —
Cash and investments	733,956	—	—	—	—	—
Total interest-sensitive assets	10,793,876	—	—	—	—	—
Interest-sensitive liabilities:						
Short-term borrowings	9,901,335	—	—	—	—	—
Long-term notes	69,100	55,940	111,880	210,803	281,754	261,535
Total interest-sensitive liabilities	9,970,435	55,940	111,880	210,803	281,754	261,535
Period gap	823,441	(55,940)	(111,880)	(210,803)	(281,754)	(261,535)
Cumulative gap	823,441	767,501	655,621	444,818	163,064	(98,471)
Ratio of interest-sensitive assets to interest-sensitive liabilities	108.3%	—%	—%	—%	—%	—%
Ratio of cumulative gap to total interest-sensitive assets	7.6%	7.1%	6.1%	4.1%	1.5%	(0.9)%
As of December 31, 2002						
Interest rate sensitivity period						
	3 months or less	3 months to 6 months	6 months to 1 year	1 to 2 years	2 to 5 years	Over 5 years
(dollars in thousands)						
Interest-sensitive assets:						
Student loans	\$8,559,420	\$ —	\$ —	\$ —	\$ —	\$ —
Cash and investments	916,572	—	—	—	—	—
Total interest-sensitive assets	9,475,992	—	—	—	—	—
Interest-sensitive liabilities:						
Short-term borrowings	8,324,801	—	—	—	—	—
Long-term notes	48,645	48,645	97,289	223,759	436,617	267,926
Total interest-sensitive liabilities	8,373,446	48,645	97,289	223,759	436,617	267,926
Period gap	1,102,546	(48,645)	(97,289)	(223,759)	(436,617)	(267,926)
Cumulative gap	1,102,546	1,053,901	956,612	732,853	296,236	28,310
Ratio of interest-sensitive assets to interest-sensitive liabilities	113.2%	—%	—%	—%	—%	—%
Ratio of cumulative gap to total interest-sensitive assets	11.6%	11.1%	10.1%	7.7%	3.1%	0.3%

Critical Accounting Policies

This Management's Discussion and Analysis of Financial Condition and Results of Operations discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting periods. We base our estimates and judgments on historical experience and on various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates under varying assumptions or conditions. Note 3 of the notes to consolidated financial statements includes a summary of the significant accounting policies and methods used in the preparation of our consolidated financial statements.

On an on-going basis, management evaluates its estimates and judgments, particularly as they relate to accounting policies that management believes are most "critical" — that is, they are most important to the portrayal of our financial condition and results of operations and they require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. These accounting policies include securitization accounting, accounting for derivatives, determining the level of the allowance for loan losses and the program reimbursement reserve.

Securitization Accounting

We use the issuance of asset-backed securities, commonly called securitization transactions, as a key component of our financing strategy. In conjunction with these transactions, we transfer student loans to a trust which issues bonds backed by the student loans. Our securitization transactions do not qualify for sale treatment under SFAS No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities—a Replacement of SFAS No. 125*, as the trusts continue to be under our effective control and as such we do not record or recognize gain on sale in conjunction with the transaction, but rather treat the transfers as secured borrowings. All of the financial activities and related assets and liabilities, including debt, of the securitizations are reflected and consolidated in our financial statements. Servicing, administrative support services and other intercompany activities have been eliminated in accordance with generally accepted accounting principles.

Accounting for Derivatives

We account for derivative and certain financial instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, which requires that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded at fair value on the balance sheet as either an asset or liability. We determine fair value for our derivative contracts from bid pricing obtained from independent market sources.

For some of our derivatives, mainly certain interest rate swaps, we document the relationship between the hedging instrument and the hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions at the inception of the hedging relationship. To the extent possible, we link each derivative to either a specific asset or liability on the balance sheet or expected future cash flows, and designate them as either fair value or cash flow hedges. Fair value hedges are designed to hedge our exposure to changes in fair value of a fixed-rate asset or liability, or a "fair value" hedge, while cash flow hedges are designed to hedge our exposure to variability of either a variable-rate asset's or liability's cash flows or expected fixed-rate debt issuance, or a "cash flow" hedge. For effective fair value hedges, we adjust the derivative instruments to fair value with any difference recorded immediately in the income statement. For effective cash flow hedges, changes in the fair value of the cash flow hedge are deferred in other comprehensive income, net of tax, and recognized in earnings in the same period as the earnings effects of the hedged item. SFAS No. 133 requires that changes in the fair value of derivative instruments be recognized currently in earnings unless specific hedge accounting criteria as specified by SFAS No. 133

are met. We believe that our derivatives are effective economic hedges and they are a critical element of our interest rate risk management strategy. Our derivative instruments do not meet the criteria to qualify for hedge accounting pursuant to SFAS No. 133.

Basis swaps are used to convert variable-rate debt from one interest rate index to another to match the interest rate characteristics of the assets. We will periodically use basis swaps to change the index of our LIBOR-based debt, to better match the cash flows of our student loan assets. SFAS No. 133 requires that the change in the cash flows of the derivative effectively offset both the change in the cash flows of the asset and the change in the cash flows of the liability. As a result, these swaps are recorded at fair value with subsequent changes in value reflected in the income statement.

Allowance for Loan Losses

The allowance for loan losses represents management's estimate of probable losses on student loans. This evaluation process is subject to numerous estimates and judgments. In making such estimates and judgments, management considers such things as the value and character of loans outstanding, past loan loss experience and general economic conditions. We evaluate the adequacy of the allowance for losses on our FFELP loan portfolio separately from our private loan portfolio. Historical delinquencies and credit loss experience are also considered when reviewing the current aging of the portfolio, together with analyses that reflect current trends and conditions.

In contrast to the determination of our allowance for loan losses for our private loan portfolio, when we determine the allowance for our FFELP loan portfolio, we consider trends in student loan claims rejected for payment by guaranty agencies and the amount of FFELP loans subject to the 2% risk sharing. The allowance is based on periodic evaluations of our loan portfolio considering past experience, changes to federal student loan programs, current economic conditions and other relevant factors. The allowance is maintained at a level management believes is adequate to provide for estimated probable credit losses inherent in the loan portfolio. This evaluation is inherently subjective, as it requires estimates that may be susceptible to significant changes.

In determining the adequacy of the allowance for loan losses on private loans, we consider several factors including:

- loans in repayment versus those in non-paying status;
- months in repayment;
- delinquency status;
- type of program; and
- trends in defaults in the portfolio based on our experience and industry data.

Program Reimbursement Reserve

The program reimbursement reserve represents the amount that management estimates we will be required to repay to lenders due to our failure to follow prescribed due diligence procedures and servicing activities prescribed by the Higher Education Act. Failure to meet certain due diligence requirements that must be followed to maintain the DOE guarantee on the loans will cause a loss of the guarantee on the loans and potential loss to us if we are unable to cure the deficiency under procedures prescribed by the federal government.

This evaluation process is subject to numerous estimates and judgments. In making these estimates and judgments, management considers such factors as the outstanding loan volume that we service, servicing loss experience, cure experience, portfolio default rates and general economic conditions. The program reimbursement reserve is determined based on a process that begins with an estimate of the probable losses on serviced student loans. This estimate is based on the weighted average historical loss rates for the past ten years, current portfolio delinquency rates and other economic conditions that provide

information on the expected servicing losses. The estimated loss rate is applied to the student loans currently serviced to derive a gross estimated servicing loss. The estimated servicing loss is then reduced by the estimated cure rate on such claims. The estimated cure rate is based on the weighted average historical cure rates for the past ten years to derive a reasonable estimate of the expected cure rate. The gross servicing losses net of the estimated cures will provide the estimated servicing reimbursement reserve that we recognize.

The program reimbursement reserve reflects assumptions and estimates we believe are reasonable in light of historical servicing errors and known trends with respect to student loans serviced. However, these estimates and assumptions are inherently subjective and may be susceptible to significant changes. Management continually measures expected losses against actual losses and assumptions are revised accordingly. Management believes that the program reimbursement reserve is adequate to cover probable losses in the portfolio of student loans serviced.

Recent Accounting Pronouncements

Early Extinguishment of Debt

In April 2002, the Financial Accounting Standard Board, or FASB, issued SFAS No. 145, *Rescission of FASB Statements Nos. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections*. This statement rescinds FASB Statement No. 4, *Reporting Gains and Losses from Extinguishment of Debt* and an amendment of that statement, FASB Statement No. 64, *Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*. The statement also rescinds FASB Statement No. 44, *Accounting for Intangible Assets of Motor Carriers* and amends FASB Statement No. 13, *Accounting for Leases* to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions. The provisions of SFAS No. 145 related to the rescission of FASB No. 4 are effective for fiscal years beginning after May 15, 2002. The provisions of SFAS No. 145 related to FASB No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 are effective for financial statements issued on or after May 15, 2002. The adoption of SFAS No. 145 did not have a material impact on our financial statements.

Accounting for Costs Associated with Exit or Disposal Activities

In June 2002, FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. SFAS No. 146 requires that a liability for costs associated with exit or disposal activities be recognized when the liability is incurred. Previously, generally accepted accounting principles provided for the recognition of such costs at the date of management's commitment to an exit plan. In addition, SFAS No. 146 requires that the liability be measured at fair value and be adjusted for changes in estimated cash flows. The provisions of the new standard are effective for exit or disposal activities initiated after December 31, 2002. It is not expected that SFAS No. 146 will materially affect our financial statements.

Accounting for Stock-Based Compensation

In December 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment to FASB Statement No. 123*. SFAS No. 148 requires annual disclosures about the method of accounting for stock-based compensation and tabular information about the effect of the method accounting for stock-based compensation on net income and earnings per share, including pro forma amounts, in the "Summary of Significant Accounting Policies." On a quarterly basis, SFAS No. 148 requires prominent disclosure in tabular form of the effect of the method of stock-based compensation on net income and earnings per share for all periods presented as accounted for under APB Opinion No. 25. The disclosures required by SFAS 148 will be made in the financial statements to the extent required for shares when issued under the recently adopted Employee Share Purchase Plan.

Accounting for Guarantees

In November 2002, the FASB issued FASB Interpretation (FIN) No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. FIN No. 45 identifies characteristics of certain guarantee contracts and requires that a liability be recognized at fair value at the inception of such guarantees for the obligations undertaken by the guarantor. Additional disclosures also are prescribed for certain guarantee contracts. The initial recognition and initial measurement provisions of FIN No. 45 are effective for those guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN No. 45 were effective for us as of December 31, 2002. Disclosures required by FIN No. 45 are included in note 16 of the notes to consolidated financial statements related to the guarantee of an affiliate's liabilities to an unrelated third party. We do not believe such guarantee required a liability to be recognized under FIN No. 45. The adoption of FIN No. 45 did not have a material effect on our financial statements.

Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN No. 46, *Consolidation of Variable Interest Entities*. FIN No. 46 clarifies the application of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties, which are referred to as variable interest entities. Variable interest entities are required to be consolidated by their primary beneficiaries. The primary beneficiary of a variable interest entity is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests. FIN No. 46 also requires new disclosures about variable interest entities. The implementation date has been deferred until December 31, 2003 for calendar year companies. On October 31, 2003, the FASB issued an exposure draft of a proposed interpretation modifying Interpretation No. 46. The proposed clarifications and modifications would apply to periods ending after December 31, 2003. We do not believe that FIN No. 46 will have a material effect on our financial statements.

Statement of Financial Accounting Standards No. 149 — Amendment of Statement 133 on Derivative Instruments and Hedging Activities

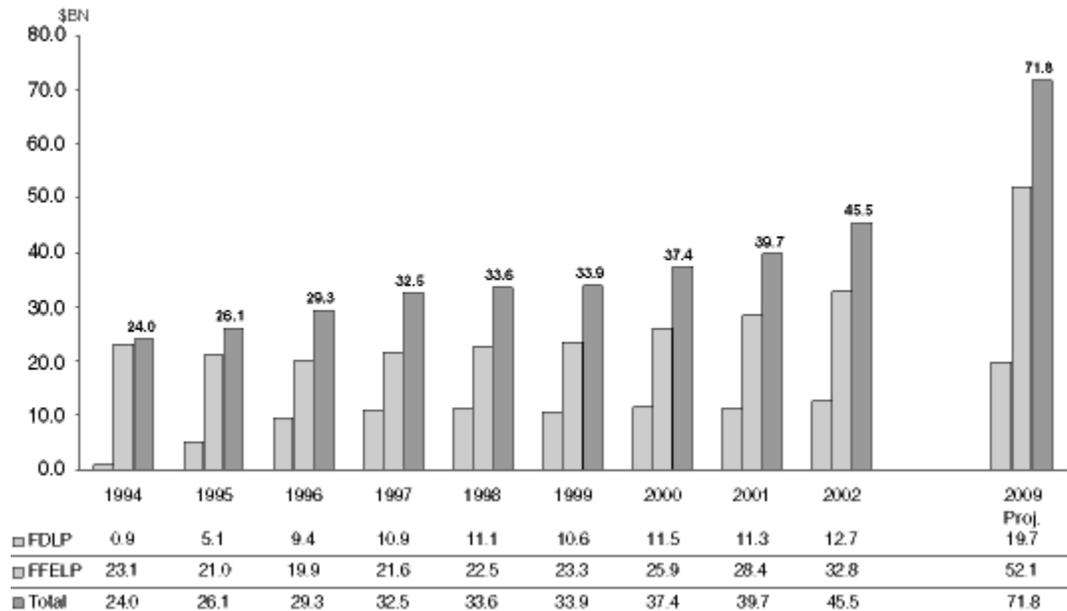
This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*. This Statement is effective for contracts entered into or modified after June 30, 2003, except as stated below and for hedging relationships designated after June 30, 2003. In addition, except as stated below, all provisions of this Statement should be applied prospectively. The provisions of this Statement that relate to SFAS No. 133 implementation issues that have been effective for fiscal quarters that began prior to June 15, 2003, should continue to be applied in accordance with their respective effective dates. In addition, paragraphs 7(a) and 23(a) of SFAS No. 133, which relate to forward purchases or sales of when-issued securities or other securities that do not yet exist, should be applied to both existing contracts and new contracts entered into after June 30, 2003. The adoption of SFAS No. 149 did not have a significant impact on our financial statements.

Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity

In May 2003, the FASB issued SFAS No 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability, or an asset in some circumstances. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We have adopted the standard effective July 1, 2003. The adoption of SFAS No. 150 did not have a significant impact on our financial statements.

INDUSTRY OVERVIEW

Since the creation of federal student loan programs, hundreds of billions of dollars in federal student loans have financed the higher education of millions of students at thousands of schools across the United States. College costs have risen at both public and private institutions. According to the DOE, in the decade 1990-1991 to 2000-2001, prices at public and private colleges rose by approximately 23% and 27%, respectively, after adjustment for inflation. Students and families depend more on federal student loans to cover the costs of post-secondary education than any other single source of financial aid. The demand for student loans is expected to grow. According to a projection by the DOE, gross federal student loan volume, comprised of FFELP loans and FDLP loans, is expected to grow to \$71.8 billion in federal fiscal year 2009, excluding consolidation loan volume. This projection is an increase from the \$45.4 billion in loans that were originated in federal fiscal year 2002, and this projection does not include the potential for higher loan limits that are currently being contemplated by Congress. A detailed description of the FFEL Program appears in Annex A to this prospectus.



Source: Department of Education estimates proposed for the President's 2004 fiscal year budget.

The large majority of student loans are made to finance post-secondary education under federally guaranteed student loan programs, although many students and parents also obtain education funding through private student loan programs. Federally guaranteed student loan programs are highly regulated by the DOE. Under programs guaranteed by the federal government, banks and other lenders that satisfy statutory eligibility requirements can make student loans at below-market rates due to subsidies and guarantees. The largest student loan program, formerly called the Guaranteed Student Loan Program, or GSLP, and currently known as the Federal Family Education Loan Program, was created in 1965 to ensure affordable access by families to a full range of post-secondary educational institutions. In 1972, to encourage further bank participation in the GSLP, Congress established the Student Loan Marketing Association, known as Sallie Mae, a government-sponsored enterprise as a for-profit, public stockholder-owned, national secondary market for student loans. Currently, Sallie Mae is a wholly owned subsidiary of SLM Corporation. SLM Corporation was formed in 1997 as a Delaware corporation, marking the beginning of the privatization of Sallie Mae as a government-sponsored enterprise, to be completed by September 2006.

The FFEL Program currently includes a network of thousands of originators and educational institutions and 36 state-sponsored or non-profit guaranty agencies which guarantee and administer loans under contract with the DOE. A number of non-profit entities, banks and other financial intermediaries

operate as secondary markets for student loans. Lender participation in the FFEL Program is relatively concentrated, with approximately 70% of outstanding loans held by the top ten participants, including nearly 40% owned or managed by Sallie Mae.

Student Loan Business Model

In general, a student applies for a loan from a financial institution through a school's financial aid office or directly from the financial institution. Typically, financial institutions acting as lenders or entities that service student loans are the source of student loan originations. A financial institution may hold the student loan it originates or sell its student loan portfolio to the secondary market. The characteristics of student loans typically result in those loans trading at a premium. This creates a situation that allows for selling the portfolio to the secondary market at a premium which frees up capital enabling the institution to originate new student loans. The secondary market is made up of a variety of non-profit entities, banks and for-profit companies. Typically, a participant in the secondary market funds loans purchased from the financial institution through the use of a warehouse financing line. Once a loan holder, such as Nelnet, has garnered enough loans, it may choose to finance the loans through an asset securitization vehicle. The student loans are generally transferred to a special purpose entity that pays for the loans through the issuance of debt. As a result of the federal guarantee of student loans, the senior tranches of notes in these securitizations are generally rated AAA, and the subordinated tranches are generally rated A or better.

To induce lenders to enter the student loan market, the government assures that a lender receives a minimum yield on FFELP loans, regardless of whether rates change over the course of a year or whether rates exceed the cap on a borrower's loans. Depending on the type of student loan and when it was originated, the borrower rate is either fixed to term or is reset to a market rate each July 1. FFELP student loans generally earn interest at the greater of the borrower rate or a variable rate determined by reference to the average of the applicable index (91-day Treasury bill rate or 90-day commercial paper rate) in a calendar quarter plus a fixed spread that is dependent upon when the loan was originated and the loan's repayment status. If the resulting variable rate plus the applicable spread exceeds the borrower rate, the DOE pays the difference. This payment is referred to as the special allowance payment, or SAP. We refer to the fixed spread to the underlying index as the special allowance margin. In some declining interest rate environments, lenders earn additional spread income through the next reset date on those FFELP loans earning at the annually reset borrower rate. We refer to this additional income as variable rate floor income. On those FFELP loans with fixed to term borrower rates, primarily consolidation loans, lenders earn interest at the greater of the borrower rate or a variable rate based on the SAP formula.

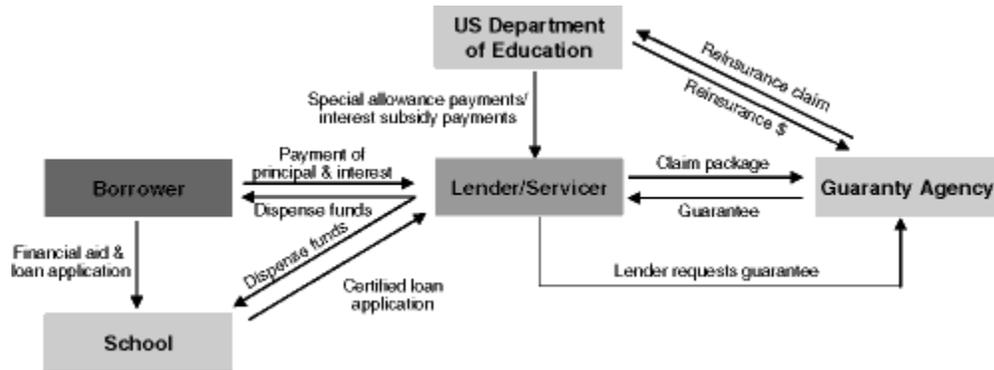
Guaranty agencies expedite government reimbursement for defaulted student loans to eligible lenders. These guaranty agencies are non-profit institutions and state agencies that have entered into federal reimbursement contracts with the DOE pursuant to the Higher Education Act. Guaranty agencies collect revenue in the form of fees based upon new guarantees, the outstanding principal amount of loans guaranteed and default prevention activities. Reimbursement from a guaranty agency to the lender is contingent upon servicing in accordance with certain regulatory requirements. The guaranty agencies provide for 100% reimbursement of principal and accrued interest for loans disbursed before October 1, 1993 and 98% reimbursement of principal and accrued interest for loans disbursed on or after October 1, 1993, if the loans are serviced according to DOE guidelines. In addition, the lender is entitled to receive the full 100% of principal and accrued interest in the event of a borrower's death, disability or bankruptcy. Guaranty agencies reimburse eligible lenders from reserve accounts established for this purpose. The guaranty agency, in turn, receives reimbursement from the DOE. In the event a guaranty agency fails to pay, the lender can claim reimbursement directly from the DOE.

Servicing student loan assets is important because losses on defaults are largely mitigated by the servicer's ability to service the student loans according to DOE guidelines. Proper servicing of a student loan is required in order to maintain eligibility for interest subsidy payments and guarantee reimbursement for principal and accrued interest losses. As a result of the strict requirements and expense associated with properly servicing accounts, servicing is often outsourced by financial institutions and secondary market

participants to specialized student loan servicers. This allows servicers to obtain economies of scale in their operations by aggregating student loans from a variety of market participants.

Claims rejected by the DOE or a guaranty agency may be “cured,” which involves reinstatement of the guarantee. When the lender obtains a payment or a new signed repayment agreement from the borrower in the case of certain collection due diligence violations, the lender may receive reinstated interest subsidies and special allowance payments. Interest subsidies are interest payments made by the DOE on eligible loans while the borrower is in school and during grace and deferment periods.

The following chart illustrates the student loan process.



Federal Student Loan Programs

Federal student loans are made up of two primary programs:

- The Federal Family Education Loan Program, which is known as the FFEL Program or the FFELP.
- The William D. Ford Federal Direct Loan Program, which is known as the FDL Program or the FDLP.

The federal government guarantees the repayment of at least 98% of the principal balance and the accrued interest of all FFELP loans. In addition, the federal government subsidizes the interest cost of some of these loans. As described below, the amount of the subsidy a borrower receives and the repayment terms vary depending upon the type of loan and borrower.

The Federal Family Education Loan Program

The FFEL Program is a public-private partnership in which lenders make federally guaranteed student loans to students and their parents in coordination with school financial aid offices. During the 2002 federal fiscal year, which ended September 30, 2002, almost eight million new FFELP loans, which excludes consolidation loans, with a principal amount of \$32.8 billion, were made to eligible borrowers, according to the DOE’s fiscal year 2004 budget presentation.

Loans made under the FFEL Program include:

- **Subsidized Federal Stafford Loans** for students who pass a financial needs test. This loan type is the largest component of the FFEL Program, with aggregate borrowing limited to \$23,000 for undergraduate students and \$65,500 for graduate students. The federal government pays all interest costs for subsidized Stafford borrowers while borrowers are in school and during grace and deferment periods. The interest rate on these loans currently changes annually, but is capped at a maximum annual rate of 8.25%. During the 2002 federal fiscal year, \$15.3 billion in subsidized Stafford loans were made, according to the DOE’s fiscal year 2004 budget presentation.
- **Unsubsidized Federal Stafford Loans** for students who do not meet a financial needs test or who need to supplement their subsidized loans. Although borrowers may defer payment of interest while

they are in school, they are responsible for all interest that accrues. The interest rate on these loans also changes annually and is capped at a maximum annual rate of 8.25%. During the 2002 federal fiscal year, \$13.9 billion in unsubsidized Stafford loans were made, according to the DOE's fiscal year 2004 budget presentation.

- **Federal PLUS Loans** for parents of dependent undergraduate students. Although borrowers may defer payment of interest while their children are in school, they are responsible for all interest that accrues. Borrowers may borrow up to the cost of attendance per child, minus financial aid from other sources. The interest rate on PLUS loans is variable, but is capped at a maximum annual rate of 9.00%. During the 2002 federal fiscal year, \$3.6 billion in PLUS loans were made, according to the DOE's fiscal year 2004 budget presentation.
- **Federal Consolidation Loans** designed to help borrowers manage repayment of multiple loans by combining all eligible loans into a single, new guaranteed FFELP loan with a longer repayment term, a fixed interest rate and a smaller total monthly payment. As a result of extended repayment periods associated with consolidation loans, total payments made by consolidation borrowers over the life of their consolidation loan are generally greater than those made by borrowers with standard repayment periods. According to the DOE, during the 2002 federal fiscal year \$23.0 billion in federal consolidation loans were made in addition to the \$32.8 billion in new loans made under the FFEL Program during the same year, due in part to record-low interest rates.

Participants in the FFEL Program include:

- **Eligible Lenders.** Eligible lenders, which are registered with the DOE, originate and hold FFELP loans and receive interest subsidy payments, special allowance payments and default reimbursement. Eligible lenders include banks, savings and loan associations, credit unions, pension funds, insurance companies and, under certain conditions, schools and guaranty agencies. Eligible lenders may also serve as a trustee on behalf of entities not otherwise eligible to hold FFELP loans, such as Nelnet, allowing such other entities to participate in the FFEL Program as a beneficial owner of the loan assets.
- **Servicers.** Servicing of student loan assets is critical for FFELP lenders because losses on defaults are mainly dependent on the servicer's ability to service the loans according to DOE guidelines. Proper servicing of a student loan is required in order to maintain eligibility for special allowance payments, interest subsidy payments and guarantee reimbursement.
- **Guaranty Agencies.** Guaranty agencies expedite reimbursement for defaulted student loans to eligible lenders. These guaranty agencies are non-profit institutions or state agencies that have entered into federal reimbursement contracts with the DOE pursuant to the Higher Education Act. Reimbursement from the guaranty agency to the lender is contingent upon servicing in accordance with certain regulatory requirements. There will be 100% reimbursement of principal and accrued interest for defaulted loans disbursed before October 1, 1993 and 98% reimbursement of principal and accrued interest for defaulted loans disbursed on or after October 1, 1993, if such loans are serviced according to DOE guidelines. Guaranty agencies reimburse eligible lenders from reserve accounts established for this purpose. The guaranty agency, in turn, receives reimbursement from the DOE. The level of reimbursement to the guaranty agency depends on a number of factors. Typically, guaranty agencies guarantee loans to students attending eligible institutions in the state or region serviced by the guaranty agency. They may also guarantee loans to students who reside in their own state or region, but who attend eligible institutions in another state or region. After a claim has been paid, the guaranty agency assumes ownership of the loan and is obligated to pursue post-disposition recoveries. The guaranty agency retains a percentage of post-disposition recoveries and reimburses the DOE with the remaining percentage.
- **Department of Education.** The DOE's regulations provide a number of incentives to student loan market participants. The DOE provides eligible private lenders with an incentive to lend to students by guaranteeing default reimbursement. When applicable, it also pays special allowance payments. The DOE provides eligible borrowers with an incentive to borrow by providing interest subsidies and capped

interest rates. In the event of a guaranty agency bankruptcy or a determination by the DOE that the guaranty agency is unable to reimburse claims, an eligible lender has the right to submit claims directly to the DOE for payment. Under such circumstances, the DOE is obligated to pay the holder of the loan the full insurance obligation of the guaranty agency, subject to its servicing guidelines.

The Federal Direct Loan Program

Under the FDL Program, loans are made directly by the federal government to borrowers. Most terms of FDLP loans are the same as FFELP loans. According to the DOE's fiscal year 2004 budget presentation, the \$12.7 billion of FDLP loans in 2002 consisted of approximately \$6.2 billion in subsidized Stafford loans, \$4.9 billion in unsubsidized Stafford loans and \$1.6 billion in PLUS loans. During the 2002 federal fiscal year, newly originated FDLP loans constituted 28% of total newly originated FFELP and FDLP loans, down from 33% during the 1998 federal fiscal year.

Reauthorization of the Higher Education Act

The Higher Education Act, and thereby the federal student loan program, needs to be reauthorized every five years. The next reauthorization is set for September 2004. Some of the key issues being debated are:

- ***Single holder rule on consolidation loans.*** Currently, if only one lender holds all of a student's loans, then a competitor cannot consolidate the loans away from the current holder unless the current holder refuses to consolidate the loans for the borrower. There is a high probability that the single holder rule will be eliminated during reauthorization. In the industry as a whole, a large portion of all non-consolidated loans are currently held by only one lender. Elimination of the single holder rule would open up a portion of the market to increased competition.
- ***The ability to refinance consolidation loans.*** Currently, once a loan is consolidated, it cannot be refinanced by another government guaranteed student loan unless subsequent FFELP loans are made to the borrower. If this rule changes, the amount of consolidation loans that are refinanced could be significant.
- ***Variable-rate consolidation loans and extended repayment of Stafford loans.*** Reauthorization proposals have been made to Congress that would continue variable borrower rates for Stafford and PLUS loans beyond July 1, 2006. In addition, language has been suggested that would permit new consolidation loans to have variable rates. Language has also been proposed that would allow Stafford/PLUS borrowers to have extended repayment terms, similar to those terms provided for under the loan consolidation program. Both of these initiatives would offset two of the most appealing aspects of consolidation loans, *i.e.*, long-term fixed rates and extended repayment. Adoption of these initiatives could decrease consolidation opportunities in the market.
- ***9.5% floor income.*** Student loans originated or acquired with the proceeds of tax-exempt obligations issued prior to October 1, 1993 are subject to a minimum, or floor, rate of return of 9.5% per year based upon provisions of the Higher Education Act and related interpretations by the DOE. Reauthorization proposals have been made to Congress that would limit the minimum return to those loans which are funded directly with tax-exempt obligations and potentially eliminate excess earnings on loans subsequently funded with taxable obligations. Adoption of this initiative could decrease loan interest income to lenders receiving 9.5% floor income.
- ***Variable rate floor income.*** Language has been proposed that would eliminate the potential of excess earnings on student loans that are reset annually in a declining interest rate environment. Adoption of this initiative could decrease loan interest income to lenders receiving variable rate floor income.
- ***Borrower limits.*** For the last 20 years, the maximum amount that a freshman or sophomore can borrow has remained around \$2,500. Educational tuition has increased at approximately two times the rate of inflation over this same time frame. There is a possibility that these borrower limits could be increased, thereby potentially increasing the average size of future loan originations in the market.

BUSINESS

Overview

We are a vertically integrated education finance company, with over \$11 billion in total assets, making us one of the leading education finance companies in the country. We are focused on providing quality products and services to participants in the education finance process. Headquartered in Lincoln, Nebraska, we originate, hold and service student loans, principally loans originated under the FFEL Program. For 2002, we were the fourth largest holder and second largest servicer of FFELP loans. In addition, we, together with our branding partners, originated and acquired approximately \$3.2 billion of student loans in the nine months ended September 30, 2003 and \$2.7 billion of student loans in 2002, making us a leading originator and acquirer of student loans. A detailed description of the FFEL Program appears in Annex A to this prospectus.

We offer a broad range of financial services and technology-based products, including student loan origination and lending, student loan and guarantee servicing and a suite of software solutions. Our products are designed to simplify the student loan process by automating financial aid delivery, loan processing and funds disbursement. Our infrastructure, technological expertise and breadth of product and service offerings connect the key constituents of the student loan process, including lenders, financial aid officers, guaranty agencies, governmental agencies, student and parent borrowers, servicers and the capital markets, thereby streamlining the education finance process.

Our business is comprised of four primary product and service offerings:

- **Asset management, including student loan originations and acquisitions.** We provide student loan sales, marketing, originations, acquisition and portfolio management. We own a large portfolio of student loan assets through a series of education lending subsidiaries. As of September 30, 2003, our student loan portfolio was \$10.1 billion, consisting of over 99% of FFELP loans and less than 1% of private loans. We generate loans owned in special purpose lending facilities through direct origination or through acquisition of loans. We generate the majority of our earnings from the spread between the yield we earn on our student loan portfolio and the cost of funding these loans. We also provide marketing and sales support and managerial and administrative support related to our asset generation activities, as well as those performed for our branding partners or other lenders who sell such loans. Revenues are primarily generated from interest earnings. While our net interest margin may vary due to fluctuations in interest rates, government special allowance payments ensure that we receive a minimum yield on our student loans, so long as certain requirements are met.
- **Student loan servicing.** We service our student loan portfolio and the portfolios of third parties. We currently service or provide complete outsourcing of servicing activities for more than \$18 billion in FFELP loans, including approximately \$8.7 billion of loans in our own portfolio. The servicing activities include loan origination activities, application processing, borrower updates, payment processing, claim processing and due diligence procedures. These activities are performed internally for our own portfolio and generate fee revenue when performed for third-party clients.
- **Guarantee servicing.** We provide servicing support to guaranty agencies, which includes system software, hardware and telecommunication support, borrower and loan updates, default aversion tracking services, claim processing services and post-default collection services. We currently provide servicing support to agencies that guarantee \$20 billion of FFELP loans. These activities generate fee revenue in addition to expanding our relationship with other participants in the education finance sector.
- **Servicing software.** We provide student loan servicing software internally and to third-party student loan holders and servicers. We currently service more than \$18 billion in student loans, which makes us the second largest servicer of FFELP loans, according to SLSA statistics. Our software is also used by third parties to service an additional \$27 billion in student loans. We earn software license and maintenance fees annually from third-party clients for use of this software. We also provide computer consulting, custom software applications and customer service support.

In accordance with accounting principles generally accepted in the United States, our asset management and student loan servicing offerings constitute reportable operating segments. Our guarantee servicing and servicing software offerings are operating segments that do not meet the quantitative thresholds, and, therefore, are included as other segments that do not meet the reportable segment criteria. For additional information, see note 19 of the notes to consolidated financial statements.

Our earnings and earnings growth are directly affected by the size of our portfolio of student loans, the interest rate characteristics of our portfolio, the costs associated with financing and managing our portfolio and the costs associated with origination and acquisition of the student loans in the portfolio. We generate the majority of our earnings from the spread between the yield we receive on our student loan portfolio and the cost of funding these loans. While the spread may vary due to fluctuations in interest rates, special allowance payments from the federal government ensure that we receive a minimum yield on our student loans, so long as certain requirements are met. We also earn fees from student loan and guarantee servicing and licensing fees from our servicing software. Earnings growth is primarily driven by the growth in the student loan portfolio and growth in our fee-based product and service offerings, coupled with cost-effective financing and expense management. For the nine months ended September 30, 2003, we generated net interest income of \$133.8 million, total other income, including loan servicing income, of \$83.8 million and net income of \$16.8 million. In 2002, we generated net interest income of \$190.9 million, total other income, including loan servicing income, of \$125.2 million and net income of \$48.5 million.

We originate and acquire student loans through a variety of methods, or channels, including:

- our direct channel, in which we originate student loans in one of our brand names directly to student and parent borrowers, which accounted for 52.2% and 40.7% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively;
- our branding partner channel, in which we acquire student loans from lenders to whom we provide marketing and origination services, which accounted for 22.8% and 19.5% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively; and
- our forward flow channel, in which we acquire student loans from lenders to whom we provide origination services, but provide no marketing services, or who have agreed to sell loans to us under forward sale commitments, which accounted for 15.3% and 21.7% of the student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively.

In addition, we acquire student loans through spot purchases and whole-company acquisitions, which accounted for 9.7% and 18.1% of the student loans that we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively.

Of the \$3.2 billion and \$2.7 billion in student loans we originated and acquired in the nine months ended September 30, 2003 and in 2002, respectively, \$1.5 billion and \$859 million, respectively, were loans consolidated through our direct channel. Student loans that we originate through our direct channel are our most profitable student loans because they typically cost us less than loans acquired through our other channels and they remain in our portfolio for a longer period of time. As of September 30, 2003, our student loan portfolio was \$10.1 billion.

We currently service more than \$18 billion in FFELP loans, which makes us the second largest servicer of FFELP loans, according to SLSA statistics. Our software is also used by third parties to service an additional \$27 billion in student loans. In addition, we currently provide servicing support to guaranty agencies on a total of \$20 billion of FFELP loans. Servicing support includes functions such as system software, hardware and telecommunication support, borrower and loan updates, default aversion tracking services, claim processing services and post-default collection services. We provide student loan servicing and origination functions either directly or indirectly to more than 1.7 million borrowers at hundreds of colleges and universities through our proprietary software products and outsourcing functions. We protect our proprietary software products through copyrights, trade secrets and contractual arrangements.

Over 99% of the student loans in our portfolio as of September 30, 2003 were FFELP loans, as opposed to the less than 1% of private loans in our portfolio that did not carry federal guarantees. At least 98% of the principal and accrued interest of FFELP loans is guaranteed by the federal government, provided that we meet certain procedures and standards specified in the Higher Education Act. We believe we are in material compliance with the procedures and standards as required in the Higher Education Act. FFELP loans originated prior to October 1, 1993 carry a 100% guarantee on the principal amount and accrued interest, and FFELP loans originated after that date are guaranteed for 98% of the principal amount and accrued interest. As a result, holders of FFELP loan portfolios historically have experienced minimal losses net of the guarantee. Our net loan losses on FFELP loans in 2002 were approximately \$2.7 million, or less than 0.04% of our average FFELP loan portfolio.

Our History

We have a 25-year history dating back to the formation of UNIPAC Service Corporation in 1978. UNIPAC was formed to service loans for Union Bank of Lincoln, Nebraska and Packers Service Corporation of Omaha, Nebraska. It grew its third-party student loan servicing business to approximately \$9.7 billion in loans in 2000, when it was merged with Nelnet. Our immediate predecessor was formed in 1996 as a student loan acquisition company, and, prior to the merger, it had built its student loan portfolio through a series of spot portfolio acquisitions and later through student loan company acquisitions.

In 2000, we decided to create a vertically integrated platform that would be able to compete in each sector of the student loan industry. Over the past three years we have acquired several education finance services companies, including a student loan secondary market company. In addition, in August 2003, we acquired the securities company that provides us with broker-dealer services in connection with our asset-backed securitizations.

We executed these acquisitions to complete our effort to vertically integrate and add geographic diversity and operational expertise to our education finance platform. We have successfully integrated these companies into the Nelnet platform, and they have increased our profitability as a result. We now believe that we have all of the key components of our vertical integration strategy. Going forward, we intend to focus principally on organic growth while opportunistically making company and portfolio acquisitions.

Competitive Strengths

We believe that the following competitive strengths are important to maintaining our growth, profitability and standing in our industry:

- Focused leader with vertically integrated platform.
- High-quality loan portfolio established through our concentration on FFELP loans.
- Strong relationships with student loan market constituents.
- Access to cost-effective financings.
- Leading, cost-competitive servicing platform with a focus on asset protection.
- Comprehensive suite of software products.
- Management team with significant operating and acquisition experience.

Focused leader with vertically integrated platform. We maintain a strong position and deep expertise in each of our product and service offerings and are well positioned to capitalize on industry growth. We were among the largest holders of federally guaranteed student loans with \$10.1 billion of loans outstanding as of September 30, 2003. In the nine months ended September 30, 2003 and in 2002, we originated and acquired \$3.2 billion and \$2.7 billion in student loans, including \$1.5 billion and \$859 million, respectively, in consolidation loans. We currently service more than \$18 billion in student loans, and our software is used by third parties to service an additional \$27 billion in student loans. In addition, we currently provide servicing support to guaranty agencies that guarantee \$20 billion in student

loans. We have relationships with hundreds of colleges and universities and provide loan servicing either directly or through our proprietary software to approximately 1.7 million borrowers. We provide school financial aid offices and students a comprehensive, full-service student lending package (Stafford, PLUS, consolidation and private loans), loan and guarantee servicing and loan servicing software. By offering the full range of services required for student lending, we facilitate and streamline the student lending process. Our established servicing capability allows us to service our student loan portfolio rather than outsourcing this task to a third party. In addition, our technology product suite often enables us to gain access to schools, creating new lending opportunities, as well as deepening our existing relationships by increasing our share of a school's loan volume. We use the technology to enhance our relationships, offer more services to each customer, reduce operating expenses and increase our revenues and profitability. Our vertically integrated platform allows us to take advantage of economies of scale and run a cost-efficient operation.

High-quality loan portfolio established through our concentration on FFELP loans. We have focused our lending operations on FFELP loans, which carry at least a 98% federal guarantee on principal and accrued interest. As of September 30, 2003, more than 99%, or \$10.0 billion, of our student loan portfolio consisted of FFELP loans and less than 1%, or \$92 million, consisted of private loans, which do not carry a federal guarantee. We maintain strict underwriting criteria for our private loan portfolio.

Strong relationships with student loan market constituents. We use a network of student loan channels to offer services to students, schools, lenders and secondary markets throughout the United States. As part of our loan origination activities, we have established long-term strategic relationships either directly with school financial aid offices or with eligible banks and schools that function as "branding" partners, who direct committed portions of their originations to us through forward flow commitments. Financial aid offices can have considerable influence on students' selections of lenders. The effort and expense to create and maintain these relationships, as well as the low turnover of selected providers, acts as a barrier to entry for competitors. Our branding partners act as alternative channels for origination and have strong brand recognition in the areas on which they focus. By utilizing the appropriate and effective brand, we can cost-effectively leverage our penetration at different schools and throughout certain regions of the United States.

Access to cost-effective financings. We currently have a loan warehousing capacity of over \$2 billion through 364-day commercial paper conduit programs maturing at different times and participation funding arrangements committed on a short-term basis by various financial institutions. Our large warehousing capacity allows us to pool student loans in order to aggregate sufficient volume for cost-effective, long-term financing and to time securitization market conditions properly. Generally, loans that best fit long-term financing vehicles are selected to be transferred into one of our long-term securitizations. Because transferring those loans to a long-term securitization includes certain fixed administrative costs, we maximize the economies of scale by executing large transactions that routinely price in line with our largest competitor within the student loan industry.

Leading, cost-competitive servicing platform with a focus on asset protection. We have built a leading, nationally recognized student loan servicing platform. We believe that a servicing operation is critical to success as a lender in the student loan marketplace. The servicing platform is the mechanism that facilitates interaction with borrowers. Our servicing portfolio includes both loans from our lending portfolio as well as from third parties. Nelnet-originated and third-party serviced loans utilize the same servicing platform, technology and employee base and are all serviced in exactly the same manner. The quality of our servicing operation is best demonstrated by our low initial claim reject rate due to servicer error. The quality of our servicing capability is also a key factor in preserving the federal guarantee on our FFELP loans. In 2002, our initial claim reject rate was only approximately 0.25%. The technological focus of our servicing platform, coupled with economies of scale, has enabled us to create a competitive cost structure.

Comprehensive suite of software products. Our products include an Internet-based financial aid delivery and management system, an Internet-based loan origination system and a centralized

disbursement agent service. Our “open architecture” origination products afford schools the flexibility to work with multiple lenders of their choice. These products are directly integrated into our servicing platform, which provides various features such as loan approval, disbursement of funds, customer service, account maintenance, federal reporting and billing collections, payment processing, default aversion, claim filing and uninsured loan recovery. Our software products include:

- *Nteract* — our Internet-based student loan origination system.
- *Ntrust* — our centralized disbursement agent service.
- *Ngenius* — our origination and disbursement engine that supports Ntrust and Nteract.
- *Nservice* — our servicing system for FFELP and private loans.

These programs are designed to reduce paperwork, streamline the approval process and improve communication between a school’s financial aid office and its students. The software unites financial aid offices, lenders, students, secondary markets and servicing companies, reducing turnaround time, simplifying the process for students and providing better service with fewer errors.

Management team with significant operating and acquisition experience. Our management is led by Co-Chief Executive Officers Michael S. Dunlap and Stephen F. Butterfield. Mr. Dunlap has worked in the financial services industry for 20 years, having served previously as chief executive officer of Union Bank of Nebraska. Mr. Butterfield has worked in the student loan industry for 14 years and the broader financial services industry for 29 years. Mr. Dunlap focuses on our day-to-day operating activities, and Mr. Butterfield focuses on capital markets and investor relations. Our senior employees with management responsibilities have been with us or one of our predecessor companies for an average of over ten years. Furthermore, we have successfully integrated the companies that we have acquired and have retained their key employees. As a result, we have a management team with significant experience and knowledge in both student loan operations and portfolio and company acquisitions.

Strategy

Our corporate objective is to further our leadership position in the student loan industry. We intend to achieve this objective by executing the following strategies:

- Establish and maintain leadership in all our product and service offerings by utilizing our technology.
- Focus on increasing our organic growth while maintaining a low-cost infrastructure.
- Strengthen existing relationships while establishing new ones.
- Continue our commitment to highly focused and disciplined loan origination and acquisition practices.
- Opportunistically make company and portfolio acquisitions.

Establish and maintain leadership in all our product and service offerings by utilizing our technology. Schools, lenders, guaranty agencies and borrowers in today’s student loan industry demand cutting edge, state-of-the-art technology to streamline the burdensome and time consuming processes of originating, servicing and administering student loans. We believe that the technology products that we provide position us to become a preferred provider for participants in the student loan industry and that their expanded utilization will promote our originations and acquisitions. Our user-friendly software not only allows us to service loans both internally and for third parties, but also continues to facilitate our growing position as a preferred originator and holder of loans for schools and borrowers. We will continue to invest, develop and upgrade our technology to help solidify our leadership position and further penetrate our potential market.

Focus on increasing our organic growth while maintaining a low-cost infrastructure. We will continue to grow our student loan portfolio and maintain and capitalize on our low-cost infrastructure to realize increased profitability as the industry expands. We believe there is continued opportunity for significant growth in light of the DOE's projected growth rates for the student loan industry. To increase our organic growth, we have expanded our sales and marketing force to promote FFELP loan origination and consolidation efforts. During the period from August 2003 until the end of the first quarter of 2004, we may expand our sales and marketing forces so as to increase personnel that market to schools throughout the country by adding approximately 10 additional personnel, and may similarly increase the number of our direct consumer marketers by adding approximately 100 direct consumer marketing personnel in Denver, Colorado, 70 in Lincoln, Nebraska and 30 in Fredericksburg, Virginia. We believe the infrastructure we have developed has positioned us to continue to achieve economies of scale and be a low-cost provider to our customers. In this regard, we decreased our operating expenses as a percentage of average student loans from 0.78% in 1998 to 0.54% in 2002.

Strengthen existing relationships while establishing new ones. We have extensive customer relationships with schools and lenders throughout the United States. We will continue to focus on expanding the loan volume associated with these existing relationships, while establishing new ones through our sales force. We have a sales force of over 390 people, of whom approximately 80 are calling directly on colleges and universities, while the remaining approximately 310 focus on marketing directly to borrowers. We will continue to take advantage of the sales force's experience as well as our management's industry knowledge and relationships.

Continue our commitment to highly focused and disciplined loan origination and acquisition practices. We will continue to pursue our conservative approach to asset quality by concentrating on originating, acquiring and holding federally guaranteed loans through the FFEL Program, while maintaining a disciplined underwriting approach to private loans. As of September 30, 2003, our student loan portfolio was comprised of over 99% FFELP loans and less than 1% private loans. Due to existing commitments, we expect the percentage of private loans in our student portfolio to increase to between 1% and 2% over the next three years. Future circumstances may dictate or warrant incremental increases. In any event, we will maintain our strict underwriting standards for the limited amount of private loans in our portfolio.

Opportunistically make company and portfolio acquisitions. Although we have reached a point in our development where we offer a comprehensive set of products and services essential to our vertically integrated business model and benefit from economies of scale and organic growth, we will still consider acquisitions in the future. These may include either individual companies or loan portfolios that we believe have the potential to enhance long-term shareholder value. Since our inception, we have a successful track record of acquisitions. We have acquired and successfully integrated more than ten education finance related companies and have retained their key employees. As a result, we have the experience and skill sets necessary to acquire and integrate additional targets that add long-term value to our franchise and are accretive to earnings.

Product and Service Offerings

Asset management, including student loan originations and acquisitions

Our asset management business, including student loan originations and acquisitions, is our largest product and service offering and drives the majority of our earnings. When we originate FFELP loans on our own behalf or when we acquire FFELP loans from others, we engage one or more "eligible lenders," as defined in the Higher Education Act, to act as our trustees to hold title to all such originated and acquired FFELP loans. These eligible lender trustees hold the legal title to our FFELP loans, and we hold 100% of the beneficial interests in those loans. We have originated and acquired \$8.3 billion in student loans since January 1, 2000, excluding subsidiary acquisitions. We often originate loans using the Nelnet brand name but, in many cases, we use well-known, geographically strategic brand names of our branding partners, such as Education Solutions, Inc. and Union Bank. This strategy gives us the flexibility to market the brand with the best recognition in a given region or at a given college or university. We originated

52.2%, 40.7% and 9.7% of the loans added to our student loan portfolio in the nine months ended September 30, 2003 and in 2002 and 2001, respectively.

The branding partner channel for FFELP loan acquisitions is established by our various contracts with FFELP lenders. In the nine months ended September 30, 2003 and in 2002 and 2001, 22.8%, 19.5% and 36.2%, respectively, of our loan acquisitions were attributable to this channel. We frequently act as exclusive marketing agent for some branding partners in specified geographic areas. We ordinarily purchase loans originated by those branding partners pursuant to a commitment to purchase loans at a premium above par, shortly following full disbursement of the loans. We ordinarily retain rights to acquire loans subsequently made to the same borrowers, or serial loans. Some branding partners, however, retain rights to portions of their loan originations. Origination and servicing of loans made by branding partners is performed by us during the lives of loan origination and servicing agreements so that loans do not need to be changed to a different servicer upon purchase by us. The marketing agreements and commitments to purchase loans are ordinarily for the same term, which is commonly three to five years in duration. These agreements ordinarily contain provisions for automatic renewal for successive terms, subject to termination by notice at the end of a term or early termination for breach. We are generally obligated to purchase all of the loans originated by our branding partners under these commitments, although our branding partners are not obligated to provide us with a minimum amount of loans.

In addition to the branding partner channel, we have established a forward flow channel for acquiring FFELP loans from third parties. In the nine months ended September 30, 2003 and in 2002 and 2001, 15.3%, 21.7% and 33.4%, respectively, of our loan acquisitions were attributable to this channel. The forward flow channel is established by entering into various agreements pursuant to which FFELP lenders retain responsibilities for marketing, but commit to sell all or a portion of their future originations to us at a premium. These forward flow commitments frequently obligate the lender to sell all loans made by the applicable lender, but in other instances are limited to sales of loans originated in certain specific geographic regions or exclude loans that are otherwise committed for sale to third parties. We are generally obligated to purchase loans subject to forward flow commitments shortly following full disbursement, although our forward flow lenders are not obligated to provide us with a minimum amount of loans. We typically retain rights to purchase serial loans. The loans subject to purchase are generally subject to a servicing agreement with us for the life of each such loan. Such forward flow commitments ordinarily are for terms of three to five years in duration.

As of September 30, 2003, the characteristics of our student loan portfolio, exclusive of the unamortized cost of acquisition, were as described below.

Composition of Student Loan Portfolio
(As of September 30, 2003)
(dollars in thousands, except average outstanding balances)

Loans outstanding	\$9,913,870
FFELP loans:	
Stafford loans	\$5,200,632
PLUS/ SLS loans(a)	\$273,598
Consolidation loans	\$4,347,866
Private loans	\$91,774
Number of borrowers	797,902
Average outstanding principal balance per borrower	\$12,425
Number of loans	2,181,264
Average outstanding principal balance per loan	\$4,545
Weighted average annual interest rate	4.52%
Weighted average remaining term (months)	173.6

(a) Supplemental Loans for Students, or SLS, are the predecessor to unsubsidized Stafford loans.

Once a student's loans have entered the repayment or grace period, they are eligible to be consolidated if they meet certain requirements. Loan consolidation allows borrowers to make one payment per month and extend the loan repayment period. In addition to these attributes, in recent years, historically low interest rates have contributed to demand for consolidation loans. To meet this demand, we have developed an extensive loan consolidation department to serve borrowers with loans in our portfolio as well as borrowers whose loans are held by other lenders.

Our capital markets and portfolio administration departments provide financing options to fund our loan portfolio. We have a warehousing capacity of over \$2 billion through 364-day commercial paper conduit programs and participation funding arrangements. These transactions provide short-term asset financing for the purchase of student loan portfolios. The financings are constructed to offer short-term capital and are annually renewable.

Short-term warehousing allows us to buy and manage student loans prior to transferring them into more permanent financing arrangements. Our large warehousing capacity allows us to pool student loans in order to maximize loan portfolio characteristics for efficient financing and to properly time market conditions. Generally, loans that best fit long-term financing vehicles are selected to be transferred into one of our long-term securitizations. Because transferring those loans to a long-term securitization includes certain fixed administrative costs, we maximize our economies of scale by executing large transactions that routinely price in line with our largest competitor. We are a frequent issuer and benefit from a high level of name recognition by the asset-backed investment community.

We had approximately \$9.3 billion in asset-backed securities issued as of September 30, 2003, including auction-rate notes whose interest rates are reset periodically. These asset-backed securities allow us to finance student loan assets over multiple years, thereby eliminating the renewal risk associated with warehouse vehicles.

We rely upon securitization vehicles as our most significant source of funding for student loans on a long-term basis. The net cash flow we receive from the securitized student loans generally represents the excess amounts, if any, generated by the underlying student loans over the amounts required to be paid to the bondholders, after deducting servicing fees and any other expenses relating to the securitizations. In addition, some of the residual interests in these securitizations may have been pledged to secure additional bond obligations. Our rights to cash flow from securitized student loans are subordinate to bondholder interests and may fail to generate any cash flow beyond what is due to pay bondholders.

Our original securitization transactions began in 1996, utilizing a master trust structure, and were privately placed auction-rate note securitizations. As the size and volume of our securitizations increased, we began publicly offering asset-backed securities under shelf registration statements, using special purpose entities. When we deemed long-term interest rates attractive, we issued fixed-rate debt backed by cash flows from FFELP loans with fixed-rate floors which effectively match the funding of our assets and liabilities. In 2002, we began accessing the term asset-backed securities market by issuing amortizing multi-tranche LIBOR-indexed variable-rate debt securities. Almost all of the securitization debt that we have issued since 1996 is still outstanding today, including the taxable and tax-exempt securitization debt issued by companies we have acquired. We have utilized financial guarantees from monoline insurers and senior/subordinate structures to assist in obtaining "AAA" ratings on our senior securitized debt in addition to cash reserves and excess spread to assist in obtaining "A" and "AA" ratings on our subordinated debt. We intend to continue to issue auction rate notes, variable-rate and fixed-rate term asset-backed securities and debt securities through other asset funding vehicles in order to minimize our cost of funds and give us the most flexibility to optimize the return on our student loan assets.

Our student loan origination and lending activities could be significantly impacted by the reauthorization of the Higher Education Act. For example, if the single holder rule, which generally restricts a competitor from consolidating loans away from a holder that owns all of a student's loans, is abolished, a substantial portion of our non-consolidated portfolio would be at risk of being consolidated away by a competitor. On the other hand, abolition of the rule would also open up a portion of the rest of the market and provide us with the potential to gain market share. The portion of the rest of the market

that would be opened up to us, as measured in aggregate principal amount of student loans, would be greater than the portion of our non-consolidated portfolio that would be at risk of being consolidated by a competitor. Other potential changes which could impact us include:

- allowing refinancing of consolidation loans, which would open approximately 43% of our portfolio to such refinancing;
- allowing for variable-rate consolidation loans and extended repayment terms of Stafford loans, which would lead to less loans lost through consolidation of our portfolio, but would also decrease our consolidation opportunities; and
- allowing for increased borrower limits, which may provide opportunities for increasing the average size of our future loan originations.

A further description of the issues in connection with the reauthorization of the Higher Education Act appears under “Industry Overview — Federal Student Loan Programs — Reauthorization of the Higher Education Act.”

In addition, our efforts to expand into the consolidation market are expected to be affected by recently amended Federal Trade Commission rules and similar state regulations providing for so-called “do not call” registries. Under these rules, consumers may have their phone numbers added to a “do not call” registry, and we would generally be prohibited from calling any such consumers to market our products and services. This rule may restrict our ability to market effectively our products and services to new customers. Furthermore, compliance with this new rule may prove difficult, and we may incur penalties for improperly conducting our marketing activities.

Student Loan Servicing

We specialize in the servicing of federally guaranteed and private student loans. Our servicing division offers lenders across the country a complete line of education loan services, including recovery of non-guaranteed loans, application processing, disbursement of funds, customer service, account maintenance, federal reporting and billing collections, payment processing, default aversion and claim filing.

Our quality and experience in student loan servicing is evident in the historical performance of our entire pool of loan assets, which enjoys a very low initial claim rejection rate due to servicer error, which is the percent of claims submitted by us or our servicing customers rejected by a guaranty agency due to servicer error. In 2002, the initial claim rejection rate due to servicer error was approximately 0.25% of all claims filed by us or servicing customers. The substantial majority of these initial claim rejections are cured, meaning a payment or the borrower’s promise to pay has been received. Historically, the aggregate of our losses and those of our servicing customers from rejected loans and interest denials has been less than \$1 million per year, or less than 0.01% of our average servicing portfolio.

As we expand our student loan origination and acquisition activities, we may face increased competition with some of our servicing customers. In the past, including in one case recently, servicing customers have terminated their servicing relationships with us, and we could in the future lose more servicing customers as a result. However, due to our life-of-loan servicing agreements, we do not expect this loss and potential loss of customers to have a material adverse effect on our results of operations for the foreseeable future.

Guarantee Servicing

We provide servicing support for \$20 billion in FFELP loans. This servicing support is provided to guaranty agencies, which are the organizations that serve as the intermediary between the federal government and the lender and who are responsible for paying the claims made on defaulted loans. One of our guarantee servicing customers recently notified us of its intention not to renew its servicing contract. The loss of this customer is not expected to have a material effect on our results of operations.

Servicing Software

Our servicing software is focused on providing technology solutions to education finance issues. Our subsidiaries, Idaho Financial Associates, Inc. and Charter Account Systems, Inc. provide student loan software and support for entities involved in the asset management aspects of the student loan arena. In addition, 5280 Solutions, Inc., of which we own a 51% interest, provides customized software solutions to help in the administration and management of the student loan process. Staffed with more than 100 programmers, support staff and administrative support personnel, we provide software and maintenance to 34 different clients servicing \$27 billion in student loan assets.

Software Products

Our software products are designed to provide us loan origination access to colleges and universities, while simplifying the financial aid process. We also license our servicing software products to third-party student loan holders and servicers. Our software products include the following:

- *Nteract* – an Internet-based, open-architecture student loan origination and disbursement management system. Nteract provides a complete solution for processing FFELP and private student loan certifications, initiating change transactions and comprehensive application through disbursement reporting. Nteract operates in a real-time environment and can be accessed for online inquiry at any time 24 hours a day, seven days a week. Nteract is used by our student loan origination, acquisition and portfolio management unit and our student loan servicing unit.
- *Ntrust* – a centralized disbursement service. It is a comprehensive, open-architecture solution for receiving FFELP and private student loan funds, reports and the student loan industry’s standardized data files. Ntrust provides a single point of contact for the college or university’s entire electronic loan processing needs and provides real-time loan disbursement adjustment processing. Ntrust is used by our student loan origination, acquisition and portfolio management unit and our student loan servicing unit.
- *Ngenius* – the origination engine that supports the Ntrust and Nteract products. Used internally for our loan origination initiatives and those of our customers, it is a table-driven origination platform which provides flexibility and scalability. The system interacts with multiple guaranty agencies and can support an “instant” guarantee. Ngenius is used by our student loan origination, acquisition and portfolio management unit and our student loan servicing unit.
- *Nservice* – our servicing engine for FFELP and private loans. The Nservice system is a profile driven system, allowing for easy implementation of most regulatory changes and rapid development of custom loan programs. Software development is aided by the use of high-level application development tools to speed delivery of enhancements. The Nservice system provides for automated compliance with most Higher Education Act regulations. Nservice also facilitates the servicing of FFELP and private loans into a single, integrated servicing environment, improving service to schools, borrowers and lenders. Nservice is used by our student loan servicing unit, and the software is also licensed to third-party student loan holders and servicers by our servicing software unit.

In addition to the products described above, we offer a variety of borrower services to assist students and parents in navigating the financial aid process. These services include our unique @theU higher education resource, which provides free information on college planning and financial aid, paired with a loyalty program to allow members to earn credit toward reducing the balance of a student loan regardless of lender or servicer. Another product, Nelnet Notes, provides online assistance to help borrowers better understand the financial aid process, as well as broader money management issues.

Generally, our non-servicing related software products are operated for the benefit of our school and borrower customers on our hardware without specific charges to the school or borrowers. Our servicing software can be licensed to third parties for use on their hardware for which they pay annual license and maintenance fees.

Our software products, including website content and functionality, have been developed and maintained using internal business and technical resources. External software consultants are utilized on selected occasions when circumstances require specific technical knowledge or experience. Costs associated with research and development related to the development of computer software are expensed when incurred in accordance with SFAS No. 86, *Accounting for the Cost of Computer Software to be Sold, Leased or Otherwise Marketed*. Research and development machinery and equipment that have alternative future uses either in research and development activities or otherwise are capitalized and depreciated over their useful lives.

All costs associated with website development or the maintenance of existing software products are expensed when incurred. We also capitalize software costs under the provisions of Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. Material software developments or enhancements that are considered to have useful lives of greater than one year are capitalized and amortized over their useful lives. Costs related to maintaining our purchased software including the costs of programming are expensed as incurred. Purchased software is capitalized and amortized over the estimated useful life.

Interest Rate Risk Management

Since we generate the majority of our earnings from the spread between the yield we receive on our portfolio of student loans and the cost of financing these loans, the interest rate sensitivity of our balance sheet could have a material effect on our operations. The majority of our student loans, primarily consolidation loans, have variable-rate characteristics in interest rate environments when the special allowance payment formula exceeds the borrower rate of our student loans include fixed-rate components depending upon loan terms and the rate reset provisions set by the DOE.

We attempt to match the interest rate characteristics of pools of loan assets with debt instruments of substantially similar characteristics, particularly in rising interest rate markets. Due to the variability in duration of our assets and varying market conditions, we do not attempt to perfectly match the interest rate characteristics of the entire loan portfolio with the underlying debt instruments. To date, we have financed the majority of our student loan portfolio with variable-rate debt.

In the current low interest rate environment, our FFELP loan portfolio is yielding excess income due to the reduction in the interest rates on the variable-rate liabilities financing student loans at a fixed borrower rate. In higher interest rate environments, where the interest rate rises above the borrower rate and fixed-rate loans become variable, the impact of the rate fluctuations is substantially reduced. We have employed various derivative instruments to help manage our interest rate risk. We periodically review mismatched interest rate characteristics of our portfolios of student loans and those of our underlying debt instruments in order to evaluate utilization of interest rate swaps and other derivative instruments as part of our overall risk management strategy. In the third quarter of 2003, we entered into a fixed/floating swap, three basis swaps and one cap contract in our current interest rate risk management efforts, which are more specifically described in “Management’s Discussion & Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources—Interest Rate Risk.” As a result of our interest rate management activities, we believe we have reduced the volatility and effects of a rising interest rate environment. For further information, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Interest Rate Risk.”

Intellectual Property

We own numerous trademarks and service marks to identify our various products and services, both by words and logos, or by “design” marks. We currently have approximately 15 pending and ten registered marks for such products and services, and we actively assert our rights to those marks when we believe potential infringement may be occurring. We believe our marks and logos have developed and continue to develop strong brand-name recognition in our industry and the consumer marketplace. Each of these marks has, upon registration, an indefinite duration so long as we continue to use the mark on or in

connection with such goods or services as the mark identifies. In order to protect the indefinite duration, we make filings to continue registration of these marks. We own one patent application that has been published with respect to a customer-loyalty program and have also actively asserted our rights thereunder in situations where we believe our claims may be infringed upon. If such patent is granted, it will have a duration and effect of 20 years from the date of application. We own many copyright-protected works, including our various computer system codes and displays, websites, publications and marketing collateral. We also have trade secret rights to many of our processes and strategies, and our software product designs. Our software products are protected by both registered and common law copyrights. We also protect our software products through strict confidentiality and ownership provisions placed in license agreements which restrict the ability to copy, distribute or disclose the software products. We also have adopted internal procedures designed to preserve trade secrets with respect to our intellectual property.

We seek federal and/or state protection of intellectual property when deemed appropriate, including patent, trademark/service mark and copyright. The decision whether to seek such protection may depend on the perceived value of the intellectual property, the likelihood of securing protection, the cost of securing and maintaining that protection and the potential for infringement. Our employees are trained in the fundamentals of intellectual property, intellectual property protection and infringement issues, and are also required to sign agreements requiring, among other things, confidentiality of trade secrets, assignment of inventions and non-solicitation of other employees post-termination. Consultants, suppliers and other business partners are also required to sign nondisclosure agreements to protect our proprietary rights.

Seasonality

Origination of student loans is generally subject to seasonal trends, which correspond to the beginning of each semester of the school year. Student loans are disbursed as directed by the school and are usually divided into two or three equal disbursements released at specified times during the school year. The two periods of August through October and December through February account for approximately 73% of our total annual disbursements. While applications and disbursements are seasonal, our earnings are generally not tied to this cycle. Due to our portfolio size, new disbursements or run-off for any given month will not materially change the net interest earnings of the portfolio. Consolidation loans are generally made prior to or immediately after the July 1 reset in a rising or falling interest rate environment.

Customers

We provide student loan servicing either directly or through our proprietary software to approximately 1.7 million borrowers. We have direct and indirect relationships with hundreds of colleges and universities across the nation. We have servicing agreements with 255 customers and software license agreements with 34 licensees. Notwithstanding the depth of our customer base, our business is subject to some vulnerability arising from concentrations of: loan origination volume with borrowers attending certain schools; loan origination volume generated by certain branding partners; loan and guarantee servicing volume generated by certain loan servicing customers and guaranty agencies; and software licensing volume generated by certain licensees. Our ability to maintain strong relationships with significant schools, branding partners, servicing customers, guaranty agencies and software licensees is subject to a variety of risks. Termination of such a strong relationship could result in a material adverse effect on our business. We cannot assure you that our forward flow channel lenders or our branding partners will continue their relationships with us. Loss of a strong relationship, like that with a significant branding partner, such as Union Bank, or with schools such as University of Phoenix and Nova Southeastern University from which we directly or indirectly acquire a significant volume of student loans, could result in an adverse effect on our business. For example, Nova Southeastern University, from which we purchased FFELP loans (through its relationship with Union Bank) comprising approximately 7.4% of our total student loan volume in 2002 and 5.9% for the nine months ended September 30, 2003, has informed us and Union Bank, the direct acquirer of the student loans, of its intent to not renew its sale commitment starting January 2007, in order to make a request for a proposal to potential purchasers, including Union Bank and us.

Competition

We face competition from many lenders in the highly competitive student loan industry. Using our size, we have leveraged economies of scale to gain market share and compete by offering a full array of FFELP and private loan products and services. In addition, we differentiate ourselves from other lenders through our vertical integration, technology and strong relationships with colleges and universities.

We view SLM Corporation, the parent company of Sallie Mae, as our largest competitor in loan origination, holding and servicing. SLM Corporation services nearly half of all outstanding FFELP loans and is the largest holder of student loans, with a portfolio of nearly \$70 billion. Large national and regional banks are also strong competition, although many are involved only in origination. In different geographic locations across the country, we run into strong competition from the local tax-exempt student loan secondary markets. The FDL Program has also reduced the origination volume available for FFEL Program participants, which in 2002 accounted for 28% of total volume, although this portion of total volume has decreased from approximately 33% in 1998. In addition, in the last few years, low interest rates have attracted many new competitors to the student loan consolidation business.

Employees

As of September 30, 2003, we had approximately 1,950 employees. Approximately 700 of these employees hold professional and management positions while 1,250 are in support and operational positions. None of our employees is covered by collective bargaining agreements. We are not involved in any material disputes with any of our employees, and we believe that relations with our employees are good.

Properties

We maintain 14 principal offices in cities across the United States. We do not own any of our principal facilities. The following table lists the principal facilities leased by us.

Location	Function	Square footage	Lease expiration date
Albany, NY	Charter Software Licensing	3,550	September 2004
Boise, ID	IFA Software Licensing	9,993	August 2005
Denver, CO	Loan Servicing, Executive Management, Technology	106,185	February 2008
Fredericksburg, VA	Loan Consolidation	18,000	May 2007
Honolulu, HI	Sales	611	October 2004
Indianapolis, IN	Loan Servicing, Loan Generation	58,770	February 2008
Jacksonville, FL	Loan Servicing, Loan Generation, Technology	116,828	January 2007
Lincoln, NE	Corporate Headquarters, Loan Servicing, Loan Generation	94,909	December 2010
Phoenix, AZ	Capital Markets	3,500	N/A
Portland, ME	Loan Generation, Sales	5,211	January 2010
Tempe, AZ	Loan Generation	3,431	March 2004
Tucson, AZ	Loan Generation	426	June 2004
Tulsa, OK	Loan Generation, Sales	2,500	July 2008
Washington, DC	Government Relations, Sales	1,806	May 2010

Litigation

We are subject to various claims, lawsuits and proceedings that arise in the normal course of business. These matters principally consist of claims by borrowers disputing the manner in which their loans have been processed. On the basis of present information, anticipated insurance coverage and advice received from counsel, it is the opinion of our management that the disposition or ultimate determination of these claims, lawsuits and proceedings will not have a material adverse effect on our business, financial position or results of operations.

MANAGEMENT

Executive Officers and Directors

The following table sets forth our executive officers and directors, and their ages and positions, as of October 31, 2003. Except as otherwise indicated, each of the Executive Directors specified below was appointed to that position as one of our Executive Directors on August 8, 2003.

Name	Age	Position
Michael S. Dunlap	40	Chairman and Co-Chief Executive Officer
Stephen F. Butterfield	51	Vice Chairman and Co-Chief Executive Officer
Don R. Bouc	57	President and Director
Terry J. Heimes	39	Chief Financial Officer and Executive Director
Hilario J. Arguinchona	60	Executive Director
David A. Bottegal	46	Executive Director and Chief Marketing Officer
Raymond J. Ciarvella	46	Executive Director and Chief Information Officer
Todd M. Eicher	33	Executive Director
Matthew D. Hall	43	Executive Director
Charles Hosea	43	Executive Director
Dennis Leach	49	Executive Director
Edward P. Martinez	49	Executive Director and Secretary
Jeffrey R. Noordhoek	37	Executive Director
Richard H. Pierce	60	Executive Director
Dominic Rotondi	49	Executive Director
Cheryl Watson	42	Executive Director
James P. Abel	52	Director
Thomas E. Henning	50	Director
Lee E. Mikles	47	Director
Arturo Moreno	57	Director
Brian J. O'Connor	48	Director
James H. VanHorn	51	Director

Michael S. Dunlap

Michael S. Dunlap has served as our Chairman and Co-Chief Executive Officer since August 2003. Mr. Dunlap previously served as our President and sole Chief Executive Officer from December 2001 until August 2003. He has been a member of our Board of Directors since 1989. As Chairman of our Board of Directors, Mr. Dunlap is responsible for our overall strategy and direction. From January 1996 to December 2001, Mr. Dunlap served as chairman of Nelnet's predecessor. In addition, since August 2003, Mr. Dunlap has been the non-executive chairman of Union Bank and since January 1995, a director and president of Farmers & Merchants Investment Inc. (the parent of Union Bank and Trust Company). Union Bank and Farmers & Merchants Investment Inc. are affiliates of Nelnet (see "Related Party Transactions"). From January 2001 to August 2003, Mr. Dunlap served as chief executive officer of Union Bank. From January 1993 to January 2001, Mr. Dunlap served as executive vice president of Union Bank. Mr. Dunlap is also a member of the Nebraska State Bar Association. Mr. Dunlap received his B.S. degree in Finance and Accounting and his J.D. degree from the University of Nebraska.

Stephen F. Butterfield

Stephen F. Butterfield has served as our Co-Chief Executive Officer since August 2003, and as our Vice Chairman since March 2000. He served as vice chairman and a director of Nelnet's predecessor since

January 1996. Mr. Butterfield is responsible for managing our capital market relationships and investor relations. Mr. Butterfield directs our overall management and direction, including asset purchasing, marketing of corporate services and coordination of our capital market activities. Mr. Butterfield has been involved in the student loan industry since January 1989, first as president of a for-profit student loan secondary marketing facility located in Scottsdale, Arizona, and second as president of the Student Loan Acquisition Authority of Arizona, a non-profit secondary marketing facility in Scottsdale, Arizona. Prior to his work in the student loan industry, Mr. Butterfield spent 15 years as an investment banker, the last four years of which for Boettcher and Company, specializing in municipal finance. Mr. Butterfield received his B.S. degree in business administration from Arizona State University.

Don R. Bouc

Don R. Bouc has served as our President and a member of our Board of Directors since March 2000. In March 2001, Mr. Bouc became president of Nelnet Corporation (subsequently renamed Nelnet Corporate Services, Inc.), a subsidiary of Nelnet. From May 1997 through March 2001, Mr. Bouc served as president of National Education Loan Network, Inc., a subsidiary of Nelnet. From 1990 to 1997, Mr. Bouc served as president of Nebraska Higher Education Loan Program, Inc., or NEBHELP. During his tenure, he assisted in creating the Education Finance Council and later served as its chairman. In 1985, Mr. Bouc founded Midwest Computing, Inc., the developer of EASEL, a servicing and related software package used by over 50 financial institutions in the student loan industry. From 1974 to 1985, Mr. Bouc worked for the University of Nebraska Central Administration Computing Services network leaving as director of administrative computing. Mr. Bouc earned an undergraduate degree in math education in 1969 and an M.S. in computer science in 1974 from the University of Nebraska-Lincoln. He served on the Board of Trustees of Lincoln General Hospital from 1996 to 1998, and currently he serves on the Board of Trustees of Health Lincoln, of Junior Achievement/Lincoln and for the Nebraska Independent College Foundation. Mr. Bouc has been appointed by the Secretary of Education to the Federal Advisory Committee on Student Financial Assistance.

Terry J. Heimes

Terry J. Heimes has served as our Chief Financial Officer and as Executive Director in charge of Finance since March 2001. He is responsible for the coordination of all financial and accounting functions. Active in our strategic planning and direction, Mr. Heimes oversees the preparation and issuance of financial statements, corporate accounting/tax matters and our asset-backed securitization and warehousing activities. Mr. Heimes served as our Director from March 2001 until August 2003 and as executive vice president of our subsidiary National Education Loan Network, Inc., or NELNI, from March 2001 until October 2002. In October 1998, in connection with the conversion and acquisition of NEBHELP, Mr. Heimes became the vice president of finance of National Education Loan Network, Inc., a subsidiary of Nelnet. Prior to joining NEBHELP, Mr. Heimes worked for the public accounting firm of KPMG LLP through 1992 as a manager in the audit department. Mr. Heimes graduated magna cum laude from the University of Nebraska-Kearney with a B.S. degree in business administration with an emphasis in accounting.

Hilario J. Arguinchona

Hilario J. Arguinchona is our Executive Director in charge of Idaho Financial Associates, Inc., which does business as IFA Systems. Mr. Arguinchona served as the executive vice president of NELNI from January 2001 until October 2002, when he became an executive director of NELNI, and served as one of our Directors from January 2001 until August 2003. As president of IFA Systems, Mr. Arguinchona is responsible for the development, maintenance and implementation of student loan software systems used by us and our clients. Mr. Arguinchona has been active in the student loan business since 1978 and was a founding director for both a guaranty agency and secondary market in Idaho. In 1986, Mr. Arguinchona started Idaho Financial Associates, Inc. (dba IFA Systems), a private secondary market for student loans, which eventually became a company that developed software for use in the student loan industry.

Mr. Arguinchona was a founding director and serves as chairman of the board of directors of Syringa Bank in Boise, Idaho. He received his B.S. degree in business administration from the University of Idaho.

David A. Bottegal

David A. Bottegal is one of our Executive Directors and our Chief Marketing Officer. Mr. Bottegal served as a senior vice president of NELNI from September 2001 until he became an executive director in October 2002, and also served as one of our Directors from September 2001 until August 2003. Mr. Bottegal is responsible for Nelnet Marketing Solutions, our sales division. In addition, Mr. Bottegal assists in our overall strategic direction as well as fostering our significant client relationships. Prior to joining us, Mr. Bottegal spent 18 years with Sallie Mae in various areas of the company, including vice president of sales and marketing from 1998 to 2001. Mr. Bottegal received his M.B.A from Marymount University and his B.A. from Catholic University in Washington, DC.

Raymond J. Ciarvella

Raymond J. Ciarvella is one of our Executive Directors and has been our Chief Information Officer since May 2003. Mr. Ciarvella has over 13 years experience with us in various capacities, serving as one of our Directors from January 1995 until August 2003. As our Chief Information Officer, Mr. Ciarvella oversees our internal Information Technology areas along with a number of our subsidiary companies, including Charter Systems, IFA Systems and Nelnet Canada Inc., and a number of our affiliates, including 5280 Solutions, Inc. and FirstMark Services, LLC. As Chief Information Officer, Mr. Ciarvella is responsible for the information technology and computer systems that support our enterprise goals. Mr. Ciarvella is also engaged in other strategic partnerships and key client initiatives. Mr. Ciarvella served as the chief operating officer of UNIPAC Service Corporation from September 1993 until March 2000. Prior to joining us, Mr. Ciarvella had over 11 years of experience with Electronic Data Systems in all facets of information technology services. Mr. Ciarvella received a B.S. degree in computer science from Colorado State University.

Todd M. Eicher

Todd M. Eicher has served as our Executive Director in charge of Loan Generation since May 2003. Mr. Eicher oversees and directs School Product Support, Business Integration and all aspects of our Loan Origination operations. Mr. Eicher also has responsibility for our relationship with ELM as the ELM NDN service provider. Prior to his current role, he served as a senior vice president from July 1997 until May 2003, when he became an Executive Director. Mr. Eicher received his J.D. degree from the University of Nebraska College of Law.

Matthew D. Hall

Matthew D. Hall is our Executive Director responsible for Loan Servicing. Mr. Hall served as one of our Directors until August 2003 and as a senior vice president of NELNI until he became an executive director of NELNI in October 2002. Mr. Hall oversees and directs lender product support, customer service, customer accounting, process engineering, conversions, claims and all aspects of school and repayment loan servicing for our various loan servicing operations. Prior to his current position, Mr. Hall managed our loan origination and loan servicing operations. Before entering operations in 1992, Mr. Hall was employed in our information systems department and was responsible for the maintenance and development of our student loan servicing system. Mr. Hall has ten years of operations management experience and eight years of experience in information systems, programming and management within the banking and financial industries. He earned a bachelor's degree in business finance from Indiana University.

Charles Hosea

Charles Hosea is our Executive Director in charge of Guarantec, LLP, our subsidiary, which provides system and operational support and services to guaranty agencies participating in the FFEL Program. Mr. Hosea has more than 17 years of education loan experience with various organizations, including financial institutions, guaranty agencies and third-party service providers. Mr. Hosea served as senior vice president of NELNI until October 2002, when he became an executive director of NELNI. Prior to becoming president of Guarantec in 1996, he served as regional vice president for Electronic Data Systems in Tallahassee, Florida. Mr. Hosea received his B.S. degree in business administration from Southeast Missouri State University.

Dennis Leach

Dennis Leach is our Executive Director responsible for Corporate Planning. This function develops and maintains strategies for our product and service offerings within the organization. In addition, Corporate Planning assists with key initiatives that have strategic impact for us. Mr. Leach served as senior vice president of NELNI until January 2001, when he became an executive director of NELNI. Prior to that, he served as vice president of our subsidiary, InTuition Solutions, Inc., from April 1998 until January 2001. Mr. Leach has been involved in education financing since 1983. He held a number of positions within Sallie Mae and had a consulting practice serving a cross-section of clients in the student loan industry. Prior to this position, he was responsible for Nelnet's product development for business and technology planning with InTuition, and was the president of InTuition Solutions (prepaid college tuition plan administration). Mr. Leach has a degree in philosophy and economics from the University of Northern Iowa.

Edward P. Martinez

Edward P. Martinez is our Executive Director responsible for Legal, Policy Support, Facilities and Purchasing. Mr. Martinez joined us in April 1989. Prior to joining us, Mr. Martinez was general counsel to the Student Loan Division of the Colorado Department of Higher Education, was an assistant attorney general with the Colorado Attorney General's Office and was an associate with the law firm of Davis Graham & Stubbs LLP in Denver, Colorado. Mr. Martinez received a J.D. degree from the University of Colorado School of Law.

Jeffrey R. Noordhoek

Jeffrey R. Noordhoek is our Executive Director in charge of Capital Markets. Mr. Noordhoek heads up our Capital Markets area and is responsible for our securitization and capital markets funding efforts. Mr. Noordhoek served as senior vice president of NELNI from March 2001 until October 2002, when he became an executive director of NELNI, and served as a vice president of Nelnet's predecessor prior to that. Mr. Noordhoek has been in our capital markets area since 1996. Prior to joining us, Mr. Noordhoek served as a senior associate for State Street Capital Corporation where he assisted in the establishment of commercial paper conduit financing vehicles. Mr. Noordhoek received his B.S. degree in business administration from the University of Nebraska and his M.B.A. from Boston University.

Richard H. Pierce

Richard H. Pierce is our Executive Director in charge of Portfolio Management. Mr. Pierce served as a Director until August 2003 and as an executive vice president of NELNI from January 2001 until he became an executive director of NELNI in October 2002. Mr. Pierce developed the MES Foundation and has headed that company since its origin in 1983. He has served in both the Maine House of Representatives and the Maine Senate, serving as a Senate Majority Leader from 1978-1982. Among his many experiences, Mr. Pierce has served as the commissioner of the Education Commission of the State of Maine, on the White House Commission on Presidential Scholars, as Director of the National Council of Higher Education Loan Programs and as a member of the review panel for the Harry S. Truman

Scholarship Foundation. Regionally, he has served on the New England Financial Aid Policy Council, the New England Board of Higher Education and on several legislative task forces. He was a founding member of the Education Finance Council and served several terms on its board, including two years as its chairman. Mr. Pierce served as one of our Directors from January 2001 until August 2003. Mr. Pierce received his A.B. degree from Boston University and a M.S.Ed. from the University of Maine.

Dominic Rotondi

Dominic Rotondi is our Executive Director in charge of Charter Account Systems, a subsidiary of Nelnet. Mr. Rotondi was one of the founders of Charter Account Systems and serves as president of that company. He has been involved in education finance and data processing for 26 years, including positions at the New England Student Loan Marketing Association and the New York Higher Education Services Corporation. Mr. Rotondi received a B.S. degree in management from Rensselaer Polytechnic Institute.

Cheryl Watson

Cheryl Watson is our Executive Director responsible for Investor Relations. Ms. Watson served as one of our Directors from April 2002 until August of 2003 and served as an executive vice president of NELNI from April 2002 until she became an executive director of NELNI in October 2002. She also serves as president of EFS, Inc., one of our wholly owned subsidiaries. In addition, she participates in our strategic planning and capital markets initiatives. Prior to joining us, Ms. Watson was employed with Sallie Mae, Inc. and USA Group Secondary Market Services, Inc. and was vice president and treasurer of Sallie Mae Servicing, LLP and president and chief financial officer of USA Group Secondary Market Services, Inc. She has held financial service positions in education lending and private industry for over 18 years. She serves on the board of directors for the Greater Indianapolis Area YMCA and serves as treasurer for the Riverview Hospital Foundation. Ms. Watson received a B.S. degree from Indiana University and is a certified public accountant.

James P. Abel

James P. Abel has served as a member of our Board of Directors since August 2003. Mr. Abel has served as a director of our subsidiary, NHELP-I, Inc., from 2000 until becoming our Director in August 2003. Since 1983, Mr. Abel has served as president and chief executive officer of NEBCO, Inc., a company with interests in the manufacture of building materials, construction, insurance, mining, railroading, farming and real estate. Mr. Abel serves on the boards of directors of Ameritas Life Insurance Corp. and Linweld, Inc. He is an Advisory Board Member for the US Bank Lincoln. Mr. Abel received a B.S. degree from Arizona State University.

Thomas E. Henning

Thomas E. Henning has served as a member of our Board of Directors since August 2003. Mr. Henning has served as a director of Security Financial Life Insurance Company since 1987 and as president and chief operating officer since 1990. Mr. Henning serves as chairman, president and chief executive officer of Security Mutual Life Nebraska, as well as its wholly owned subsidiary, Security Financial Life Insurance Company. Previously, Mr. Henning served as president and chief operating officer of National Bank of Commerce of Lincoln, Nebraska and executive vice president of First Commerce Bancshares between 1985 and 1990. Mr. Henning is a graduate of the University of Nebraska as well as Stonier Graduate School of Banking at Rutgers University. He also has completed the Wharton School's Effective Management Program. Mr. Henning holds the CLU and CFA designations. Mr. Henning is a member of the Investment and Executive Committee and board of the University of Nebraska Foundation and serves on Lincoln Plating Company's Advisory Board.

Lee E. Mikles

Lee E. Mikles has served as a member of our Board of Directors since August 2003. Mr. Mikles has served as a director of our subsidiary, Nelnet Education Loan Funding, Inc., since 1998. Mr. Mikles has served since 1992 as chairman of Mikles/Miller Mgmt., Inc., a registered investment adviser, and as chairman of Mikles/Miller Securities, L.L.C., a registered broker-dealer, from 1998 to the present. Formed in 1992, Mikles/Miller Mgmt., Inc. is the managing general partner of the Kodiak family of investment funds. The firm manages funds for institutional clients worldwide. Prior to the formation of Mikles/Miller Mgmt., Inc., Mr. Mikles headed Mikles/Miller Group, an affiliate of Shearson Lehman Brothers. Mr. Mikles serves on the boards of directors of Coastcast Corporation and Boss Holdings, Inc.

Arturo Moreno

Arturo Moreno has served as a member of our Board of Directors since August 2003. Mr. Moreno served as president, chief operating officer and director of Outdoor Systems, Inc. from 1984 until 1999. Under Mr. Moreno's leadership, Outdoor Systems became the largest outdoor advertising organization in North America and was the first such company to go public. In 1999, the company was sold to Infinity/CBS and in 2000 it merged with Viacom. In June of 2003, Mr. Moreno purchased the Anaheim Angels Professional Baseball Team and currently serves as its president. As founder of The Moreno Family Foundation, he is deeply involved with issues related to children and education. Mr. Moreno received his B.S. degree in marketing from the University of Arizona in 1973.

Brian J. O'Connor

Brian J. O'Connor has served as a member of our Board of Directors since August 2003. Mr. O'Connor has served as a director of our subsidiaries, Nelnet Education Loan Funding, Inc., since 1998 and Nelnet Private Student Loan Corporation-I, since 2001. Since 1997, Mr. O'Connor has held the position of senior vice president at Hutchinson, Shockey, Erley & Co., which underwrites and trades securities for various local governments in Arizona and the western United States. From 1990 to 1997, he was a senior vice president with Alden Capital Markets, Inc.; from 1988 to 1990, he served as senior vice president with Capital Markets Corporation; from 1987 to 1988, he was a vice president for Security Pacific Merchant Bank in Phoenix; and from 1983 to 1987, Mr. O'Connor was with Boettcher & Company, Inc., a regional investment banking firm specializing in municipal finance. In addition, Mr. O'Connor served as a member of the board of directors and audit committee of Outdoor Systems, Inc. from 1992 to 1999.

James H. VanHorn

James H. VanHorn has served as a member of our Board of Directors since March 2001. Mr. VanHorn is the former Executive Director of Loan Generation, which provides fee-based lender servicing and educational support services to government and private entities. Mr. VanHorn served as our Senior Vice President from March 2000 until October 2002, when he became our Executive Director. Mr. VanHorn left his position as Executive Director in June 2003 and thereafter has served as president and chief executive officer of InTuition Development Holdings, LLC, which is not affiliated with Nelnet. Mr. VanHorn has more than 28 years of operational experience with Bethlehem Steel, Astro Metallurgical, InTuition, Inc. and Nelnet. Prior to our acquisition of InTuition, Inc., he joined InTuition in 1994, became president in 1998 and continued serving as president of InTuition, Inc. until June 2003. Before serving as president of InTuition, Inc., Mr. VanHorn served as vice president of operations at Astro Metallurgical in Wooster, Ohio. He earned his M.B.A. at Jacksonville University and his B.S.C.E. at Valparaiso University.

Board Composition

Our board of directors is composed of a majority of independent directors as defined by the rules of the New York Stock Exchange.

Board Committees

Our board of directors has established an audit committee, a compensation committee, a nominating and corporate governance committee and an executive committee. Each committee, other than the executive committee, is composed entirely of independent directors.

Our audit committee is composed of Messrs. Henning, Mikles and O'Connor. The audit committee provides assistance to our board of directors in its oversight of the integrity of our financial statements, the qualifications and independence of our independent auditors, the performance of our internal audit functions, the procedures undertaken by the independent auditors and our compliance with other regulatory and legal requirements. Our audit committee operates pursuant to a formal written charter.

Our compensation committee is composed of Messrs. Abel, Mikles and Moreno. The compensation committee oversees our compensation and benefit policies. Our compensation policies are designed with the goal of maximizing shareholder value over the long term. The compensation committee believes that this goal is best realized by utilizing a compensation program which serves to attract and retain superior executive talent by providing management with performance-based incentives and closely aligning the financial interests of management with those of our shareholders. Our compensation program combines two components: base salary and annual bonus. The level of compensation is based on numerous factors, including achievement of results and financial objectives established by our compensation committee and our board of directors. Salary and bonus compensation awards are reviewed regularly for competitiveness and are determined in large part by reference to compensation levels for comparable positions at comparable companies.

Our nominating and corporate governance committee is composed of Messrs. Henning, Mikles and O'Connor. The nominating and corporate governance committee is responsible for identifying and recommending qualified nominees to serve on our board of directors as well as developing and overseeing our internal corporate governance processes.

Our executive committee is composed of Messrs. Dunlap, Butterfield, Bouc and O'Connor.

Compensation Committee Interlocks and Insider Participation

Prior to August 2003, Messrs. Dunlap, Butterfield, Bouc, Pierce and K. Jon Kern, a former Executive Director, participated in deliberations concerning executive officer compensation. No member of our compensation committee serves or in the past has served as a member of another entity's board of directors or compensation committee, which entity has one or more executive officers serving as a member of our board of directors or compensation committee.

Compensation of Directors

Our independent directors receive an annual retainer of \$50,000. We also pay an additional annual retainer of \$10,000 to those independent directors who serve on the audit committee, the compensation committee, the executive committee or the nominating and corporate governance committee, as applicable. Independent directors also earn a fee of \$1,000 for each board meeting attended and \$1,000 for each committee meeting attended. Our directors, other than our independent directors, do not receive any consideration for participation in board meetings or committee meetings.

Our board of directors has adopted, and our shareholders have approved, a share-based compensation plan for nonemployee directors pursuant to which our nonemployee directors will have an election to receive their annual retainer fees in the form of cash or our Class A common stock. Up to 100,000 shares may be issued under the plan. If a nonemployee director elects to receive Class A common stock, the number of shares of Class A common stock that will be awarded will be equal to the amount of the annual retainer fee otherwise payable in cash divided by 85% of the fair market value of a share of Class A common stock on the date the fee is payable. Nonemployee directors who choose to receive Class A common stock may also elect to defer receipt of the Class A common stock until termination of their service on our board of directors. Any dividends paid in respect of deferred shares during the deferral period will also be deferred in the form of additional shares and paid out at termination from our board of directors. The plan may be amended or terminated by our board of directors at any time, but no amendment or termination will adversely affect a nonemployee director's rights with respect to previously deferred shares without the consent of the nonemployee director.

Agreements with Employees

In May 2001, Richard H. Pierce, our Executive Director in charge of Portfolio Management, entered into an employment agreement with one of our subsidiaries, Nelnet Corporate Services, Inc. (formerly known as Nelnet Corporation). The agreement extends until April 2006, after which it shall renew for successive one-year terms unless terminated earlier by Nelnet Corporate Services, Inc. or Mr. Pierce upon the occurrence of certain events or upon 90 days' notice from either party prior to the end of the initial term or any renewal term. Mr. Pierce received a base salary of \$382,000 in 2001, which amount gradually decreases until it reaches \$300,000 in 2006. In addition, Mr. Pierce is entitled to receive an annual bonus tied to our pretax earnings, which shall not exceed \$700,000. Nelnet Corporate Services, Inc. shall continue to pay Mr. Pierce's base salary and a pro-rated portion of the bonus he would have received during the year his employment terminates, if Nelnet Corporate Services, Inc. terminates the agreement without cause or if Mr. Pierce resigns from his position with good reason, in each case as defined in the employment agreement. The agreement also prohibits Mr. Pierce from having any business-related contact with competitors, customers or service providers of Nelnet Corporate Services, Inc. or any of its affiliates so long as Mr. Pierce continues to receive compensation payments from Nelnet Corporate Services, Inc..

We have not entered into employment agreements with any of our other named executive officers.

Executive Compensation

The following table sets forth summary information relating to compensation paid for services rendered for our fiscal year ended December 31, 2002, with respect to the compensation paid and bonuses granted to our Co-Chief Executive Officers as well as each of our other five most highly compensated executive officers, each of whose aggregate compensation during the last fiscal year was greater than \$100,000. Messrs. Dunlap's and Butterfield's annual salaries, effective August 1, 2003, are \$1,000,000 each, and Mr. Bouc's annual salary, effective August 1, 2003, which will be payable by us, is \$350,000. In addition, they are each entitled to receive bonus compensation as described below under "— Executive Officers Bonus Plan." Further, in the third quarter of 2003, Mr. Heimes received a bonus of \$408,000 in connection with the termination of our consulting agreement with Great Plains Financial, LLC, which is described under "Related Party Transactions — Transactions with Miscellaneous Related Parties," and Mr. Ciarvella received a bonus of \$897,000 in connection with the termination of his employment agreement. Salaries and bonuses are paid at the discretion of our board of directors. For purposes of this prospectus, we will refer to the executive officers named in the table below as the named executive officers.

Summary Compensation Table

Name and principal position	Year	Annual compensation(a)		All other compensation \$(c)
		Salary (\$)	Bonus \$(b)	
Michael S. Dunlap Co-Chief Executive Officer	2002	450,000	675,198	2,642
Stephen F. Butterfield Co-Chief Executive Officer	2002	450,000	675,198	2,642
Don R. Bouc President	2002	700,000(d)	—	1,830
Terry J. Heimes Chief Financial Officer	2002	179,167	150,000	5,232
David A. Bottegal Executive Director and Chief Marketing Officer	2002	179,167	150,000	5,307
Raymond J. Ciarvella Executive Director and Chief Information Officer	2002	240,000	510,000	6,076
Richard H. Pierce Executive Director	2002	380,000	700,000	6,100

(a) Executive officers may receive perquisites and personal benefits, the dollar amounts of which are below current Securities and Exchange Commission thresholds for reporting requirements.

(b) Amounts represent bonuses paid in 2003 for services rendered during the 2002 calendar year.

(c) Amounts represent matching contributions under our 401(k) plan in the following amounts: Mr. Dunlap \$2,450, Mr. Butterfield \$2,450, Mr. Bouc \$1,710, Mr. Heimes \$4,872, Mr. Bottegal \$4,947, Mr. Ciarvella \$5,500 and Mr. Pierce \$5,500; and premiums on life insurance in the following amounts: Mr. Dunlap \$192, Mr. Butterfield \$192, Mr. Bouc \$120, Mr. Heimes \$360, Mr. Bottegal \$360, Mr. Ciarvella \$576 and Mr. Pierce \$600.

(d) \$650,000 of Mr. Bouc's salary was paid by Great Plains Financial, LLC, which had a consulting arrangement with Nelnet. See "Related Party Transactions — Transactions with Miscellaneous Related Parties" for a description of the consulting arrangement.

Options/SARs/Restricted Stock/LTIPs

We do not have any stock option, SAR or other long-term incentive plans, other than the restricted stock plan, and we have not issued any stock options, SARs or restricted shares.

Employee Share Purchase Plan

Our board of directors has adopted, and our shareholders have approved, an employee share purchase plan pursuant to which our employees and employees of our designated subsidiaries will be entitled to purchase our Class A common stock. The employee share purchase plan is intended to enhance our ability to attract and retain employees and to better enable such persons to participate in our long-term success and growth.

The employee share purchase plan will be administered by our compensation committee. Subject to the express provisions of the employee share purchase plan, our compensation committee has the power to determine the terms and conditions of each offering of shares to employees under the plan, and it has the authority to adopt and revise rules governing the plan and to interpret the terms and provisions of the plan.

A total of 1,000,000 shares of our Class A common stock are reserved for issuance under the employee share purchase plan, subject to equitable adjustment by the compensation committee in the event of stock dividends, recapitalizations and other similar corporate events. All of our employees and those employees of our participating subsidiaries, other than those whose customary employment is 20 hours or less per week, who have been employed for at least six months, or another period determined by our compensation committee not in excess of two years, will be eligible to purchase Class A common stock under the plan. The participating subsidiaries will be those designated by the compensation committee to participate in the employee share purchase plan.

The plan is designed to qualify as an “employee stock purchase plan” under Section 423 of the Code. The plan will allow participating employees to purchase our Class A common stock through payroll withholding. The plan provides for consecutive six-month offering periods (or other periods of not more than 27 months, as determined by our compensation committee) under which participating employees can elect to have amounts withheld from their total compensation during the offering period and applied to purchase our Class A common stock at the end of the period. Unless otherwise determined by our compensation committee before an offering period, the purchase price will be the lesser of 85% of the fair market value of our Class A common stock at the beginning or end of the offering period. Applicable Code limitations specify, in general, that a participant’s right to purchase stock under the plan cannot accrue at a rate in excess of \$25,000 (based on the value at the beginning of the applicable offering periods) per calendar year.

The employee share purchase plan will terminate when all shares authorized to be issued under it have been exhausted. Our board of directors may discontinue the employee share purchase plan at any time and may amend it from time to time.

Executive Officers Bonus Plan

Our board of directors has adopted, and we will maintain, an executive officers bonus plan pursuant to which our Co-Chief Executive Officers and President will be entitled to receive annual bonus compensation based upon our consolidated net income before taxes. The purpose of the executive officers bonus plan is to provide our Co-Chief Executive Officers and President with an opportunity to earn annual bonus compensation as an incentive and reward for their leadership, ability and exceptional services. The executive officers bonus plan will be administered by our compensation committee.

Our Co-Chief Executive Officers and President will each be entitled to receive an annual bonus equal to 0.85% of our consolidated net income before taxes, computed in accordance with generally accepted accounting principles. Our President’s annual bonus may not exceed \$500,000. Annual bonuses payable under the plan will be paid in cash after the end of each calendar year.

Our board of directors may terminate the executive officers bonus plan and may amend it from time to time, but no termination or amendment will adversely affect the rights of an executive to a previously earned but unpaid bonus.

Restricted Stock Plan

Our board of directors is expected to adopt a restricted stock plan and it is expected to be approved by our shareholders. The restricted stock plan is intended to provide incentives to attract, retain and motivate our employees in order to achieve our long-term growth and profitability objectives. The restricted stock plan will provide for the grant to eligible employees of awards of restricted shares of our Class A common stock. An aggregate of 1,000,000 shares of our Class A common stock have been reserved for issuance under the restricted stock plan, subject to antidilution adjustments in the event of certain changes in our capital structure. Shares of our Class A common stock issued pursuant to the restricted stock plan will be either authorized but unissued shares or treasury shares.

Our employees and the employees of our subsidiaries and affiliates will be eligible to be granted awards of restricted stock under the restricted stock plan. The restricted stock plan will be administered by the compensation committee or such other board committee (or the entire board of directors) as may be designated by our board of directors. The committee will determine which eligible employees receive awards and the terms and conditions of these awards. The committee will have authority to waive conditions relating to an award or accelerate vesting of awards. In addition, our Co-Chief Executive Officers will have the authority to make awards under the restricted stock plan to employees not subject to Section 16 of the Exchange Act, subject to limitations imposed by the committee.

Awards of restricted shares will be subject to such restrictions on transferability and other restrictions, if any, as the committee may impose. Such restrictions will lapse under circumstances as the committee may determine, including based upon a specified period of continued employment or upon the achievement of performance criteria. Except as otherwise determined by the committee, eligible employees granted restricted shares will have all of the rights of a shareholder, including the right to vote restricted shares and receive dividends thereon, and unvested restricted shares will be forfeited upon termination of employment during the applicable restriction period.

We currently anticipate that awards of restricted shares will be granted to employees engaged as part of our salesforce and that the restricted shares will only be granted if certain performance goals are met. Moreover, it is our current intention that, once granted, the awards will vest ratably over a multi-year period, provided the employee remains employed through the applicable vesting dates.

The restricted stock plan may be amended, suspended or terminated by our board of directors at any time, in whole or in part. However, any amendment for which shareholder approval is required under the rules of any stock exchange or automated quotation system on which our Class A common stock may then be listed or quoted will not be effective until such shareholder approval has been obtained. In addition, no amendment, suspension or termination of the restricted stock plan may materially and adversely affect the rights of a participant under any award theretofore granted to him or her without the consent of the affected participant.

The restricted stock plan is effective as of November , 2003. Unless earlier terminated, the restricted stock plan will expire on November , 2013, and no further awards may be granted thereunder after such date.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of each class of our common stock immediately before and after the sale of _____ shares of our Class A common stock in this offering by:

- each person, entity or group known by us to beneficially own more than five percent of the outstanding shares of any class our common stock;
- each of the named executive officers;
- each of our directors; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules and regulations of the Securities and Exchange Commission. Under these rules, a person is deemed to beneficially own a share of our common stock if that person has or shares voting power or investment power with respect to that share, or has the right to acquire beneficial ownership of that share within 60 days, including through the exercise of any option, warrant or other right or the conversion of any other security.

The number of shares of Class B common stock for each person in the tables below assumes such persons do not convert any Class B common stock into Class A common stock. Unless otherwise indicated in a footnote, the address of each five percent beneficial owner is c/o Nelnet, Inc., 121 South 13th Street, Suite 201, Lincoln, Nebraska 68508. As of the date of this prospectus, Nelnet had _____ holders of record of its Class A common stock and four holders of record of its Class B common stock. Unless otherwise indicated in a footnote, the persons named in the tables below have sole voting and investment power with respect to all shares of common stock shown as being beneficially owned by them.

Beneficial Ownership Before This Offering

Name	Number of shares beneficially owned			Percentage of shares beneficially owned(1)			Percentage of combined voting power of all classes of stock(2)
	Class A	Class B	Total	Class A	Class B	Total	
Michael S. Dunlap	16,211,021(3)	9,830,204(4)	26,041,225	52.3%	70.0%	57.8%	66.9%
Stephen F. Butterfield	—	5,779,941(5)(6)	5,779,941	—	41.2%	12.8%	33.8%
Angela L. Mulheisen	18,170,416(7)	2,000,000(8)	20,170,416	58.6%	14.3%	44.8%	22.3%
Union Bank and Trust Company(9)	5,142,417	2,000,000	7,142,417	16.6%	14.3%	15.9%	14.7%
Packers Service Group, Inc.(10)	11,068,604	—	11,068,604	35.7%	—	24.6%	6.5%
Don R. Bouc(11)	1,571,990	—	1,571,990	5.1%	—	3.5%	*
Marphy Butterfield(12)	840,000	—	840,000	2.7%	—	1.9%	*
Terry J. Heimes	218,190	—	218,190	*	—	*	*
Hilario J. Arguinchona	522,900	—	522,900	1.7%	—	1.2%	*
David A. Bottegai	449,610	—	449,610	1.4%	—	1.0%	*
Raymond J. Ciarvella	349,104	—	349,104	1.1%	—	*	*
Todd M. Eicher(13)	402,301	—	402,301	1.3%	—	*	*
Matthew D. Hall	204,901	—	204,901	*	—	*	*
Charles Hosea	115,080	—	115,080	*	—	*	*
Dennis Leach	21,000	—	21,000	*	—	*	*
Edward P. Martinez	92,131	—	92,131	*	—	*	*
Jeffrey R. Noordhoek(14)	750,000	—	750,000	2.4%	—	1.7%	*
Richard H. Pierce	460,740	—	460,740	1.5%	—	1.0%	*

Name	Number of shares beneficially owned			Percentage of shares beneficially owned(1)			Percentage of combined voting power of all classes of stock(2)
	Class A	Class B	Total	Class A	Class B	Total	
Dominic Rotondi	12,600	—	12,600	*	—	*	*
Cheryl Watson	69,999	—	69,999	*	—	*	*
James P. Abel	—	—	—	—	—	—	—
Thomas E. Henning	—	—	—	—	—	—	—
Lee E. Mikles	—	—	—	—	—	—	—
Arturo Moreno	—	—	—	—	—	—	—
Brian J. O'Connor	—	—	—	—	—	—	—
James H. VanHorn	115,080	—	115,080	*	—	*	*
Executive officers and directors as a group (22 persons)	21,566,647	14,023,454	35,590,101	69.5%	100.0%	79.0%	94.5%

Beneficial Ownership After This Offering

Name	Number of shares beneficially owned			Percentage of shares beneficially owned(1)			Percentage of combined voting power of all classes of stock(2)
	Class A	Class B	Total	Class A	Class B	Total	
Michael S. Dunlap	16,211,021(3)	9,830,204(4)	26,041,225				
Stephen F. Butterfield	—	5,779,941(5)(6)	5,779,941				
Angela L. Mulheisen	18,170,416(7)	2,000,000(8)	20,170,416				
Union Bank and Trust Company(9)	5,142,417	2,000,000	7,142,417				
Packers Service Group(10)	11,068,604	—	11,068,604				
Don R. Bouc(11)	1,571,990	—	1,571,990				
Marphy Butterfield(12)	840,000	—	840,000				
Terry J. Heimes	218,190	—	218,190				
Hilario J. Arguinchona	522,900	—	522,900				
David A. Bottegal	449,610	—	449,610				
Raymond J. Ciarvella	349,104	—	349,104				
Todd M. Eicher(13)	402,301	—	402,301				
Matthew D. Hall	204,901	—	204,901				
Charles Hosea	115,080	—	115,080				
Dennis Leach	21,000	—	21,000				
Edward P. Martinez	92,131	—	92,131				
Jeffrey R. Noordhoek(14)	750,000	—	750,000				
Richard H. Pierce	460,740	—	460,740				
Dominic Rotondi	12,600	—	12,600				
Cheryl Watson	69,999	—	69,999				
James P. Abel	—	—	—				
Thomas E. Henning	—	—	—				
Lee E. Mikles	—	—	—				
Arturo Moreno	—	—	—				
Brian J. O'Connor	—	—	—				
James H. VanHorn	115,080	—	115,080				
Executive officers and directors as a group (22 persons)	21,566,647	14,023,454	35,590,101				

* Less than 1%.

(1) Based on:

- 31,015,034 shares of Class A common stock and 14,023,454 shares of Class B common stock outstanding after giving effect to our recapitalization but immediately before this offering; and
- shares of Class A common stock and 14,023,454 shares of Class B common stock outstanding immediately after the sale of shares of our Class A common stock in this offering.

(2) These percentages reflect the different voting rights of our Class A common stock and our Class B common stock. Each share of Class A common stock has one vote and each share of Class B common stock has ten votes on all matters to be voted upon by our shareholders.

(3) Consists of shares owned by entities which Mr. Dunlap may be deemed to control, consisting of: 11,068,604 shares owned by Packers Service Group, of which Mr. Dunlap is a director and president and owns 28.3% of the outstanding capital stock, 842,417 shares owned by Union Bank as Trustee for the University of Nebraska Foundation and 4,300,000 shares owned by Union Bank as Trustee under several grantor retained annuity trusts (the "Class A GRATs"). Mr. Dunlap is non-executive chairman of and controls Union Bank through Farmers & Merchants Investment Inc., of which Mr. Dunlap is a director and president and owns or controls 38.4% of the outstanding voting stock. Mr. Dunlap disclaims beneficial ownership of the shares held by Union Bank as Trustee for the University of Nebraska Foundation and under the Class A GRATs. He also disclaims beneficial ownership of the shares held by Packers Service Group, except to the extent of his pecuniary interest therein.

(4) Includes 1,701,000 shares owned by Mr. Dunlap's spouse, 1,586,691 shares owned by Union Financial Services, Inc., of which Mr. Dunlap is chairman and owns 50.0% of the outstanding capital stock, and 2,000,000 shares owned by Union Bank as Trustee under two grantor retained annuity trusts (the "Class B GRATs"). Mr. Dunlap disclaims beneficial ownership of the shares held by Union Financial Services, Inc., except to the extent of his pecuniary interest therein. Mr. Dunlap also disclaims beneficial ownership of the shares held by Union Bank as Trustee under the Class B GRATs, except for his retained beneficial interest in 1,400,000 shares of Class B common stock held in trust on his behalf under one of the Class B GRATs.

(5) Does not include 600,000 shares of Class B common stock held by Union Bank as Trustee under one of the Class B GRATs in which Mr. Butterfield has a retained beneficial ownership.

(6) Includes 1,586,691 shares owned by Union Financial Services, Inc., of which Mr. Butterfield is a director and president and owns 50.0% of the outstanding capital stock. Mr. Butterfield disclaims beneficial ownership of the shares held by Union Financial Services, Inc., except to the extent of his pecuniary interest therein.

(7) Includes 88,864 shares jointly owned by Ms. Mulheisen and her spouse, 851,000 shares owned by her spouse and 16,121,021 shares that are owned by entities that Ms. Mulheisen may be deemed to control, consisting of: 11,068,604 shares owned by Packers Service Group, of which Ms. Mulheisen is a director and owns or controls 27.0% of the outstanding capital stock, 842,417 shares owned by Union Bank as Trustee for the University of Nebraska Foundation and 4,300,000 shares owned by Union Bank as Trustee under the Class A GRATs. Ms. Mulheisen, the sister of Michael S. Dunlap, is a director, president and chief executive officer of and controls Union Bank through Farmers & Merchants Investment Inc., of which Ms. Mulheisen is a director and executive vice president and owns or controls 35.9% of the outstanding capital stock. Ms. Mulheisen disclaims beneficial ownership of the shares held by Union Bank as Trustee for the University of Nebraska Foundation and as Trustee under the Class A GRATs, except for her retained beneficial interest in 1,700,000 shares of Class A common stock held in trust on her behalf and on behalf of her spouse under two of the Class A GRATs. She also disclaims beneficial ownership of the shares held by Packers Service Group, except to the extent of her pecuniary interest therein.

(8) Includes 2,000,000 shares owned by Union Bank as Trustee under the Class B GRATs. Ms. Mulheisen disclaims beneficial ownership of the shares held by Union Bank as Trustee under the Class B GRATs.

(9) The Class A common stock beneficially owned by Union Bank consists of 842,417 shares owned as Trustee for the University of Nebraska Foundation and 4,300,000 shares owned as Trustee under the Class A GRATs. The Class B common stock beneficially owned by Union Bank is owned as Trustee under the Class B GRATs. The address for Union Bank is P.O. Box 82529, Lincoln, NE 68501, Attention: Michael S. Dunlap.

(10) The address for Packers Service Group is c/o Farmers & Merchants Investment Inc., Attention: Michael S. Dunlap, 6801 South 27th Street, Lincoln, NE 68512.

(11) Includes 1,371,930 shares owned by Great Plains Financial, LLC, a limited liability company of which Mr. Bouc is the sole member;

does not include 300,000 shares of Class A common stock held by Union Bank as Trustee under one of the Class A GRATs in which Mr. Bouc has a retained beneficial ownership and 400,000 shares of Class A common stock held by Union bank under one of the Class A GRATs in which his spouse has a retained beneficial ownership.

- (12) Does not include 840,000 shares of Class A common stock held by Union Bank as Trustee under one of the Class A GRATs in which Ms. Butterfield has a retained beneficial ownership. The address for Ms. Butterfield is 7001 N. Tatum Boulevard, Paradise Valley, AZ 85253.
- (13) Includes 310,170 shares owned by The Judy Eicher & Todd Eicher Partnership, of which Mr. Eicher is a general partner.
- (14) Does not include 300,000 shares of Class A common stock held by Union Bank as Trustee under one of the Class A GRATs in which Mr. Noordhoek has a retained beneficial ownership.

RELATED PARTY TRANSACTIONS

Some of our directors and members of our management beneficially own shares of stock or other ownership interests in other entities with which we do business and, in some cases, they serve on the board of directors and/or as executive officers of one or more such entities. These related parties include:

- *Union Bank and Trust Company and Farmers & Merchants Investment Inc., or Farmers & Merchants* — Union Bank is controlled by Farmers & Merchants, which owns 80.9% of Union Bank’s stock. Michael S. Dunlap, our Co-Chief Executive Officer, owns or controls 38.4% of the stock of Farmers & Merchants, while Mr. Dunlap’s sister, Angela L. Mulheisen, owns or controls 35.9% of such stock. Mr. Dunlap serves as a director and president of Farmer & Merchants and as non-executive chairman of Union Bank. Ms. Mulheisen serves as director and executive vice president of Farmers & Merchants and as a director, president and chief executive officer of Union Bank. Union Bank beneficially owns 15.7% of our common stock as Trustee for the University of Nebraska Foundation and for the Class A and Class B Grantor Retained Annuity Trusts, or GRATs. Farmers & Merchants does not own 5% or more of our stock; however, the stock holdings of both Union Bank and Farmers & Merchants are deemed to be beneficially owned by both Mr. Dunlap and Ms. Mulheisen, respectively. Before this offering, Mr. Dunlap beneficially owned 57.6% of our outstanding common stock, and Ms. Mulheisen beneficially owned 44.9% of our outstanding common stock.
- *Packers Service Group, Inc., or Packers Service Group* — Packers Service Group beneficially owned 24.6% of our common stock before this offering. Mr. Dunlap owns 28.3% of the stock of Packers Service Group and also serves as president and a director of that corporation. Ms. Mulheisen owns or controls 27.0% of the stock of Packers Service Group and also serves as one of its directors.
- *Union Financial Services, Inc., or Union Financial* — Union Financial is 50% owned by Mr. Dunlap and 50% owned by Stephen F. Butterfield, our Co-Chief Executive Officers. Mr. Butterfield also serves as president of Union Financial. Union Financial does not own 5% or more of our common stock; however, its holdings are deemed to be beneficially owned by both Mr. Dunlap and Mr. Butterfield. Before this offering, Mr. Butterfield beneficially owned 12.8% of our outstanding common stock.
- *Great Plains Financial, LLC, or Great Plains* — Great Plains is controlled by Don R. Bouc, who is its sole member as well as our President. Great Plains does not own 5% or more of our common stock; however, its holdings are deemed to be beneficially owned by Mr. Bouc. Before this offering, Mr. Bouc beneficially owned 5.4% of our outstanding common stock.
- *UFS Securities, LLC* — UFS Securities is one of our wholly owned subsidiaries; however, prior to August 2003, it was owned by Packers Service Group and Union Financial.

Prior to the date of this prospectus, the directors and members of management referenced above resigned from all executive officer positions they held with these entities, except for Michael S. Dunlap, who remains president of Packers Service Group and Farmers & Merchants, and Stephen F. Butterfield, who remains president of Union Financial.

The chart below sets forth the total payments we made to each of the above-mentioned related parties for the year ended December 31, 2002:

Related Party	Aggregate payments for the year ended December 31, 2002
	(dollars in thousands)
Union Bank and Trust Company	\$6,747
Farmers & Merchants Investment Inc.	1,400
Packers Service Group, Inc.	1,000
Union Financial Services, Inc.	1,650
Great Plains Financial, LLC	1,750
UFS Securities, LLC	1,425

For a detailed description of the relationships between management and the entities with which we transact business, see “Management” and “Principal Shareholders.”

Going forward, our independent directors will be responsible for reviewing and approving all new transactions, and any material amendments or modifications to existing transactions, between Nelnet and Union Bank or any other affiliated party.

Transactions with Union Bank

We have entered into a series of agreements with Union Bank, including transactions to sell interests in student loans to Union Bank in its capacity as trustee, to purchase student loans from Union Bank, to provide student loan servicing to Union Bank, to sublease real estate from Union Bank and to provide consulting services to and receive consulting services from Union Bank. Union Bank is a major source of student loan origination and sales volume for us, and these purchases were accomplished through a series of free standing loan purchase agreements until 1997. In June 1997, Union Bank entered into a commitment to sell to us rights with respect to future originations of guaranteed student loans which exceed the annual aggregate amount of \$120 million; however, Union Bank holds an option to retain 25% of its originations in excess of \$240 million in a given year and to retain the rights to any of the remaining 75% of originations in excess of \$240 million by paying to us an amount equal to the amount by which the fair market value of such originations exceeds the principal balance. We pay Union Bank a purchase price equal to 100% of the outstanding principal balance and accrued and unpaid interest on the loans purchased pursuant to this agreement, and we also reimburse Union Bank for origination fees required to be paid to the DOE (50 basis points of the principal balance) and for origination costs (initially \$6.00 per purchased loan, which amount subsequently increased to \$25.00 per purchased loan). We also paid to Union Bank a one-time amount of \$3.5 million in 1997 to acquire these origination rights. We granted to Union Bank an option to sell us up to \$120 million of federally guaranteed student loans per year at the same purchase price described above. During 2002, Nelnet paid to Union Bank an aggregate sum of approximately \$6.4 million plus the outstanding balances of loans purchased from Union Bank pursuant to this agreement and related purchases. We purchased an aggregate of approximately \$378 million of student loans from Union Bank in 2002 pursuant to this agreement and related loan purchase agreements. This agreement renews automatically for successive one-year terms unless both parties mutually agree to terminate it.

Effective January 1999, we entered into an agreement with Union Bank to reimburse certain of Union Bank’s student loan-related marketing expenses arising from Union Bank engaging in its ordinary student loan marketing activities. Union Bank agreed to bear the first \$240,000 of annual marketing costs incurred by it. In April 2001, as a part of an amendment to this agreement, we agreed to assume the bulk of marketing responsibilities for Union Bank and to hire Union Bank’s marketing personnel if Union Bank decided to reduce its marketing personnel commitment. The amendment adjusted the marketing expense sharing arrangement to more closely approximate a prorated portion of the costs associated with the volume of loans we acquire from Union Bank. During 2002, we received from Union Bank marketing expenses in the net amount of approximately \$519,000. This marketing expense reimbursement agreement is coterminous with the student loan origination transfer agreement described in the preceding paragraph. As consideration for our assumption of the costs with respect to Union Bank’s marketing employees, Union Bank granted us rights to hire its marketing personnel, transferred servicing and origination software to us and increased the origination fee paid to us from \$6.00 per loan to \$25.00 per loan. The \$25.00 origination fee that Union Bank agreed to pay to us for originating Union Bank’s student loans is reimbursed to Union Bank when we acquire those loans from Union Bank pursuant to the agreement described in the preceding paragraph. Our obligation to share Union Bank’s marketing expenses is indirectly related to the volume of originations resulting from such marketing efforts.

In 1999, we entered into a 360-day commitment with Union Bank to purchase its federally guaranteed student loans, in which Union Bank retained rights pursuant to the agreement above at par. This purchase commitment has been renewed annually for successive terms after its inception. The commitment has grown into an obligation to purchase an aggregate amount of up to \$1.25 billion of student loans from Union Bank. The consideration we received is Union Bank’s obligation to sell us \$37.5 million of student

loans per year at a premium of 1.5% above par. In accordance with the terms of this agreement, in 2002, Union Bank sold us student loans with an aggregate outstanding balance of approximately \$37.5 million, which was included in the \$378 million aggregate sale figure referenced above. Union Bank has also granted us a right to purchase student loans it may wish to sell to third parties and, if such right is exercised, the purchase price will be 101.5% of outstanding principal and 100% of accrued interest. Such rights to purchase are applicable to loans in which Union Bank retains origination rights (the first \$120 million per year originated and 25% of the originations in excess of \$240 million per year). This purchase commitment agreement is terminable by either party by the giving of notice of termination at least 90 days prior to the end of the then current 360-day term.

Pursuant to a June 2001 agreement, Union Bank, in its capacity as trustee for various grantor trusts, agreed to purchase from us up to \$750 million of participation interests in student loans. We retain a portion of the interest earned from the participated loans at a rate equal to the difference between the borrower's interest rate on the loans and the 90-day commercial paper rate plus 30 basis points. However, we also must continue to pay the servicing costs with respect to such participated loans. We sold to Union Bank, as trustee, participation interests with balances of approximately \$149 million as of December 31, 2002. We have the option to purchase the participation interests from these grantor trusts at the end of a 364-day term upon termination of the participation certificate. The agreement automatically renews for additional 364-day terms unless either party gives notice to terminate. The agreement is also terminable by either party upon five business days' notice. This agreement provides beneficiaries of Union Bank's grantor trusts with access to investments in interests in student loans, while providing liquidity to us on a short-term basis.

We have serviced loans for Union Bank since 1978, and, pursuant to a servicing agreement dated January 1, 1998, as amended, we charge a standard origination and servicing fee at a level substantially commensurate to those charged to the majority (in terms of volume of loans serviced) of our non-affiliated servicing clients. Those fees are as follows: \$1.67 per Stafford or PLUS loan per month in school; \$2.92 per Stafford or PLUS loan per month other than in school; \$2.89 per loan per month for consolidation loans; and \$25.00 per loan origination fee. Union Bank paid us fees pursuant to this servicing agreement aggregating approximately \$5.5 million in 2002. Our accounts receivable as of December 31, 2002 included approximately \$371,000 for loan servicing fees due from Union Bank. The servicing agreement is for a month-to-month term, subject to a removal fee of \$13.32 per loan and a deconversion fee of \$10.66 per loan. The agreement may be terminated in the event of a material uncured breach by us.

Beginning in May 2001, we subleased 4,124 square feet of office space from Union Bank at a price of \$8.50 per square foot and 320 square feet of storage space for \$3.00 per square foot. These terms are the same rental terms as are charged to Union Bank by the non-affiliated landlord. During 2002, we made rent payments to Union Bank of approximately \$36,000. This sublease agreement is coterminous with the master lease between Union Bank and the non-affiliated landlord.

Starting in June 2001, we obtained the right to acquire from Union Bank 100% of the participation interests in an unspecified volume of private loans which comply with our internal underwriting criteria (as modified from time to time). On these participations, we earn 100% of the borrower interest rate, less servicing costs thereon in an amount equal to 1% per annum of the aggregate average outstanding principal balances of such participations. The parties mutually agree upon the volume of such participations from time to time. In 2002, we did not purchase any participation interests in private loans pursuant to this agreement. The agreement is subject to termination upon 30 days' notice by either party.

In December 2000, we entered into an agreement to assist Union Bank in marketing and providing program operations related to the Nebraska College Savings Plan, or the College Savings Plan, a plan under Section 529 of the Code. Union Bank has agreed to pay us fees in an amount equal to 50% of the net profits, if any, associated with Union Bank's program management agreement with the College Savings Plan. Union Bank is entitled to a fee as program manager pursuant to its program management agreement with the College Savings Plan and is not entitled to other payments pursuant to that agreement. We have agreed to share 50% of the expenses relating to the program, up to a capped amount of \$1.25 million over the life of the agreement, as well as 50% of mutually agreeable costs related to the program operations, if

any, which exceed the aggregate of \$1.25 million. In 2002, we incurred a net expense of approximately \$219,000 arising from this agreement. This consulting and services agreement terminates when Union Bank's program manager agreement with the College Savings Plan terminates, in approximately eight years.

Since October 1998, we have invested in student loans from time to time by establishing several grantor trusts with Union Bank as trustee for Union Bank's Short Term Federal Investment Trust. As a grantor, we place cash into the trust account, and Union Bank uses such cash to acquire interests in student loans on our behalf. We earn the yield on the student loans purchased by the trust and pay to Union Bank a trustee fee in an amount ranging from 75 basis points to 375 basis points per annum of amounts invested, depending upon the type of investment asset being acquired in the trust account. We invested approximately \$12.9 million in these trusts as of December 31, 2002. Union Bank has created almost 1,000 similar Short Term Federal Investment Trusts with non-affiliated trust beneficiaries, and the fees and terms applicable to the trust agreements it has entered into with us are the same as the fees charged by Union Bank to the majority (in terms of assets) of non-affiliated persons. As trustee, Union Bank has agreed to return our funds invested in these trusts or assets held on our behalf in these trusts upon 30 days' notice from us at any time and thus terminate the trusts. We utilize these trust arrangements as a short-term investment facility.

In January 2001, we, Union Bank and UFS Securities, LLC, or UFS Securities (which was then controlled by Michael S. Dunlap and Stephen F. Butterfield, but which we subsequently have acquired), entered into an employee sharing arrangement with respect to a small group of employees. The arrangement requires each counterparty receiving services from any such employee to pay for the share of the employee's salary and payroll equal to the approximate percentage of such employee's time devoted to such recipient. This agreement renews automatically for one-year terms unless the parties mutually agree not to renew.

We have retained Union Bank to administer our 401(k) profit sharing and related employee benefit plans pursuant to a series of agreements, the most recent of which was entered into in April 2003. The fees charged by Union Bank are commensurate with those Union Bank charges to other employee benefit customers. We paid Union Bank the sum of approximately \$92,000 in 2002 for these services, based upon fees ranging between 0.25% and 0.125% of the plan assets, plus a recordkeeping fee, depending upon the aggregate of plan assets. This agreement may be terminated upon 60 days' notice from either party, but we must pay liquidated damages if we terminate prior to April 2004.

Transactions with Farmers & Merchants and Its Related Parties

In August 2001, we provided to The First Marblehead Corporation, or First Marblehead, and each special purpose entity, or SPE, named in the agreement a guarantee of liabilities of First National Bank Northeast, or First National, pursuant to indemnity covenants given by First National to First Marblehead with respect to a sale of loans from First National to First Marblehead. Our liability under such guarantee is limited to an aggregate amount of \$10 million, plus costs incurred by First Marblehead with respect to recovery efforts. In consideration for such guarantee, First Marblehead agreed to pay or cause a SPE to pay us the sum of 1% of the outstanding balance of private loans sold by First National to First Marblehead. This guarantee remains in effect until First Marblehead and the SPEs receive written notice from us to discontinue the guarantee or until all obligations of First National pursuant to its indemnity of First Marblehead are paid in full. We earned nothing in 2002 from this agreement and have not paid out any sums pursuant to the indemnity covenants thereunder. Michael S. Dunlap is a director of First National, and Farmers & Merchants owns, indirectly, approximately 25% of the outstanding capital stock of that financial institution.

In September 2000, we engaged Farmers & Merchants, one of our shareholders at the time, as well as the holding company of Union Bank, to provide consulting services with respect to financial matters, merger and acquisition activities, student loan marketing and legislative support and other advisory matters. In 2002, we paid consulting fees in the amount of approximately \$1.4 million to Farmers & Merchants and

an additional \$1 million to Packers Service Group, as assignee of Farmers & Merchants. This agreement was terminated in June 2002.

We obtained an unsecured operating line of credit from Farmers & Merchants in November 2001. The interest rate we were charged was equal to 165 basis points above 30-day LIBOR, which was the same cost to Farmers & Merchants from a third-party credit provider at the time to cover Farmers & Merchants' lending commitment. The commitment amount under this line of credit was \$30 million, which was drawn upon and later repaid in full as of the end of 2002. No funds were borrowed by Nelnet under this agreement in 2003. This line of credit was recently terminated. In January 2002, we entered into an intercreditor agreement with Farmers & Merchants and Bank of America, N.A., pursuant to which Farmers & Merchants agreed to subordinate certain of its rights as one of our lenders to the rights of Bank of America. This intercreditor agreement will terminate upon discharge of all of our indebtedness to Bank of America pursuant to its commitment which expires in January 2005.

In May 2002, we transferred our preferred stock holdings in Packers Service Group to Infovisa, Inc., one of our subsidiaries at that time. In May 2002, we then sold 91.43% of the outstanding capital stock of Infovisa, Inc. to Farmers & Merchants for a purchase price equal to that company's book value of approximately \$6 million.

Transactions with Miscellaneous Related Parties

In November 2000, we entered into an agreement with Union Financial pursuant to which Union Financial furnished consulting services to us. We paid Union Financial consulting fees in the amount of \$1.65 million in 2002. This agreement was terminated in 2002.

In December 2000, we entered into an agreement to obtain consulting services on a broad range of matters from Great Plains, which until recently owned 6.8% of our common stock. Don R. Bouc, our President and one of our Directors, owned a 75% interest in Great Plains, and Terry J. Heimes, Chief Financial Officer and an Executive Director of Nelnet, owned a 7% interest. We paid Great Plains consulting fees of approximately \$1.75 million during 2002 pursuant to this agreement, a portion of which constituted payment for Mr. Bouc's consulting services provided to Nelnet during 2002. This agreement was terminated in July 2003.

Since January 2001, we have owned 50% of a technology firm, 5280 Solutions, Inc., or 5280 Solutions, which provided us with contract programming and related technological support starting in January 2002. In 2002, we paid 5280 Solutions approximately \$7.0 million for its services. Since March 2002, we have owned 50% of FirstMark Services, LLC, or FirstMark Services. In March 2002, FirstMark Services agreed to provide subcontracting servicing functions on our behalf with respect to private loan services. We incurred expenses with respect to private loan servicing provided by FirstMark Services of approximately \$4.6 million in 2002. We provided a \$2.5 million operating line of credit to FirstMark Services in March 2002, and this line of credit will expire in March 2004. During 2002, Raymond J. Ciarvella and Matthew D. Hall owned interests in both companies, and Todd M. Eicher and Edward P. Martinez owned interests in 5280 Solutions. They currently own no interest in these companies.

UFS Securities Transactions with Miscellaneous Related Parties

Prior to August 2003, UFS Securities, LLC was owned by Packers Service Group and Union Financial. In August 2003, we acquired a 100% ownership interest in UFS Securities for the purchase price of \$2.6 million. Thus, although transactions with UFS Securities prior to August 2003 would have been treated previously as affiliate transactions, such transactions are now with our wholly owned subsidiary. We have retained UFS Securities in a series of advisory arrangements pursuant to which UFS Securities provides advisory services in connection with our offerings of debt securities. We paid approximately \$1.4 million in fees to UFS Securities in 2002 for such services.

In December 2002, UFS Securities retained Union Bank to administer the UFS Securities 401(k) profit sharing plan for fees which are commensurate with those charged to other 401(k) profit sharing

plans. No fees were paid to Union Bank in 2002 pursuant to this agreement. This agreement may be terminated by either party upon 60 days' notice. If UFS Securities terminates this agreement before a one year term, it must pay liquidated damages to Union Bank.

In August 2001, UFS Securities entered into an agreement with Farmers & Merchants pursuant to which UFS Securities, for a fee equal to the amount received by Farmers & Merchants, assists with the performance of mortgage loan consulting services that Farmers & Merchants provides for a bank. UFS Securities received fees of approximately \$237,000 in 2002 from this agreement. This agreement terminates when the agreement between Farmers & Merchants and the third-party bank terminates.

In March 2001, UFS Securities began serving as distributor on behalf of Union Bank for all advisor-sold accounts with the College Savings Plan. UFS Securities is entitled to approximately 10 basis points of plan assets pursuant to this agreement. This agreement may be terminated by either party upon 30 days' notice. In November 2001, UFS Securities began acting as distributor on behalf of Union Bank for the TD Waterhouse accounts within the College Savings Plan. This agreement terminates upon termination of the TD Waterhouse distribution agreement for the College Savings Plan. UFS Securities received payments aggregating approximately \$77,000 from these agreements in 2002.

In October 2002, UFS Securities agreed to act as the principal underwriter for the Stratus Funds, Inc., or Stratus Funds, a group of mutual funds associated with Union Bank and of which Michael S. Dunlap serves as president. UFS Securities did not receive any fees in 2002 pursuant to this agreement. This agreement has a one-year term that renews automatically, with the Stratus Funds' prior approval, for successive one-year terms unless terminated by a vote of the majority of the board of directors, including a majority of disinterested directors, of the Stratus Funds or a majority of its shareholders. UFS Securities may also terminate this agreement on 60 days' notice. In April 2000, UFS Securities leased office space and office amenities from Union Bank at the rate of \$15.00 per square foot, or \$1,000 per month. This agreement terminates in April 2004, but will automatically renew for successive one-year terms unless either party terminates upon written notice. In March 2001, UFS Securities, together with Union Bank, hired Adminisystems, Inc., one of our affiliates, which we refer to as Adminisystems, and Union Bank, to perform certain administrative services in connection with the investment portfolios maintained by the College Savings Plan. The fees to be paid under this agreement equal 40% of the distribution fees that UFS Securities receives with respect to certain accounts placed with the College Savings Plan. UFS Securities paid Adminisystems the sum of approximately \$51,000 in 2002. This agreement may be terminated by any party upon 60 days' notice.

In March 2000, Farmers & Merchants furnished a \$1 million unsecured line of credit to UFS Securities with interest accruing at the prime rate. No monies have ever been drawn or advanced on this line. The initial term of this line of credit expires in March 2005.

In January 2002, we retained UFS Securities for a one time fee of \$25,000 to provide advisory services in connection with a swap agreement to which we were a party.

In April 2002, UFS Securities retained Union Financial to provide consulting services in connection with an advisory agreement between UFS Securities and J.P. Morgan Securities Inc. This agreement is coterminous with the advisory agreement between UFS Securities and J.P. Morgan Securities Inc. UFS Securities paid to Union Financial the sum of approximately \$1.87 million in 2002 pursuant to this agreement.

In June 2000, Union Bank agreed to permit UFS Securities to gain certain access to Union Bank customers by permitting marketing efforts in Union Bank facilities, in consideration for 90% of UFS Securities' gross commissions, after deducting trading and closing expenses. UFS Securities paid Union Bank approximately \$245,000 in 2002 pursuant to this agreement.

DESCRIPTION OF CAPITAL STOCK

General

Our amended and restated articles of incorporation, which we refer to as our articles of incorporation, provide that we have the authority to issue 615,000,000 shares of common stock, par value \$0.01 per share. The common stock is divided into two classes, consisting of 600,000,000 shares of Class A common stock and 15,000,000 shares of Class B common stock. Upon consummation of the offering, _____ shares of Class A common stock and 14,023,454 shares of Class B common stock will be issued and outstanding.

Our articles of incorporation also provide that we have authority to issue 50,000,000 shares of preferred stock, par value \$0.01 per share. Our board of directors may fix the relative rights and preferences of each series of preferred stock in a resolution of the board of directors.

Common Stock

Voting Rights

Holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to ten votes per share on all matters submitted to a vote of shareholders. Except as otherwise required by law, Class A common stock and Class B common stock shall vote as a single class on all matters to be voted on by our shareholders, including, without limitation, any consolidation or merger of us into or with any other corporation or the sale or transfer by us of all or substantially all of our assets. With the approval of a majority of the shares of Class B common stock, voting separately as a class, we may lower the number of votes per share each share of Class B common stock shall be entitled to have.

Dividends

Holders of common stock are entitled to receive ratably dividends payable in cash, in stock or otherwise if, as and when declared by the board of directors out of assets legally available therefor, subject to any preferential rights of any outstanding preferred stock.

Conversion

Each share of Class B common stock shall automatically be converted into one share of Class A common stock, without any action by us or further action by the holder thereof, upon the transfer of such share, other than the following transfers:

- to any other holder of Class B common stock or an affiliate of a holder of Class B common stock which holder is a natural person or a “business organization,” as defined in our articles of incorporation;
- to a spouse, sibling, parent, grandparent or descendant, whether natural or adopted, of a holder of Class B common stock;
- to a trust for the sole benefit of:
 - a holder of Class B common stock who is a natural person,
 - a spouse, sibling, parent, grandparent or descendent, whether natural or adopted, of a holder of Class B common stock, and/or
 - a charitable foundation or other organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;
- by will to:
 - a spouse, sibling, parent, grandparent or descendent, whether natural or adopted, of a holder of Class B common stock,
 - a charitable foundation or other organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or
 - to a trust as described above;

- pursuant to the laws of descent and distribution to a spouse, sibling, parent, grandparent or descendant, whether natural or adopted, of a holder of Class B common stock;
- to any charitable foundation or other organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended; or
- to us.

Notwithstanding the foregoing, Class B common stock shall automatically convert into Class A common stock upon any transfer pursuant to a divorce or separation agreement or order.

For purposes of this paragraph, “affiliate” means, with respect to any business organization, any natural person or business organization that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such business organization.

Each share of Class B common stock shall, at the option of the holder thereof, be convertible into one share of Class A common stock at any time.

In the event at any time the shares of Class B common stock outstanding constitute less than 50% of the Class B common stock outstanding on the date hereof, each remaining share of Class B common stock outstanding shall automatically be converted into one share of Class A common stock.

Other Rights

On liquidation, dissolution or winding up of Nelnet, after payment in full of the amounts required to be paid to the holders of any outstanding preferred stock, all holders of common stock are entitled to receive ratably any assets available for distribution to holders of common stock after the payment of all of our debts and other liabilities. No shares of common stock have preemptive rights to purchase additional shares of common stock. All the outstanding shares of common stock are, and the shares sold hereunder will be, fully paid and nonassessable. The rights, preferences and privileges of holders of common stock will be subject to and may be adversely affected by the rights of holders of any preferred stock that may be issued in the future. All shares of Class A common stock and Class B common stock which are acquired by us shall be available for reissuance by us at any time.

Preferred Stock

Our board of directors is authorized, subject to limitations prescribed by law, without further shareholder approval, to issue from time to time up to an aggregate of 50,000,000 shares of preferred stock, in one or more series, and to determine or alter the designations, preferences, rights and any qualifications, limitations or restrictions of the shares of each such series thereof, including dividend rights, dividend rates, conversion rights, voting rights, terms of redemption (including sinking fund provisions), redemption price or prices, liquidation preferences and the number of shares constituting any series or designations of such series. The exercise of this authority eliminates delays associated with a shareholder vote in specific instances. The ability of the board of directors to issue preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of our outstanding voting stock.

The voting and other rights of the holders of common stock will be subject to, and may be adversely affected by, the rights of holders of any preferred stock that may be issued in the future.

Nebraska Anti-takeover Law and Certain Charter and By-law Provisions

Provisions of our articles of incorporation and our amended and restated by-laws, which we refer to as our by-laws, could discourage potential acquisition proposals and could delay or prevent a change in control of Nelnet. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the board of directors and in the policies formulated by the board of directors and to discourage types of transactions that may involve an actual or threatened change in control of Nelnet.

Board of Directors

Our by-laws provide that a vacancy in the board of directors occurring from an increase in the number of directors or otherwise may be filled by the vote of a majority of directors then in office, though less than a quorum. This precludes a third party or a majority of shareholders from removing incumbent directors and simultaneously gaining control of the board of directors by filling, with its own nominees, the vacancies created by removal.

Special Meetings of Shareholders

Our articles of incorporation do not permit our shareholders to call special meetings of shareholders, except to the extent provided by applicable law. Nebraska law provides that the holders of shares of common stock representing 10% or more of the voting power of a Nebraska corporation may call a special meeting of shareholders at any time.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

Our by-laws establish an advance notice procedure for the nomination, other than by or at the direction of the board of directors or a committee thereof, of candidates for election as directors as well as for other shareholder proposals to be considered at shareholders' meetings. A notice regarding any nomination must contain, as to each nominee, all information relating to such person that is required to be disclosed in solicitations of proxies for the election of directors, or that is otherwise required, in each case pursuant to Regulation 14A of the Securities Exchange Act of 1934, including each such person's written consent to serving as a director if elected. A notice regarding any business, including nomination of directors, to be brought before an annual meeting must contain the following:

- a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting;
- the name and address of the shareholder proposing such business;
- the class and number of shares of our stock beneficially owned by the shareholder; and
- any material interest of the shareholder in such business.

Although the notice provisions do not give the board of directors any power to approve or disapprove shareholders' nominations or proposals for action by us, they may have the effect of precluding a contest for the election of directors or the consideration of shareholder proposals if the procedures established by our by-laws are not followed and of discouraging or deterring a third party from conducting a solicitation of proxies to elect its own slate of directors or to approve its proposal, without regard to whether consideration of such nominees or proposals might be harmful or beneficial to us and our shareholders. The purpose of requiring advance notice is to afford the board of directors an opportunity to consider the qualifications of the proposed nominees or the merits of other shareholder proposals and, to the extent deemed necessary or desirable by the board of directors, to inform shareholders about those matters.

Shareholder Rights

Our articles of incorporation authorize our board of directors to create and issue, whether or not in connection with the issuance and sale of any of our securities or property, rights entitling the holders thereof to purchase our securities or any other corporation. The times at which and the terms upon which such rights are to be issued are to be determined by the board of directors and set forth in the contracts or other instruments that evidence such rights. The authority of the board of directors with respect to such rights shall include, without limitation, the determination of the initial purchase price, the times and circumstances under which such rights may be exercised, provisions denying holders of a specified percentage of our outstanding capital stock the right to exercise such rights and provisions to permit us to redeem or exchange such rights. This provision in our articles of incorporation could have the effect of discouraging third parties from seeking, or impairing their ability to seek, to acquire a significant portion of our outstanding securities, to engage in any transaction which might result in a change in control of us or

to enter into any agreement, arrangement or understanding with another party to accomplish the foregoing or for the purpose of acquiring, holding, voting or disposing of any of our securities.

Nebraska Shareholders Protection Act

We are a Nebraska corporation and are therefore subject to the provisions of the Nebraska Shareholders Protection Act. The Nebraska Shareholders Protection Act, subject to certain exemptions, prohibits a Nebraska corporation from engaging in any of a broad range of “business combinations” involving an “interested” shareholder, or any affiliate or associate of such interested shareholder, for a period of five years following the date that such shareholder became an interested shareholder, unless prior to such date the board of directors of the corporation approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder. A “business combination” includes a merger, asset sale or other transaction resulting in a financial benefit to the shareholder. The Nebraska Shareholders Protection Act also provides that shares acquired in a control-share acquisition have no voting rights with respect to matters other than the election of directors unless approved by a vote of shareholders of the corporation, and that any such control share acquisition is effective only if approved by a majority of the corporation’s voting shares that are “not interested” shares. A control-share “acquisition” is an acquisition of voting stock in a corporation that, when added to the shares the shareholder had prior to the acquisition, would elevate the shareholder’s voting power into one the three following ranges: (i) between 20% and 33 1/3%, (ii) between 33 1/3% and 50% and (iii) over 50%. For purposes of the Nebraska Shareholders Protection Act, an “interested shareholder” is a person who owns 10% or more of a corporation’s outstanding voting stock, or an affiliate or associate of the corporation that owns, or within five years prior did own, 10% or more of the corporation’s outstanding voting stock. These provisions may have the effect of discouraging, delaying, deferring or preventing a change in control of Nelnet.

Registration Rights

Michael S. Dunlap, Stephen F. Butterfield, persons related to them and trusts in which they have beneficial interests have the right to make two written demands of Nelnet for registration with the Securities and Exchange Commission of all or part of their common stock. However, we need not effect a demand registration unless it includes securities with an aggregate offering price, net of underwriting discounts and commissions, of at least \$5 million. The first such demand may not be made prior to the first anniversary of this offering, and the second such demand may not be made within 12 months after the first demand. We are obligated to comply with any such demand unless our independent directors determine that such sale would be contrary to the best interests of Nelnet. Our independent directors may consider several factors in making any such determination, including share price performance after the date of this offering, equity market conditions and our operating results. These shareholders also have piggyback registration rights for their common stock. The number of securities to be included in an offering by these shareholders will be subject to reduction by the applicable underwriter in some cases. We will bear all expenses incident to our performance of our registration obligations, other than some of the costs or expenses of selling shareholders. The foregoing registration rights are not transferable and may be amended or waived only with the written consent of Nelnet and the applicable shareholders.

Limitation of Directors’ Liability

Our articles of incorporation contain a provision which limits the personal liability of each of our directors for monetary damages for breaches of fiduciary duty as one of our directors, except for liability of a director for the following:

- breach of the duty of loyalty to us or our shareholders;
- acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law;
- any transaction from which the director derived an improper personal benefit; or
- violations under provisions of the Nebraska Business Corporation Act relating to unlawful payments of dividends or unlawful stock purchases or redemptions.

The inclusion of this provision in our articles of incorporation may have the effect of reducing the likelihood of derivative litigation against directors, and may discourage or deter shareholders or management from bringing a lawsuit against directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited us and our shareholders. Our by-laws also contain provisions indemnifying our directors and officers to the fullest extent permitted by the Nebraska Business Corporation Act. Management believes that these provisions will assist us in attracting and retaining qualified individuals to serve as directors.

Indemnification and Insurance

Our articles of incorporation provide that we will indemnify each person who was or is made a party or threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she or a person of whom he or she is the legal representative is or was one of our directors or officers, to the fullest extent allowed by the Nebraska Business Corporation Act. This right of indemnification shall include the right to be paid by us the expenses, including attorneys' fees, incurred in defending any such proceeding in advance of its final disposition. However, if Nebraska law so requires, the advancement of such expenses will only be made upon the delivery to us of an undertaking by or on behalf of such person to repay all amounts so advanced if it shall ultimately be determined by final judicial decision, from which there is no further right to appeal, that such person is not entitled to be indemnified for such expenses by us.

In addition, our articles of incorporation provide that we may maintain insurance to protect ourselves and any of our directors, officers, employees or agents against any expense, liability or loss, whether or not we would have the power to indemnify a person against any expense, liability or loss under Nebraska law. Our articles of incorporation further provide that we may, to the extent permitted by the board of directors, grant rights to indemnification, and rights to advancement of expenses, to any of our employees or agents. We have obtained insurance for the benefit of our officers and directors insuring such persons against liabilities, including liabilities under the securities laws.

Share Retention Policy

Under our share retention policy, none of our officers or the officers of any of our direct or indirect subsidiaries at or above the level of Executive Director, defined for purposes of the policy as Executives, may sell or otherwise dispose of a number of shares of common stock in any calendar year in excess of one-third of the number of shares of common stock beneficially owned by the Executive on the first day of the calendar year. The policy applies to Executives during and following their employment by us, provided that following five years from the closing date of this offering, an Executive will be free to sell or otherwise dispose of all of his or her shares.

Exceptions that apply to the share retention policy are as follows:

- Transfers to family members and family-owned partnerships or other family-owned entities will not be prohibited, so long as such transfers are effected only for estate planning purposes and the transferee agrees to comply with the share retention policy (treating the transferee(s) as the transferring Executive).
- It shall not be prohibited for any Executive to sell or otherwise dispose of up to \$500,000 in value of shares of common stock during any calendar year.
- All restrictions under the share retention policy shall cease in the event of the death or retirement at normal retirement age of an Executive.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock will be Mellon Investor Services LLC.

Listing

We intend to apply to have our Class A common stock listed on the New York Stock Exchange under the symbol “NNI.”

Recapitalization

Effective August 14, 2003, we recapitalized our outstanding capital stock. In connection therewith, our outstanding 2,859.99 shares of Class A voting common stock, par value \$0.10 per share, and our outstanding 211,609 shares of Class B non-voting common stock, par value \$0.10 per share, were converted into an aggregate of 31,015,034 shares of Class A common stock, par value \$0.01 per share, and 14,023,454 shares of Class B common stock, par value \$0.01 per share. We also changed our name from Nelnet Loan Services, Inc. to Nelnet, Inc. effective August 14, 2003.

SHARES ELIGIBLE FOR FUTURE SALE

Sales of Restricted Shares

Upon the completion of this offering, we will have _____ shares of our Class A common stock outstanding. Of these shares, the _____ shares of our Class A common stock sold in this offering will be freely tradeable by persons other than our affiliates, as that term is defined in Rule 144 under the Securities Act of 1933, without restriction or further registration under the Securities Act of 1933.

All of the remaining _____ shares of our Class A common stock outstanding upon completion of this offering, and the 14,023,454 shares of Class A common stock issuable upon the conversion of our Class B common stock outstanding upon completion of this offering, are deemed “restricted” securities under Rule 144 under the Securities Act of 1933. None of these restricted securities will be eligible for sale in the public market on the date of this prospectus. Upon expiration of the lock-up agreements described below, 180 days after the date of this prospectus, up to an additional _____ shares of our Class A common stock, including _____ shares of Class A common stock issuable upon the conversion of our outstanding Class B common stock, will be eligible for sale in the public market pursuant to Rule 144.

In general, under Rule 144, a shareholder who has beneficially owned his or her restricted shares for at least one year is entitled to sell, within any three-month period, a number of shares of our Class A common stock that does not exceed the greater of:

- one percent of the then-outstanding shares of our Class A common stock, which is approximately _____ shares of our Class A common stock immediately after the completion of this offering; or
- the average weekly trading volume in our Class A common stock on the New York Stock Exchange during the four calendar weeks preceding the date on which notice of such sale is filed, provided certain requirements concerning availability of public information, manner of sale and notice of sale are satisfied.

In addition, our affiliates must comply with the restrictions and requirements of Rule 144, other than the one-year holding period requirement, in order to publicly sell shares of our Class A common stock which are not restricted securities. A shareholder who is not one of our affiliates and has not been our affiliate for at least three months prior to the sale and who has beneficially owned restricted shares of our Class A common stock for at least two years may resell the shares without limitation. In meeting the one- and two-year holding periods described above, a holder of restricted shares of our Class A common stock can include the holding period of a prior owner who was not our affiliate. The one- and two-year holding periods described above do not begin to run until the full purchase price or other consideration is paid by the person acquiring the restricted shares of our Class A common stock from us or one of our affiliates.

Registration Rights

Michael S. Dunlap, Stephen F. Butterfield, persons related to them and trusts in which they have beneficial interests have the right, subject to limitations, to make two written demands of Nelnet for registration with the Securities and Exchange Commission of all or part of their common stock. These shareholders also have piggyback registration rights for their common stock. See “Description of Capital Stock — Registration Rights.”

Lock-up Agreements

We and our executive officers and directors and all of our shareholders have agreed that, with some exceptions, during the period beginning from the date of this prospectus and continuing to and including the date 180 days after the date of this prospectus, none of us will, directly or indirectly, sell, offer to sell, contract to sell or grant any option to sell (including without limitation any short sale), pledge, transfer, establish an open “put equivalent position” within the meaning of Rule 16a-1(h) under the Securities Exchange Act of 1934, as amended, or otherwise dispose of any shares of our common stock, options or

warrants to acquire shares of our common stock currently or hereafter owned either of record or beneficially by us, or publicly announce an intention to do any of the foregoing, without the prior written consent of J.P. Morgan Securities Inc. and Banc of America Securities LLC. In addition, we and our executive officers and directors and these shareholders have agreed that, without the prior written consent of J.P. Morgan Securities Inc. and Banc of America Securities LLC, none of us will, from the date of this prospectus and through the period ending 180 days after the date of this prospectus, make any demand for, or exercise any right with respect to, the registration of any shares of our common stock.

Share Retention Policy

Our share retention policy prohibits our Executives from selling or otherwise disposing of a number of shares of Class A common stock in any calendar year in excess of one-third of the number of shares of common stock beneficially owned by the Executive officers on the first day of the calendar year, subject to limited exceptions. This policy applies to Executive officers during and, unless their employment is terminated due to death or retirement at normal retirement age, following termination of their employment by Nelnet and expires five years from the closing date of this offering. We retain the ability in our discretion to waive compliance with the Share Retention Policy. See “Description of Capital Stock — Share Retention Policy.” For additional information on transfer restrictions applicable to shares of our Class A common stock, see “Underwriting.”

UNITED STATES TAX CONSEQUENCES TO NON-U.S. HOLDERS OF CLASS A COMMON STOCK

The following is a general discussion of certain material U.S. federal income and estate tax consequences of the ownership and disposition of our Class A common stock by a beneficial owner thereof that is a “Non-U.S. Holder.” A “Non-U.S. Holder” is a person or entity that, for U.S. federal income tax purposes, is a non-resident alien individual, a foreign corporation or a foreign estate or trust. The test for whether an individual is a resident of the U.S. for federal estate tax purposes differs from the test used for federal income tax purposes. Some individuals, therefore, may be “Non-U.S. Holders” for purposes of the federal income tax discussion below, but not for purposes of the federal estate tax discussion, and vice versa.

This discussion is based on the U.S. Internal Revenue Code of 1986, as amended, judicial decisions and administrative regulations and interpretations in effect as of the date of this prospectus, all of which are subject to change, including changes with retroactive effect. This discussion does not address all aspects of U.S. federal income and estate taxation that may be relevant to Non-U.S. Holders in light of their particular circumstances (including, without limitation, Non-U.S. Holders who are pass-through entities or who hold their Class A common stock through pass-through entities) and does not address any tax consequences arising under the laws of any state, local or non-U.S. jurisdiction. Prospective holders should consult their tax advisors with respect to the federal income and estate tax consequences of holding and disposing of our Class A common stock in light of their particular situations and any consequences to them arising under the laws of any state, local or non-U.S. jurisdiction.

Dividends

Subject to the discussion below, dividends, if any, paid to a Non-U.S. Holder of our Class A common stock out of our current or accumulated earnings and profits generally will be subject to withholding tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty. To obtain a reduced rate of withholding under a treaty, a Non-U.S. Holder generally will be required to provide us with a properly executed IRS Form W-8BEN certifying the Non-U.S. Holder’s entitlement to benefits under that treaty. U.S. Treasury Regulations provide special rules to determine whether, for purposes of determining the applicability of a tax treaty, dividends paid to a Non-U.S. Holder that is an entity should be treated as paid to the entity or to those holding an interest in that entity.

There will be no withholding tax on dividends paid to a Non-U.S. Holder that are effectively connected with the Non-U.S. Holder’s conduct of a trade or business within the United States if a properly-executed IRS Form W-8ECI, stating that the dividends are so connected, is filed with us. Instead, the effectively connected dividends will be subject to regular U.S. income tax, generally in the same manner as if the Non-U.S. Holder were a U.S. citizen or resident alien or a domestic corporation, as the case may be, unless a specific treaty exemption applies. A corporate Non-U.S. Holder receiving effectively connected dividends may also be subject to an additional “branch profits tax,” which is imposed, under certain circumstances, at a rate of 30% (or such lower rate as may be specified by an applicable treaty) of the corporate Non-U.S. Holder’s effectively connected earnings and profits, subject to certain adjustments.

Gain on Disposition of Class A Common Stock

A Non-U.S. Holder generally will not be subject to U.S. federal income tax with respect to gain realized on a sale or other disposition of our Class A common stock unless (i) the gain is effectively connected with a trade or business of such holder in the United States and a specific treaty exemption does not apply to eliminate the tax, (ii) if a tax treaty would otherwise apply to eliminate the tax, the gain is attributable to a permanent establishment of the Non-U.S. Holder in the United States, (iii) in the case of Non-U.S. Holders who are nonresident alien individuals and hold our Class A common stock as a capital asset, such individuals are present in the United States for 183 or more days in the taxable year of the disposition and certain other conditions are met, (iv) the Non-U.S. Holder is subject to tax pursuant

to the provisions of the Code regarding the taxation of U.S. expatriates, or (v) we are or have been a “United States real property holding corporation” within the meaning of Code Section 897(c)(2) at any time within the shorter of the five-year period preceding such disposition or such holder’s holding period. We believe that we are not, and do not anticipate becoming, a United States real property holding corporation. Even if we are treated as a United States real property holding corporation, gain realized by a Non-U.S. Holder on a disposition of our Class A common stock will not be subject to U.S. federal income tax so long as (i) the Non-U.S. Holder is considered to have beneficially owned no more than five percent of our Class A common stock at all times within the shorter of (a) the five year period preceding the disposition or (b) the holder’s holding period and (ii) our Class A common stock is regularly traded on an established securities market. There can be no assurance that our Class A common stock will continue to qualify as regularly traded on an established securities market.

Information Reporting Requirements and Backup Withholding

Generally, we must report to the U.S. Internal Revenue Service, or the IRS, the amount of dividends paid, the name and address of the recipient and the amount, if any, of tax withheld. A similar report is sent to the holder. Pursuant to tax treaties or certain other agreements, the IRS may make its reports available to tax authorities in the recipient’s country of residence.

Backup withholding will generally not apply to payments of dividends made by us or our paying agents to a Non-U.S. Holder if the holder has provided its federal taxpayer identification number, if any, or the required certification that it is not a U.S. person (which is generally provided by furnishing a properly executed IRS Form W-8BEN), unless the payer otherwise has knowledge that the payee is a U.S. person.

Under current U.S. federal income tax law, information reporting and backup withholding imposed at a rate of 28.0% will apply to the proceeds of a disposition of our Class A common stock effected by or through a U.S. office of a broker unless the disposing holder certifies as to its non-U.S. status or otherwise establishes an exemption. Generally, U.S. information reporting and backup withholding will not apply to a payment of disposition proceeds where the transaction is effected outside the United States through a non-U.S. office of a non-U.S. broker. However, U.S. information reporting requirements (but not backup withholding) will apply to a payment of disposition proceeds where the transaction is effected outside the United States by or through an office outside the United States of a broker that fails to maintain documentary evidence that the holder is a Non-U.S. Holder and that certain conditions are met, or that the holder otherwise is entitled to an exemption, and the broker is (i) a U.S. person, (ii) a foreign person which derived 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States, (iii) a “controlled foreign corporation” for U.S. federal income tax purposes, or (iv) a foreign partnership (a) at least 50% of the capital or profits interest in which is owned by U.S. persons or (b) that is engaged in a U.S. trade or business. Backup withholding will apply to a payment of disposition proceeds if the broker has actual knowledge that the holder is a U.S. person.

Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is furnished to the IRS.

Federal Estate Tax

An individual Non-U.S. Holder who is treated as the owner of, or has made certain lifetime transfers of, an interest in our Class A common stock will be required to include the value thereof in his gross estate for U.S. federal estate tax purposes, and may be subject to U.S. federal estate tax unless an applicable estate tax treaty provides otherwise.

UNDERWRITING

J.P. Morgan Securities Inc. and Banc of America Securities LLC are acting as joint book-running managers for this offering.

We and the underwriters named below have entered into an underwriting agreement covering the Class A common stock to be sold in this offering. J.P. Morgan Securities Inc., Banc of America Securities LLC, Credit Suisse First Boston LLC and Morgan Stanley & Co. Incorporated are acting as representatives of the underwriters. Each underwriter has agreed to purchase the number of shares of Class A common stock set forth opposite its name in the following table.

Name	Number of shares
J.P. Morgan Securities Inc.	
Banc of America Securities LLC	
Credit Suisse First Boston LLC	
Morgan Stanley & Co. Incorporated	—
Total	—

The underwriting agreement provides that if the underwriters take any of the shares presented in the table above, then they must take all of these shares. No underwriter is obligated to take any shares allocated to a defaulting underwriter except under limited circumstances. The underwriting agreement provides that the obligations of the underwriters are subject to certain conditions precedent, including the absence of any material adverse change in our business and the receipt of certain certificates, opinions and letters from us, our counsel and our independent auditors.

The underwriters are offering the shares of Class A common stock, subject to the prior sale of shares, and when, as and if such shares are delivered to and accepted by them. The underwriters will initially offer to sell shares to the public at the initial public offering price shown on the front cover page of this prospectus. The underwriters may sell shares to securities dealers at a discount of up to \$ _____ per share from the initial public offering price. Any such securities dealers may resell shares to certain other brokers or dealers at a discount of up to \$ _____ per share from the initial public offering price. After the initial public offering, the underwriters may vary the public offering price and other selling terms.

If the underwriters sell more shares than the total number shown in the table above, the underwriters have the option to buy up to an additional _____ shares of Class A common stock from us to cover such sales. They may exercise this option during the 30-day period from the date of this prospectus. If any shares are purchased with this option, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional shares of Class A common stock are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The following table shows the per share and total underwriting discounts that we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	<u>Without overallotment exercise</u>	<u>With overallotment exercise</u>
Per share	\$	\$
Total	\$	\$

The representatives have advised us that, on behalf of the underwriters, they may make short sales of our Class A common stock in connection with this offering, resulting in the sale by the underwriters of a greater number of shares than they are required to purchase pursuant to the underwriting agreement. The short position resulting from those short sales will be deemed a "covered" short position to the extent that it does not exceed the _____ shares subject to the underwriters' overallotment option and will be deemed a "naked" short position to the extent that it exceeds that number. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the trading price of the Class A common stock in the open market that could adversely affect investors who purchase shares in this offering. The underwriters may reduce or close out their covered short position either by exercising the overallotment option or by purchasing shares in the open market. In determining which of these alternatives to pursue, the underwriters will consider the price at which shares are available for purchase in the open market as compared to the price at which they may purchase shares through the overallotment option. Any "naked" short position will be closed out by purchasing shares in the open market. Similar to the other stabilizing transactions described below, open market purchases made by the underwriters to cover all or a portion of their short position may have the effect of preventing or retarding a decline in the market price of our Class A common stock following this offering. As a result, our Class A common stock may trade at a price that is higher than the price that otherwise might prevail in the open market.

The representatives have advised us that, pursuant to Regulation M under the Securities Act of 1933, they may engage in transactions, including stabilizing bids or the imposition of penalty bids, that may have the effect of stabilizing or maintaining the market price of the shares of Class A common stock at a level above that which might otherwise prevail in the open market. A "stabilizing bid" is a bid for or the purchase of shares of Class A common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the Class A common stock. A "penalty bid" is an arrangement permitting the representatives to claim the selling concession otherwise accruing to an underwriter or syndicate member in connection with the offering if the Class A common stock originally sold by that underwriter or syndicate member is purchased by the representatives in the open market pursuant to a stabilizing bid or to cover all or part of a syndicate short position. The representatives have advised us that stabilizing bids and open market purchases may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

One or more of the underwriters may facilitate the marketing of this offering online directly or through one of its affiliates. In those cases, prospective investors may view offering terms and a prospectus online and, depending upon the particular underwriter, place orders online or through their financial advisor.

The following table details the estimated offering expenses payable by us:

Securities and Exchange Commission registration fee	\$
National Association of Securities Dealers, Inc. filing fee	
New York Stock Exchange listing fee	
Printing and engraving expenses	
Legal fees and expenses	
Accounting fees and expenses	
Transfer agent fees and expenses	
Miscellaneous	—
Total	\$ —

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

We and our executive officers and directors and all of our shareholders have agreed that, during the period beginning from the date of this prospectus and continuing to and including the date 180 days after the date of this prospectus, none of us will, directly or indirectly, offer, sell, offer to sell, contract to sell or otherwise dispose of any shares of our common stock without the prior written consent of J.P. Morgan Securities Inc. and Banc of America Securities LLC, except in limited circumstances, including the issuance of shares of common stock by the Company in connection with an acquisition, provided that the recipient of the shares agrees to be bound by these lock-up arrangements.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of our Class A common stock offered by them and that no sales to discretionary accounts may be made without prior written approval of the customer.

At our request, the underwriters have reserved shares of Class A common stock for sale to our directors, officers and employees, and other persons with whom we have a business relationship, who have expressed an interest in participating in this offering. We expect these persons to purchase no more than five percent of the Class A common stock offered in this offering. The number of shares available for sale to the general public will be reduced to the extent such persons purchase such reserved shares. Shares purchased under this program will not be subject to the lock-up arrangements described above.

We intend to apply to list the Class A common stock on the New York Stock Exchange under the symbol “NNI.” The underwriters intend to sell shares of our Class A common stock to a minimum of 2,000 beneficial owners in lots of 100 or more so as to meet the distribution requirements of this listing.

There has been no public market for the Class A common stock prior to this offering. We and the underwriters will negotiate the initial public offering price. In determining the initial public offering price, we and the underwriters expect to consider a number of factors in addition to prevailing market conditions, including:

- the history of and prospects for our industry and for student loan companies generally;
- an assessment of our management;
- our present operations;
- our historical results of operations;
- the trend of our revenues and earnings; and
- our earnings prospects.

We and the underwriters will consider these and other relevant factors in relation to the price of similar securities of generally comparable companies. Neither we nor the underwriters can assure investors

that an active trading market will develop for the Class A common stock, or that the Class A common stock will trade in the public market at or above the initial public offering price.

From time to time in the ordinary course of their respective businesses, certain of the underwriters and their affiliates have engaged in and may in the future engage in commercial banking and/or investment banking transactions with us and our affiliates. For example, J.P. Morgan Securities Inc., Banc of America Securities LLC, Morgan Stanley & Co. Incorporated and Credit Suisse First Boston LLC have underwritten various of our asset-backed securities. Affiliates of J.P. Morgan Securities Inc. and Banc of America Securities LLC have provided credit enhancements in connection with our securitization transactions through various swap agreements. Affiliates of J.P. Morgan Securities Inc. are acting as agents for some of our financing arrangements. Bank of America, N.A., an affiliate of Banc of America Securities LLC, provides financing to one of our subsidiaries under a letter of credit and is the lender under one of our operating lines of credit. We are in the process of obtaining a \$30 million line of credit with JPMorgan Chase Bank, an affiliate of J.P. Morgan Securities Inc. Bank of America, N.A. also acts as a lender and agent under one of our warehouse financing facilities. In addition, affiliates of J.P. Morgan Securities Inc., Banc of America Securities LLC and Morgan Stanley & Co. Incorporated act as remarketing agents in connection with some of our existing financing arrangements. We have also entered into arrangements in the ordinary course of business with affiliates of Banc of America Securities LLC to purchase student loans from them and to service certain of their loans.

Our wholly owned subsidiary, UFS Securities, is one of the participants in the selling group in this public offering. UFS Securities has provided investment banking services to our subsidiaries in their securitization transactions and, together with J.P. Morgan Securities Inc., acts as co-broker-dealer for our auction rate notes described in the previous paragraph. UFS Securities is also a party to an employee sharing arrangement with Union Bank and us with respect to a small group of employees. In addition, prior to our acquisition of UFS Securities in August 2003, we had retained UFS Securities to provide advisory services in connection with a swap agreement to which we were a party. For a detailed description of our relationships with UFS Securities, see "Related Party Transactions."

Because UFS Securities will participate in the distribution of Class A common stock in this offering, this offering must be made in compliance with applicable provisions of Rule 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc. In accordance with this rule, the initial public offering price must be no higher than that recommended by a "qualified independent underwriter" meeting certain standards. In accordance with this requirement, J.P. Morgan Securities Inc. has assumed the responsibilities of acting as a qualified independent underwriter and will recommend a price in compliance with the requirements of Rule 2720. J.P. Morgan Securities Inc., in its role as qualified independent underwriter, has performed due diligence investigations and reviewed and participated in the preparation of this prospectus and the registration statement of which this prospectus is a part. We have also agreed to indemnify J.P. Morgan Securities Inc. for acting as a qualified independent underwriter against specified liabilities under the Securities Act.

LEGAL MATTERS

The validity of the Class A common stock offered hereby have been and are being passed upon for Nelnet by Perry, Guthery, Haase & Gessford, P.C., L.L.O., Lincoln, Nebraska. Legal matters in connection with this offering are being passed upon for Nelnet by Cahill Gordon & Reindel LLP, New York, New York, and for the underwriters by Davis Polk & Wardwell, New York, New York. Shareholders of, and an Of Counsel to, Perry, Guthery, Haase & Gessford, P.C., L.L.O. own an aggregate of 258,802 shares of Class A common stock of Nelnet.

EXPERTS

The consolidated financial statements of Nelnet, Inc. as of December 31, 2002 and 2001, and for each of the years in the three-year period ended December 31, 2002, have been included herein in reliance upon the report of KPMG LLP, independent accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report for each of the years in the three year period ended December 31, 2002, contains an explanatory paragraph that states that the consolidated

financial statements have been restated to reflect certain adjustments to intangible assets and deferred taxes and to disclose segment information as of December 31, 2002 and 2001, and for each of the years in the three-year period ended December 31, 2002.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, including exhibits, under the Securities Act of 1933 with respect to the shares of our Class A common stock to be sold in the offering. This prospectus does not contain all of the information set forth in the registration statement. For further information with respect to us and the shares to be sold in the offering, reference is made to the registration statement and the exhibits attached to the registration statement. Statements contained in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete. As a result of this offering, we will become subject to the information and reporting requirements of the Securities Exchange Act of 1934 and will file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission.

You may read and copy all or any portion of the registration statement or any reports, statements or other information that we file at the Securities and Exchange Commission's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You can request copies of these documents, upon payment of a duplicating fee, by writing to the Securities and Exchange Commission. Please call the Securities and Exchange Commission at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our Securities and Exchange Commission filings, including the registration statement, are also available to you on the Securities and Exchange Commission's web site [http:// www.sec.gov](http://www.sec.gov) .

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Independent Auditors' Report

The Board of Directors
Nelnet, Inc.:

We have audited the accompanying consolidated balance sheets of Nelnet, Inc. (formerly Nelnet Loan Services, Inc.) and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2002. These consolidated financial statements are the responsibility of Nelnet, Inc. and subsidiaries' 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. These 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 Nelnet, Inc. and subsidiaries as of December 31, 2002 and 2001, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2002, in conformity with accounting principles generally accepted in the United States of America.

As more fully described in notes 19 and 21 of notes to the consolidated financial statements, the Company's consolidated financial statements have been restated to reflect certain adjustments to intangible assets and deferred taxes and to disclose segment information as of December 31, 2002 and 2001, and for each of the years in the three-year period ended December 31, 2002.

KPMG LLP

Lincoln, Nebraska
March 21, 2003, except as to note 20,
which is as of August 14, 2003 and
notes 19 and 21, which are as of November 10, 2003

Nelnet, Inc. and Subsidiaries

Consolidated Balance Sheets

	September 30, 2003	December 31,	
	2003	2002	2001
	(unaudited)	(in thousands)	
Assets			
Student loans receivable (net of allowance for loan losses of \$15,724, \$12,000 and \$10,242, respectively)	\$10,059,920	8,559,420	7,423,872
Cash and cash equivalents:			
Cash and cash equivalents — not held at a related party	12,587	27,294	23,175
Cash and cash equivalents — held at a related party	22,063	12,861	13,265
	<hr/>	<hr/>	<hr/>
Total cash and cash equivalents	34,650	40,155	36,440
Restricted cash — held by trustee	509,242	570,703	213,658
Restricted investments — held by trustee	190,064	173,339	121,606
Restricted cash — due to loan program customers	40,711	132,375	65,792
Accrued interest receivable	207,515	177,015	180,634
Accounts receivable, net	18,191	14,838	14,365
Intangible assets, net	14,415	23,909	22,513
Furniture, equipment and leasehold improvements, net	15,288	12,910	9,323
Other assets, including deferred taxes	63,001	61,919	46,357
	<hr/>	<hr/>	<hr/>
Total assets	\$11,152,997	9,766,583	8,134,560
	<hr/>	<hr/>	<hr/>
Liabilities and Shareholders' Equity			
Liabilities:			
Bonds and notes payable	\$10,892,347	9,447,682	7,926,362
Accrued interest payable	18,885	20,251	21,145
Other liabilities	69,832	57,529	56,569
Due to loan program customers	40,711	132,375	65,792
	<hr/>	<hr/>	<hr/>
Total liabilities	11,021,775	9,657,837	8,069,868
	<hr/>	<hr/>	<hr/>
Minority interest	—	(376)	1,506
Commitments and contingencies			
Shareholders' equity:			
Preferred stock, \$0.01 per value. Authorized 50,000,000 shares; no shares issued or outstanding	—	—	—
Common stock:			
Class A, \$0.01 par value. Authorized 600,000,000 shares; issued and outstanding 31,015,034 shares in 2003 and 30,947,834 shares in 2002 and 2001	310	309	309
Class B, \$0.01 par value. Authorized 15,000,000 shares; issued and outstanding 14,023,454 shares	140	140	140
Additional paid-in capital	43,219	37,891	37,499
Retained earnings	87,553	70,782	25,238
	<hr/>	<hr/>	<hr/>
Total shareholders' equity	131,222	109,122	63,186
	<hr/>	<hr/>	<hr/>
Total liabilities and shareholders' equity	\$11,152,997	9,766,583	8,134,560
	<hr/>	<hr/>	<hr/>

See accompanying notes to consolidated financial statements.

Nelnet, Inc. and Subsidiaries

Consolidated Statements of Income

	Nine months ended September 30,		Year ended December 31,		
	2003	2002	2002	2001	2000
	(unaudited)				
	(in thousands, except per share data)				
Interest income:					
Loan interest	\$270,399	311,937	405,149	318,453	281,028
Investment interest	11,984	15,235	20,759	16,794	17,933
	<u>282,383</u>	<u>327,172</u>	<u>425,908</u>	<u>335,247</u>	<u>298,961</u>
Interest expense:					
Interest on bonds and notes payable	148,556	170,876	235,008	220,682	234,108
	<u>133,827</u>	<u>156,296</u>	<u>190,900</u>	<u>114,565</u>	<u>64,853</u>
Less provision for loan losses	8,875	3,319	5,587	3,925	1,370
	<u>124,952</u>	<u>152,977</u>	<u>185,313</u>	<u>110,640</u>	<u>63,483</u>
Other income:					
Loan servicing and other fee income	74,470	80,189	103,899	93,172	66,015
Software services and other income	13,988	15,129	21,909	7,713	8,431
Derivative market value adjustment	(4,632)	(579)	(579)	(2,962)	—
	<u>83,826</u>	<u>94,739</u>	<u>125,229</u>	<u>97,923</u>	<u>74,446</u>
Operating expenses:					
Salaries and benefits	93,049	80,077	106,874	77,370	51,765
Other operating expenses:					
Depreciation and amortization	17,214	24,477	32,449	28,592	17,304
Trustee and other debt related fees	14,953	12,477	16,617	12,836	9,067
Occupancy and communications	9,149	8,173	11,424	7,488	5,518
Advertising and marketing	6,692	10,380	11,512	10,122	4,543
Professional services	8,647	6,061	9,237	3,355	1,575
Consulting fees and support services to related parties	3,102	6,786	12,800	29,350	15,300
Postage and distribution	10,228	7,881	11,095	7,647	5,734
Other	15,793	16,616	22,693	18,678	20,390
	<u>85,778</u>	<u>92,851</u>	<u>127,827</u>	<u>118,068</u>	<u>79,431</u>
	<u>178,827</u>	<u>172,928</u>	<u>234,701</u>	<u>195,438</u>	<u>131,196</u>
Income before income taxes and minority interest	29,951	74,788	75,841	13,125	6,733
Income tax expense	13,289	27,131	27,679	5,380	2,213
	<u>16,662</u>	<u>47,657</u>	<u>48,162</u>	<u>7,745</u>	<u>4,520</u>
Minority interest in subsidiary (income) loss	109	196	376	(598)	—
	<u>\$ 16,771</u>	<u>47,853</u>	<u>48,538</u>	<u>7,147</u>	<u>4,520</u>
Earnings per share, basic and diluted	\$ 0.37	1.06	1.08	0.16	0.11

See accompanying notes to consolidated financial statements.

Nelnet, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity
Nine months ended September 30, 2003 (unaudited) and years ended December 31, 2002, 2001 and 2000

	Preferred stock	Class A common stock	Class B common stock	Additional paid-in capital	Retained earnings	Total shareholders' equity
				(in thousands)		
Balance at December 31, 1999	\$ 9	295	132	1,373	13,571	15,380
Net income	—	—	—	—	4,520	4,520
Purchase accounting adjustments as a result of reverse acquisition	(9)	—	8	34,349	—	34,348
Minority interest loss in excess of minority interest capital	—	—	—	(87)	—	(87)
	—	—	—	—	—	—
Balance at December 31, 2000	—	295	140	35,635	18,091	54,161
Net income	—	—	—	—	7,147	7,147
Issuance of 1,535,520 shares of Class A common stock	—	14	—	1,996	—	2,010
Minority interest loss in excess of minority interest capital	—	—	—	(132)	—	(132)
	—	—	—	—	—	—
Balance at December 31, 2001	—	309	140	37,499	25,238	63,186
Net income	—	—	—	—	48,538	48,538
Dividend distribution	—	—	—	—	(2,994)	(2,994)
Recapture of minority interest loss in excess of minority interest capital	—	—	—	392	—	392
	—	—	—	—	—	—
Balance at December 31, 2002	—	309	140	37,891	70,782	109,122
Net income (unaudited)	—	—	—	—	16,771	16,771
Non-cash compensation expense (unaudited)	—	—	—	5,166	—	5,166
Issuance of 331,800 shares of Class A common stock (unaudited)	—	3	—	803	—	806
Redemption of 264,600 shares of Class A common stock (unaudited)	—	(2)	—	(641)	—	(643)
	—	—	—	—	—	—
Balance at September 30, 2003 (unaudited)	\$ —	310	140	43,219	87,553	131,222

See accompanying notes to consolidated financial statements.

Nelnet, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	September 30,		December 31,		
	2003	2002	2002	2001	2000
	(unaudited)		(in thousands)		
Net income	\$ 16,771	47,853	48,538	7,147	4,520
Adjustments to reconcile net income to net cash provided by (used in) operating activities:					
Depreciation and amortization, including premiums	74,500	63,785	93,864	45,301	28,198
Unrealized loss on derivative instruments	4,632	579	579	2,962	—
Non-cash compensation expense	5,166	—	—	—	—
Deferred income tax benefit	(7,307)	(7,711)	(8,475)	(11,363)	(4,712)
Minority interest in subsidiary (loss) income	(109)	(196)	(376)	598	—
Provision for loan losses	8,875	3,319	5,587	3,925	1,370
Decrease (increase) in accrued interest receivable	(30,500)	(25,306)	3,619	(14,661)	(31,352)
Decrease (increase) in accounts receivable	(3,353)	(5,946)	918	13,286	(18,483)
Decrease (increase) in other assets	7,092	(4,423)	(7,608)	18,107	(5,629)
Increase (decrease) in accrued interest payable	(1,366)	139	(894)	(3,554)	2,708
Increase (decrease) in other liabilities	12,303	(5,972)	(1,542)	19,744	9,763
Net cash provided by (used in) operating activities	86,704	66,121	134,210	81,492	(13,617)
Cash flows from investing activities:					
Originations, purchases and consolidations of student loans, including premiums	(2,784,968)	(1,833,849)	(2,541,071)	(774,959)	(461,376)
Purchases of student loans, including premiums, from a related party	(594,996)	(326,926)	(377,788)	(666,350)	(536,451)
Proceeds from sales of student loans	—	—	—	—	9,906
Net proceeds from student loan principal payments and loan consolidations	1,820,830	1,076,302	1,724,077	529,190	381,861
Net purchases of furniture and equipment	(9,522)	(9,213)	(13,408)	(6,264)	(4,003)
Decrease (increase) in restricted cash — held by trustee	61,461	(163,394)	(357,045)	(50,186)	(42,052)
Purchases of restricted investments — held by trustee	(323,202)	(228,329)	(318,822)	(302,050)	(53,068)
Proceeds from maturities of restricted investments — held by trustee	306,477	213,136	267,089	296,405	51,778
Acquisitions of subsidiaries, net of cash acquired	(1,760)	(20,809)	(20,809)	(102,184)	1,594
Net cash used in investing activities	(1,525,680)	(1,293,082)	(1,637,777)	(1,076,398)	(651,811)
Cash flows from financing activities:					
Payments on bonds and notes payable	(2,242,545)	(863,517)	(2,259,769)	(324,561)	(331,402)
Proceeds from issuance of bonds and notes payable	3,687,380	2,081,089	3,781,474	1,338,959	1,000,000
Payment of debt issuance costs	(11,527)	(7,186)	(11,429)	(8,325)	(4,376)
Cash distributions to shareholders	—	(2,994)	(2,994)	—	—
Payments for redemption of common stock	(643)	—	—	—	—
Proceeds from issuance of common stock	806	—	—	2,010	—
Net cash provided by financing activities	1,433,471	1,207,392	1,507,282	1,008,083	664,222
Net increase (decrease) in cash and cash equivalents	(5,505)	(19,569)	3,715	13,177	(1,206)
Cash and cash equivalents, beginning of period	40,155	36,440	36,440	23,263	24,469
Cash and cash equivalents, end of period	\$ 34,650	16,871	40,155	36,440	23,263
Supplemental disclosures of cash flow information:					
Interest paid	\$ 142,224	168,969	222,528	227,198	229,673
Income taxes paid	\$ 19,081	39,533	40,098	14,777	8,466

Supplemental disclosure of noncash operating activities regarding acquisitions is contained in note 1.

See accompanying notes to consolidated financial statements.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements September 30, 2003 and 2002 and December 31, 2002, 2001 and 2000 (Data as of and for the nine months ended September 30, 2003 and 2002 is unaudited)

(1) Corporate Structure

(a) Corporate Organization

Nelnet, Inc. (Nelnet or the Company, formerly Nelnet Loan Services, Inc.) is a privately owned, vertically integrated education finance company, which, together with its subsidiaries, is focused on providing quality products and services to participants in the education finance process. Nelnet is an originator, holder and servicer of education loans and offers a broad range of financial services and technology-based products, including student loan origination and lending, student loan and guarantee services and a suite of internet-based software solutions.

The Company owns the stock of various corporations which are engaged in the securitization of education finance assets. The Company's student lending subsidiaries described below are separate entities holding beneficial interests in eligible loans, subject to creditors with specific interests. The liabilities of the Company's student lending subsidiaries are not the liabilities of the Company or any of its other subsidiaries and cannot be consolidated in the event of bankruptcy. The transfers of student loans to the eligible lender trusts do not qualify as sales under the provisions of Statement of Financial Accounting Standards (SFAS) No. 140, *Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, as the trusts continue to be under the effective control of the Company. All the financial activities and related assets and liabilities, including debt, of the securitizations are reflected in the Company's consolidated financial statements. The following subsidiaries of the Company hold the financial assets (collectively referred to as the Student Lending Subsidiaries):

- NELNET Student Loan Corporation-1 (NELNET-1)
- NELNET Student Loan Corporation-2 (NELNET-2)
- Nelnet Student Loan Funding LLC (NELNET SLF)
- Nelnet Education Loan Funding, Inc. (formerly known as NEBHELP, Inc.) (NELF)
- MELMAC, Inc. and subsidiaries (MELMAC)
- NHELP-I, Inc. (NHELP-I)
- NHELP-II, Inc. and subsidiary (NHELP-II)
- NHELP-III, Inc. (NHELP-III)
- Nelnet Student Loan Warehouse Corporation-1 (NELNET SLWC-1)
- NELnet Private Student Loan Corporation-1 (NELnet Private-1)
- EFS Finance Co. (EFS Fin Co.) and its subsidiary, EMT Corporation (EMT Corp.)

NELNET-1, NELNET-2, NELNET SLF, NELF, NHELP-II, NELnet Private-1, MELMAC, and EMT Corp. finance eligible student loan assets on a more permanent basis, as the assets are funded with bonds and notes payable, which have longer maturities. NHELP-I, NHELP-III, NELNET SLWC-1, select operating lines within NELF, and EFS Fin Co. are warehouse facilities designed to fund student loan assets on a temporary basis until the assets are moved to another Student Lending Subsidiary to provide more permanent financing.

The Company also provides managerial, administrative support, loan servicing, origination processing, computer software development, broker-dealer activities and marketing to the Student Lending Subsidiaries through the following wholly owned subsidiary management companies: National Education Loan Network, Inc. (NELN); Nelnet Marketing Solutions, Inc. (NMS) and subsidiaries, including its 100% owned subsidiary (80% owned through February 28, 2003), Student Partner Services, Inc (SPS); Nelnet Guarantee Services, Inc. and Guarantec LLP (collectively, NGS); EFS Services, Inc. (EFS Services); Charter Account Systems, Inc. (Charter); Idaho Financial Associates, Inc. (IFA); UFS Securities, LLC (UFS Securities) and its 100% owned subsidiary, Shockley Financial Corp.; and Nelnet Corporation (subsequently renamed Nelnet Corporate Services, Inc.).

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Nelnet is the legal parent of NELN. Through May 15, 2002, Nelnet also owned 91.43% of Infovisa, Inc. and its subsidiary (Infovisa). Infovisa primarily developed and provided software systems for financial institutions. Effective May 15, 2002, Nelnet sold its ownership of Infovisa to Farmers & Merchants Investment Inc. (F&M) at carrying value, which approximated fair value.

Effective March 2, 2000, Nelnet's common stock, which was owned by Union Bank and Trust Company (UB&T), was spun out to its holding company, F&M, and the minority stockholders of UB&T. F&M is an entity under common control with the Company. Following this distribution, Nelnet entered into a triangular reorganization, pursuant to which Nelnet established a new subsidiary, NELN. NELN acquired through merger a former entity also named National Education Loan Network, Inc. Subsequent to the reorganization, Nelnet became the legal parent of NELN and its subsidiaries. Majority voting and ownership control was retained by the former shareholders of NELN, and accordingly, the transaction was treated as a reverse acquisition for financial statement reporting purposes. In accordance with generally accepted accounting principles, NELN was treated as the acquiring entity and Nelnet as the acquired entity.

As Nelnet was the acquired entity, Nelnet's assets were recorded at fair value at the date of the reverse acquisition. Intangible assets, consisting of loan servicing contracts, were recorded through a credit to additional paid-in capital. In addition, the preferred and common stock of NELN was converted to new shares of stock of Nelnet. Therefore, on the acquisition date, in the accompanying consolidated statements of shareholders' equity, the common stock consisted of legal shares of Nelnet and the retained earnings consisted of those of NELN.

NELNET SLWC-1, NELNET SLF, and SPS commenced their business operations on January 24, 2002, May 1, 2002, and May 15, 2002, respectively. NELnet Private-1 commenced its business operations on November 1, 2001. The consolidated financial statements reflect the operations of these entities since the commencement dates.

(b) Description of Business

The Student Lending Subsidiaries are organized as special-purpose bankruptcy remote entities which primarily invest in eligible student loans, through an eligible lender trustee, issued under Title IV of the Higher Education Act of 1965, as amended (the Act). NHELP-II and NELnet Private-1 also invest in self-insured or privately-insured student loan programs through an eligible lender trustee.

Student loans beneficially owned by the Student Lending Subsidiaries include those originated under the Stafford Loan Program (SLP), the Parent Loan Program for Undergraduate Students (PLUS) program, the Supplemental Loans for Students (SLS) program, and loans which consolidate certain borrower obligations (Consolidation). Title to the student loans is held by eligible lender trustees under the Act for the benefit of the Student Lending Subsidiaries. The financed eligible loan borrowers are geographically located throughout the United States. The bonds and notes payable outstanding are payable primarily from interest and principal payments on the student loans, as specified in the resolutions authorizing the sale of the bonds and notes.

The Company's business is comprised of four primary product and service offerings:

- **Asset management, including student loan originations and acquisitions.** The Company provides student loan sales, marketing, originations, acquisition and portfolio management. The Company owns a large portfolio of student loan assets through a series of education lending subsidiaries. The Company generates loans owned in special purpose lending facilities through direct origination or through acquisition of loans. The Company generates the majority of its earnings from the spread between the yield it earns on its student loan portfolio and the cost of funding these loans. The

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Company also provides marketing and sales support and managerial and administrative support related to its asset generation activities, as well as those performed for its branding partners or other lenders who sell its loans. Revenues are primarily generated from interest earnings. While the Company's net interest margin may vary due to fluctuations in interest rates, government special allowance payments ensure that the Company receives a minimum yield on its student loans, so long as certain requirements are met.

- **Student loan servicing.** The Company services its student loan portfolio and the portfolios of third parties. As of September 30, 2003, the Company serviced or provided complete outsourcing of servicing activities for more than \$18 billion in student loans, including approximately \$8.7 billion of loans in its portfolio. The servicing activities provided include loan origination activities, application processing, borrower updates, payment processing, claim processing and due diligence procedures. These activities are performed internally for the Company's own portfolio, in addition to generating fee revenue when performed for third-party clients.
- **Guarantee servicing.** The Company provides servicing support to guaranty agencies, which includes system software, hardware and telecommunication support, borrower and loss updates, default aversion tracking services, claim processing services and post-default collection services. The Company currently provides servicing support to agencies that guarantee \$20 billion of FFELP loans. These activities generate fee revenue in addition to expanding the Company's relationship with other participants in the education finance sector.
- **Servicing software.** The Company provides student loan servicing software internally and to third-party student loan holders and servicers. In addition to the more than \$18 billion in student loans which the Company services directly, the software products are used to service an additional \$27 billion in student loans. The Company earns software license and maintenance fees annually from third party clients for use of this software. The Company also provides computer consulting, custom software applications and customer service support.

(c) Acquisitions

Nelnet Guarantee Services, Inc., a wholly owned subsidiary of NELN, commenced its business operations in June 2001. On June 30, 2001, it acquired 51% of the voting control of GuaranTec, LLP (GuaranTec) for \$2.6 million. On January 1, 2002, NELN acquired the remaining 49% of GuaranTec for \$4.5 million from F&M. The excess purchase price over F&M's carrying value was \$3.0 million. As the 49% interest was acquired from an entity under common control with the Company, the excess purchase price was recorded as a dividend distribution in the consolidated statement of shareholders' equity in 2002.

On January 1, 2001, NELN acquired MELMAC and its wholly owned subsidiaries, MELMAC LLC and MELMAC Enterprise, Inc., for approximately \$30 million. The acquisition was accounted for under purchase accounting. The assets and liabilities of MELMAC and its subsidiaries were recorded at fair value. An intangible asset, representing loan origination rights, of approximately \$6.4 million was recorded and is being amortized over its estimated useful life of three years. The results of operations of MELMAC have been included in the consolidated financial statements since the date of acquisition.

On December 21, 2001, NELN acquired all of the outstanding stock of EFS, Inc. (EFS) and its wholly owned subsidiaries, EMT Corp., EFS Services, EFS Fin Co., and Advantage Network, Inc., for approximately \$141 million. The acquisition was accounted for under purchase accounting. The assets and liabilities of EFS and its subsidiaries were recorded at fair value. An intangible asset, representing lender relationships and loan origination rights, of approximately \$4 million was recorded and is being

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

amortized over its estimated useful life of three years. The results of operations of EFS have been included in the consolidated financial statements since the date of acquisition.

NELN acquired MELMAC and EFS to increase its market share in the student lending industry. The allocation of the purchase price for the MELMAC and EFS acquisitions is shown below (dollars in thousands):

Loans	\$ 3,021,791
Other assets	219,068
Intangible assets	10,385
Bonds and notes payable	(3,055,403)
Other liabilities	(24,455)
	<hr/>
Total purchase price	\$ 171,386
	<hr/>

On January 2, 2002, NELN acquired IFA for approximately \$17 million. The acquisition was accounted for under purchase accounting. The assets and liabilities of IFA were recorded at fair value. An intangible asset, representing servicing system software and other intellectual property, of \$14.2 million was recorded and is being amortized over its estimated useful life of three years. The results of operations of IFA have been included in the consolidated financial statements since the date of acquisition.

On May 9, 2002, NELN acquired Charter for approximately \$7 million. The acquisition was accounted for under purchase accounting. The assets and liabilities of Charter were recorded at fair value. An intangible asset, representing servicing system software and other intellectual property, of \$6.8 million was recorded and is being amortized over its estimated useful life of three years. Unamortized goodwill of \$2.6 million was also recorded. The results of operations of Charter have been included in the consolidated financial statements since the date of acquisition.

NELN acquired IFA and Charter to provide student loan servicing software solutions to the student lending industry. The allocation of the purchase price for the IFA and Charter acquisitions is shown below (dollars in thousands):

Cash and investments	\$ 2,972
Accounts receivable	1,390
Intangible assets	23,612
Deferred revenue and other liabilities	(4,193)
	<hr/>
Total purchase price	\$23,781
	<hr/>

On August 7, 2003, the Company acquired UFS Securities for \$2.6 million from affiliated parties. The acquisition was accounted for under purchase accounting. The results of operations of UFS Securities have been included in the consolidated financial statements since the date of acquisition. This acquisition is immaterial to the consolidated financial statements.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

The following unaudited pro forma information presents the combined results of the Company as though the 2002, 2001 and 2000 acquisitions occurred on January 1, 2000. The pro forma financial information does not necessarily reflect the results of operations if the acquisitions had been in effect at the beginning of the period or which may be attained in the future.

	Pro forma year ended December 31, 2001	Pro forma year ended December 31, 2000
	(dollars in thousands)	
	(unaudited)	
Net interest income	\$ 153,674	89,613
Other income	\$ 125,985	130,682
	\$ 11,905	(8,273)
Net income (loss)		
Weighted average shares outstanding, basic and diluted	44,331,490	41,187,230
Earnings (loss) per share, basic and diluted	\$ 0.27	\$ (0.20)

The pro forma information presenting the combined operations of the Company as though the 2002 acquisitions occurred on January 1, 2002 is not significantly different than actual 2002 results.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, *Business Combinations* (SFAS No. 141), and SFAS No. 142, *Goodwill and Other Intangible Assets* (SFAS No. 142). SFAS No. 141 requires that the purchase method of accounting be used for all business combinations. SFAS No. 141 specified criteria that intangible assets acquired in a business combination must meet to be recognized and reported separately from goodwill. SFAS No. 142 requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values.

The Company adopted the provisions of SFAS No. 141 as of July 1, 2001 and SFAS No. 142 as of January 1, 2002. Upon adoption of SFAS No. 142, the Company was required to evaluate its existing intangible assets and goodwill that were acquired in purchase business combinations and to make any necessary reclassifications in order to conform with the new classification criteria in SFAS No. 141 for recognition separate from goodwill. The Company was also required to reassess the useful lives and residual values of all intangible assets acquired and make any necessary amortization period adjustments by the end of the first interim period after adoption. Based on this evaluation, no reclassifications or changes to useful lives or residual values were made.

(2) Interim Financial Information

The accompanying interim financial information as of September 30, 2003 and for the nine months ended September 30, 2003 and 2002 have not been audited by independent accountants. In the opinion of management, the accompanying unaudited interim financial information contains all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation in accordance with generally accepted accounting principles. The interim financial information should be read in conjunction with the audited financial statements and notes for the years ended December 31, 2002, 2001, and 2000. The results of operations for the nine months ended September 30, 2003 are not necessarily indicative of the results which may be expected for the entire calendar year 2003.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(3) Summary of Significant Accounting Policies and Practices

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. As discussed in Note 1(a), the Company consolidates all special purpose entities in accordance with SFAS No. 140. Non-consolidated entities in which the Company has significant influence are recorded using the equity method of accounting.

(b) Student Loans Receivable

Investments in student loans, including premiums, are recorded at cost, net of premium amortization and the allowance for loan losses. Student loans consist of federally insured student loans, private student loans and student loan participations.

(c) Allowance for Loan Losses

The allowance for loan losses is estimated and established through a provision charged to expense. Losses are charged against the allowance when management believes the collectibility of the loan principal is unlikely. Recovery of amounts previously charged off is credited to the allowance for loan losses.

For the FFELP loan portfolio, the Company considers trends in student loan claims rejected for payment by guarantors and the amount of FFELP loans subject to the 2% risk sharing. The allowance is based on periodic evaluations of its loan portfolios considering past experience, changes to federal student loan programs, current economic conditions and other relevant factors. FFELP loans are guaranteed as to both principal and interest, and, therefore, continue to accrue interest until the time they are paid by the guaranty agency. The allowance is maintained at a level management believes is adequate to provide for estimated probable credit losses inherent in the loan portfolio. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant changes.

In determining the adequacy of the allowance for loan losses on the private loans, the Company considers several factors including: loans in repayment versus those in a non-paying status, months in repayment, delinquency status, type of program and trends in defaults in the portfolio based on Company and industry data. The Company places a private loan on non-accrual status and charges off the loan when the collection of principal and interest is 120 days past due.

Management believes that the allowance for loan losses is adequate. While management uses available information to recognize probable losses on loans, future additions to the allowance for loan losses may be necessary based on changes in economic conditions.

(d) Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Company considers all investments with maturities when purchased of three months or less to be cash equivalents.

(e) Restricted Cash and Restricted Investments — Held by Trustee

The Company's restricted cash and restricted investments are held by the trustees in various accounts, subject to use restrictions imposed by the trust indenture. The Company recognizes all restricted cash and restricted investments held by trustees on their consolidated balance sheet.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(f) Restricted Cash — Due to Loan Program Customers/ Due to Loan Program Customers

As a servicer of student loans, Nelnet collects student loan remittances and subsequently disburses these remittances to the appropriate lending entities. In addition, Nelnet requests funding from lenders and subsequently disburses loan funds to borrowers and schools on behalf of borrowers. Cash collected for customers and the related liability are included in the accompanying consolidated balance sheets. Net interest income earned by the Company on this cash in the nine months ended September 30, 2003 and 2002 and for the years ended December 31, 2002, 2001 and 2000 was \$144,000, \$783,000, \$1.2 million, \$2.1 million and \$3.3 million, respectively.

(g) Intangible Assets

Intangible assets, consisting of loan servicing contracts, lender relationships and loan origination rights, and servicing system software and other intellectual property, are being amortized on a straight-line basis over the expected periods to be benefited, ranging from 30 to 36 months. Goodwill resulting from acquisitions is not being amortized.

(h) Furniture, Equipment and Leasehold Improvements

Furniture and equipment are carried at cost, net of accumulated depreciation. Maintenance and repairs are charged to expense as incurred, and major improvements, including leasehold improvements, are capitalized. Gains and losses from retirement of equipment and improvements are included in determining net income. The Company uses accelerated and straight-line methods for recording depreciation and amortization. Accelerated methods are used for certain equipment and software when this method is believed to provide a better matching of income and expenses.

(i) Other Assets

Other assets are recorded at cost or amortized cost and consist primarily of prepaid bond insurance, debt issuance costs, deferred tax assets, and income taxes receivable. Prepaid bond insurance and debt issuance costs are amortized using the straight-line method and effective interest methods, respectively, over the estimated lives of the bonds and notes payable.

(j) Program Reimbursement Reserve

The program reimbursement reserve, which is included in other liabilities, represents the amount of student loans that management estimates the Company will be required to repay to lenders, for which the Company performs servicing, due to the Company's failure to follow prescribed due diligence procedures. The program reimbursement reserve is established through a provision for losses charged to expense. The amount of provision is based on management's evaluation of the servicing portfolio as it relates to the complex due diligence requirements that must be followed to maintain the Department of Education guarantee on the loans. Failure to meet certain due diligence requirements will cause a loss of guarantee on the loans and potential loss to the Company if it is unable to cure the condition under procedures prescribed by the federal government.

Serviced student loans are charged against the allowance when they lose their Department of Education guarantee and the Company is required to reimburse the lender. Loans that are subsequently returned to a repayment status can reacquire their guaranteed status, and such amounts are then credited to the program reimbursement reserve as recoveries.

Management believes that the program reimbursement reserve is adequate. While management uses available information to determine the adequacy of the reserve and to recognize losses, future additions to the reserve may be necessary based on changes in federal policy, economic conditions, or management's performance relating to compliance with the Department of Education's due diligence requirements.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(k) Software Sales, Development and Maintenance, and Deferred Income

Charter and IFA account for software revenues in accordance with the AICPA's Statement of Position 97-2, *Software Revenue Recognition* (SOP 97-2). SOP 97-2 provides guidance on when and in what amounts income should be recognized for licensing, selling, leasing, or otherwise marketing computer software. Income for contracts with customers that does not require significant production, modification, or customization of software is recognized when all the following criteria are met: persuasive evidence of an arrangement exists, delivery has occurred, vendors fee is fixed and determinable, and collectibility is probable. Income paid on maintenance and enhancement agreements for services to be performed in subsequent periods is deferred and recognized in income over the life of the agreements. Deferred revenue of approximately \$1.5 million and \$900,000 is included in other liabilities on the accompanying consolidated balance sheets at September 30, 2003 and December 31, 2002, respectively.

Costs associated with research and development related to the development of computer software are expensed when incurred in accordance with SFAS No. 86, *Accounting for the Cost of Computer Software to be Sold, Leased or Otherwise Marketed*. All costs associated with website development or the maintenance of existing software products are expensed when incurred. Research and development machinery and equipment that have alternative future uses either in research and development activities or otherwise are capitalized and depreciated over their useful lives.

The Company also capitalizes software costs under the provisions of Statement of Position 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. Material software developments or enhancements that are considered to have useful lives of greater than one year are capitalized and amortized over their useful lives. Costs related to maintaining its purchased software including the costs of programming are expensed as incurred. Purchased software is capitalized and amortized over the estimated useful life. Unamortized capitalized software costs included in furniture, equipment and leasehold improvements were \$3.7 million at December 31, 2001. There were no unamortized costs at December 31, 2002 or September 30, 2003.

(l) Minority Interest

In 2001, minority interest reflects the proportionate share of shareholders' equity and income of GuaranTec's minority stockholder. In 2003 and 2002, minority interest reflects the proportionate share of shareholders' equity and loss of SPS's minority stockholders.

Nelnet allocated Infovisa's income or loss proportionately between Nelnet's percentage interest and the remaining percentage minority interest. When losses applicable to the minority interest exceeded the minority interest in equity capital, such excess was charged against Nelnet's interest as a charge to retained earnings in Nelnet's shareholders' equity. When earnings were generated applicable to the minority interest, Nelnet's interest was credited through retained earnings to the extent of losses previously charged to retained earnings. For purposes of reporting on the Company, these changes are reflected in additional paid-in capital, as retained earnings are those of NELN. During 2002, Infovisa was sold to F&M and the minority interest loss was recaptured through additional paid-in capital at the date of sale.

(m) Accounting for Derivatives and Hedging Activities

Effective January 1, 2001, the Company adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended by SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities, an Amendment of FASB Statement No. 133*. These statements establish accounting and reporting standards for derivative instruments and hedging activities, as defined, including certain derivative instruments embedded in other contracts, and requires that an entity recognize all derivatives as either assets and liabilities in the balance sheet and measure them at fair value. The fair

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

value of the Company's derivative instruments is determined based on the quoted market prices for comparable instruments, if available, or a valuation model that calculates the present value of expected future cash flows. Subsequent changes in a derivative's fair value are recognized currently in earnings unless specific hedge accounting criteria are met.

The Company has entered into certain derivative instruments such as interest rate swaps, caps and basis swaps as part of managing its interest rate risk. Interest rate swaps are used to exchange fixed and floating rate interest payment obligations while caps are used to protect the Company's income statement from unfavorable movements in interest rates while allowing benefit from favorable movements. Basis swaps are used to convert variable-rate debt from one interest rate index to another to match the interest rate characteristics of the assets. The Company uses basis swaps to change the index of the LIBOR-based debt, to better match the cash flows of the student loan assets.

All derivative instruments that qualify for specific hedge accounting pursuant to SFAS No. 133, as amended, are recorded at fair value and classified either as a hedge of the fair value of a recognized asset or liability ("fair value" hedge) or as a hedge of the variability of cash flows to be received or paid to a recognized asset or liability or a forecasted transaction ("cash flow" hedge). All relationships between hedging instruments and hedged items are formally documented, including the risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivative instruments that are designated as hedges to specific assets and liabilities on the balance sheet.

Changes in the fair value of a derivative instrument that is highly effective and designated as a fair value hedge and the offsetting changes in the fair value of the hedged item are recorded in the income statement. Changes in the fair value of a derivative instrument that is highly effective and designated as a cash flow hedge are recognized in other comprehensive income until changes in the cash flows of the hedged item are recognized. The Company performs an assessment, both at inception of the hedge and on a quarterly basis thereafter, to determine whether these derivative instruments are highly effective in offsetting changes in the value of the hedged items. Any change in fair value resulting from hedge ineffectiveness is immediately recorded in the income statement.

The Company's derivative instruments do not meet the criteria for hedge accounting pursuant to SFAS No. 133.

(n) Impairment of Long-lived Assets

Long-lived assets, such as furniture and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairments of long-lived assets in the nine months ended September 30, 2003 or in 2002, 2001, or 2000.

(o) Student Loan Income

The Company recognizes student loan income using the interest method, net of premium amortization and capitalized direct origination and acquisition costs. Loan income is recognized based on the expected yield of the loan after giving effect to borrower utilization of incentives for timely payment ("borrower benefits") and other yield adjustments. The effect of the borrower benefits on student loan yield are based on the historical payment behavior of borrowers who are eligible for the incentives. The interest is paid by the Department of Education or the borrower, depending on the status of the loan at the time of the

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

accrual. In addition, the Department of Education makes quarterly interest subsidy payments on certain qualified FFELP loans until the student is required under the provisions of the Act to begin repayment. Repayment of FFELP loans normally begins within six months after completion of the loan holders course of study, leaving school or ceasing to carry at least one-half the normal full-time academic load as determined by the educational institution. Repayment of PLUS loans normally begins within 60 days from the date of loan disbursement, and repayment of SLS loans begins within one month after completion of course study, leaving school or ceasing to carry at least the normal full-time academic load as determined by the educational institution. Repayment on private loans typically begins six months following a borrower's graduation from a qualified institution and the interest is either paid by the borrower or capitalized annually or at repayment.

The Department of Education provides a special allowance to lenders participating in the FFEL program. The special allowance is accrued using the interest method based upon the average rate established in the auction of 13-week Treasury Bills in the previous quarter relative to the yield of the student loan. Under certain circumstances, the special allowance is reduced by approximately one-half for loans which were originated or purchased from funds obtained from issuance of tax-exempt obligations, depending upon the issuance date of the obligation.

Premiums and capitalized direct origination and acquisition costs are amortized over the estimated lives of the related loans in accordance with SFAS No. 91, *Accounting for Non-Refundable Fees and Costs Associated with Originating or Acquiring Loans and Initial Direct Costs of Leases*. The Company periodically evaluates the assumptions used to estimate the life of the loans. The Company also pays an annual 105 basis point rebate fee on consolidation loans. The amortization and fees are netted against student loan income.

(p) Loan Servicing Income

Loan servicing fees are determined according to agreements with customers and are calculated based on the dollar value or number of loans serviced for each customer. Fees are accrued as earned as income on a monthly basis. As of September 30, 2003 and December 31, 2002 and 2001, the Company serviced \$18.3 billion, \$17.9 billion, and \$17.0 billion, respectively, of loans, including approximately \$8.7 billion, \$7.5 billion, and \$6.7 billion of Company-owned loans, and \$568 million, \$720 million, and \$834 million of loans serviced for UB&T.

(q) Income Tax Expense

Income taxes are accounted for under the asset and liability method. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective income tax basis. Deferred income 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.

(r) Earnings Per Share

The basic earnings per common share (EPS) is computed by dividing net income by the weighted-average number of common shares outstanding for the periods presented. The weighted average number of shares used in the nine months ended September 30, 2003 and 2002 and for the years ended December 31, 2002, 2001 and 2000, adjusted to reflect the recapitalization referred to in note 20, were 45,019,823, 44,971,290, 44,971,290, 44,331,490, and 41,187,230, respectively. Nelnet had no common stock equivalents and no potentially dilutive common shares during the periods presented.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(s) *Comprehensive Income*

The Company has no sources of other comprehensive income. Therefore, comprehensive income consists solely of net income.

(t) *Use of Estimates*

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amounts of assets and liabilities, reported amounts of revenues and expenses, and other disclosures. Actual results could differ from those estimates. The most significant estimates made by management relate to the adequacy of the program reimbursement reserve and allowance for loan losses.

(u) *Reclassification*

Certain amounts have been reclassified to conform to the 2003 consolidated financial statement presentation.

(4) **Restricted Investments — Held by Trustee**

NELF and MELMAC's restricted investments are held by a trustee in various accounts subject to use restrictions and consist of guaranteed investment contracts, commercial banking deposits, and repurchase agreements, which are classified as held-to-maturity. The carrying value of these investments approximates fair value at September 30, 2003 and December 31, 2002 and 2001. The carrying value of these investments by contractual maturity is shown below:

	September 30, 2003	December 31,	
		2002	2001
	(unaudited)		
		(dollars in thousands)	
Over 1 year through 5 years	\$ 4,317	2,709	5,335
After 5 years through 10 years	27,125	20,729	15,799
After 10 years	158,622	149,901	100,472
	<u>\$190,064</u>	<u>173,339</u>	<u>121,606</u>

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(5) Student Loans Receivable and Concentration of Credit Risk

Student loans receivable at September 30, 2003 and December 31, 2002 and 2001 consisted of the following:

	September 30, 2003	December 31,	
		2002	2001
	(unaudited)		
	(dollars in thousands)		
FFELP loans	\$ 9,983,870	8,496,760	7,372,968
Privately-insured private loans	30,234	23,108	24,232
Self-insured private loans	61,540	51,552	36,914
	<u>10,075,644</u>	<u>8,571,420</u>	<u>7,434,114</u>
Less allowance for loan losses-FFELP loans	10,974	9,970	9,378
Less allowance for loan losses-Private loans	4,750	2,030	864
	<u>\$10,059,920</u>	<u>8,559,420</u>	<u>7,423,872</u>
FFELP allowance as a percentage of ending balance of FFELP loans	0.11%	0.12%	0.13%
Private allowance as a percentage of ending balance of private loans	5.18%	2.72%	1.41%
Total allowance as a percentage of ending balance of total loans	0.16%	0.14%	0.14%

FFELP loans may be made under the FFELP program by certain lenders as defined by the Act. These loans, including related accrued interest, are guaranteed at their maximum level permitted under the Act by an authorized guaranty agency which has a contract of reinsurance with the Department of Education. The terms of the loans, which vary on an individual basis, generally provide for repayment in monthly installments of principal and interest over a period of up to 20 years. Interest rates on loans may be fixed or variable, will vary based on the average of the 91-day U.S. Treasury bill rate, and currently range from 3.0% to 13.0% (the weighted-average rate was 4.5%, 5.3%, and 6.7% at September 30, 2003 and December 31, 2002 and 2001) dependent upon type, terms of loan agreements, and date of origination. For FFELP loans, the Student Lending Subsidiaries have entered into trust agreements in which unrelated financial institutions serve as the eligible lender trustees. As eligible lender trustees, the financial institutions act as the eligible lender in acquiring certain eligible student loans as an accommodation to the subsidiaries, which hold beneficial interests in the student loan assets as the beneficiaries of such trusts.

Substantially all FFELP loan principal and related accrued interest is guaranteed as defined by the Act. These guarantees are made subject to the performance of certain loan servicing procedures stipulated by applicable regulations. If these due diligence procedures are not met, affected student loans may not be covered by the guarantees should the borrower default. The Company and its Student Lending Subsidiaries retain and enforce recourse provisions against servicers and lenders under certain circumstances. Such student loans are subject to "cure" procedures and reinstatement of the guarantee under certain circumstances. Also, in accordance with the Student Loan Reform Act of 1993, student loans disbursed prior to October 1, 1993 are fully insured, and loans disbursed subsequent to October 1, 1993 are insured up to 98% of their principal amount and accrued interest.

Student loans receivable also include a beneficial interest in private loans. The private loan portfolio consists of privately-insured and self-insured loans. The terms of the private loans, which vary on an individual basis, generally provide for repayment in monthly installments of principal and interest over a

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

period of up to 20 years. Interest rates on the loans will vary based on the average of the 91-day Treasury bill or the prime rate. The private loans primarily represent student borrowers in the medical, dental, or physical sciences fields of study. The self-insured private loans are not covered by guarantees or collateral should the borrower default. The privately-insured private loans are insured by various third parties for between 90% and 100% of principal and interest.

The Company has provided for an allowance for loan losses related to the private loans and FFELP loans. The provision is based upon historical default rates for such loans. Activity in the allowance for loan losses for the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000 is shown below:

	September 30,		December 31,		
	2003	2002	2002	2001	2000
	(unaudited)		(dollars in thousands)		
Beginning balance	\$12,000	10,242	10,242	3,614	4,122
Transfer from acquisitions	—	—	—	4,866	—
Provision for loan losses	8,875	3,319	5,587	3,925	1,370
Loans charged off, net of recoveries	(5,151)	(2,183)	(3,829)	(2,163)	(1,878)
	\$15,724	11,378	12,000	10,242	3,614

(6) Guaranty and Insurance Agencies

At September 30, 2003 and December 31, 2002 and 2001, Nebraska Student Loan Program, Inc., United Student Aid Funds, Inc., Pennsylvania Higher Education Assistance Authority, California Student Aid Commission, New York State Higher Education Services Corporation, Tennessee Student Assistance Corporation, Florida Department of Education Office of Student Financial Assistance, and the Finance Authority of Maine were the primary guarantors of the student loans beneficially owned by the Student Lending Subsidiaries. Management periodically reviews the financial condition of its guarantors and does not believe the level of concentration creates an unusual or unanticipated credit risk. In addition, management believes that based on the Higher Education Amendments of 1992, the security for and payment of any of the Student Lending Subsidiaries' obligations would not be materially adversely affected as a result of legislative action or other failure to perform on its obligations on the part of any guaranty agency. The Student Lending Subsidiaries, however, offer no absolute assurances to that effect.

NHELP-II and NELnet Private-1 also have a student loan indemnification agreement with a private insurer, under which a portion of the private loans are insured. The agreement indemnifies NHELP-II and NELnet Private-1 for 90% of losses incurred resulting from borrower default. Upon default, all rights of recovery are subrogated to a private insurer. As of September 30, 2003 and December 31, 2002 and 2001, a private insurer insured 33%, 31%, and 18%, respectively, of the private loans owned by NHELP-II and NELnet Private-1.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(7) Intangible Assets

Intangible assets at September 30, 2003 and December 31, 2002 and 2001 consist of the following:

	Useful Life	September 30, 2003	December 31,	
			2002	2001
	(in months)	(unaudited)	(dollars in thousands)	
Lender relationship and loan origination rights (net of accumulated amortization of \$8,584, \$5,655 and \$2,182, respectively)	36	\$ 2,321	4,765	8,238
Loan servicing contracts (net of accumulated amortization of \$43,612, \$41,824 and \$29,337, respectively)	30-36	—	1,786	14,275
Servicing systems software and other intellectual property (net of accumulated amortization of \$11,518, \$6,253 and \$0, respectively)	36	9,543	14,807	—
Goodwill, nonamortizable		2,551	2,551	—
		<u>\$14,415</u>	<u>23,909</u>	<u>22,513</u>

The Company recorded amortization of \$10.0 million, \$18.5 million, \$22.2 million, \$18.8 million and \$12.7 million for the nine months ended September 30, 2003 and 2002 and for the years ended December 31, 2002, 2001 and 2000, respectively. The Company will continue to amortize intangible assets over their remaining useful lives and will record amortization of \$2.8 million, \$8.3 million and \$0.8 million in the fourth quarter of 2003, and in 2004 and 2005, respectively.

(8) Furniture, Equipment and Leasehold Improvements

Furniture, equipment and leasehold improvements at September 30, 2003 and December 31, 2002 and 2001 consist of the following:

	Useful Life	September 30, 2003	December 31,	
			2002	2001
		(unaudited)	(dollars in thousands)	
Computer equipment and software	3-7 years	\$33,534	33,155	26,911
Office furniture and equipment	3-10 years	13,284	9,739	7,121
Leasehold improvements	1-7 years	4,943	4,507	3,215
		<u>51,761</u>	<u>47,401</u>	<u>37,247</u>
Accumulated depreciation and amortization		36,473	34,491	27,924
		<u>\$15,288</u>	<u>12,910</u>	<u>9,323</u>

Depreciation and amortization expense for the nine months ended September 30, 2003 and 2002 and for the years ended December 31, 2002, 2001, and 2000 related to furniture, equipment and leasehold improvements was \$7.1 million, \$5.9 million, \$10.1 million, \$8.0 million, and \$4.3 million, respectively.

(9) Bonds and Notes Payable

The Student Lending Subsidiaries periodically issue bonds, commercial paper, short-term variable auction rate notes, taxable student loan asset-backed notes, and other credit facilities to finance the acquisition of student loans or to refinance existing debt. Most of the bonds and notes payable are primarily secured by the student loans receivable, related accrued interest, and by the amounts on deposit

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

in the accounts established under the respective bond resolutions or financing agreements. The student loan interest margin (SLIMS) notes are secured by the rights to residual cash flows from certain variable-rate bonds and notes and fixed rate notes. Certain variable-rate bonds and notes and fixed rate bonds of \$1.2 billion, \$1.0 billion, and \$883 million at September 30, 2003 and December 31, 2002 and 2001, respectively, are secured by financial guaranty insurance policies issued by Municipal Bond Investors Assurance Corporation (MBIA) and Ambac Assurance Corporation. Certain variable-rate bonds and notes of \$144 million in 2001 were also secured by irrevocable letters of credit provided by Student Loan Marketing Association (SLMA). Effective January 2, 2002, the SLMA irrevocable letters of credit were replaced with financial guaranty insurance policies issued by MBIA. Effective November 20, 2002, SLMA was replaced as the liquidity provider with Lloyd's Bank on \$143 million of variable-rate bonds.

The following table summarizes outstanding bonds and notes payable at September 30, 2003 and December 31, 2002 and 2001 by type of instrument:

	September 30, 2003 (unaudited)		
	Carrying amount	Interest rate range	Final maturity
			(dollars in thousands)
Commercial paper and other	\$ 1,555,244	1.34% - 1.72%	09/02/04 - 09/25/24
Variable-rate bonds and notes	8,268,802	0.79% - 1.90%	07/01/05 - 07/01/43
Fixed-rate notes	677,600	5.50% - 5.76%	09/01/05 - 07/01/12
Fixed-rate bonds	195,899	5.88% - 6.60%	05/01/05 - 06/01/28
SLIMS, fixed rates	117,513	5.69% - 6.68%	09/14/12 - 07/02/20
Other secured borrowings	77,289	1.30% - 6.00%	01/10/05 - 11/01/05
	\$10,892,347		
			(dollars in thousands)
			December 31, 2002
	Carrying amount	Interest rate range	Final maturity
Commercial paper and other	\$1,388,579	1.36% - 1.64%	05/01/03 - 12/15/06
Variable-rate bonds and notes	6,870,148	1.40% - 2.77%	07/01/05 - 10/01/36
Fixed-rate notes	786,700	5.48% - 5.76%	08/01/05 - 07/01/12
Fixed-rate bonds	201,950	5.65% - 6.90%	11/01/03 - 06/01/28
SLIMS, fixed rates	134,231	5.69% - 6.68%	09/14/12 - 07/02/20
Other secured borrowings	66,074	1.60% - 6.00%	01/10/03 - 11/01/05
	\$9,447,682		

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

December 31, 2001

	Carrying amount	Interest rate range	Final maturity
	(dollars in thousands)		
Commercial paper and other	\$1,200,805	1.80% - 2.76%	05/01/03 - 05/01/07
Variable-rate bonds and notes	5,428,735	1.44% - 4.22%	07/01/05 - 10/01/36
Fixed-rate notes	855,000	5.48% - 5.76%	08/01/05 - 07/01/12
Fixed-rate bonds	227,874	5.25% - 6.90%	11/01/03 - 06/01/28
SLIMS, fixed rates	149,788	5.69% - 6.68%	09/04/12 - 07/02/20
Other secured borrowings	64,160	3.52% - 6.00%	06/30/02 - 11/01/09
	\$7,926,362		

Variable-rate bonds are long-term bonds with interest rate reset dates ranging from weekly to semi-annually and from time to time based upon auction rates and national indices.

The Company has a \$30 million line of credit from an unrelated bank. As of September 30, 2003 and December 31, 2002, \$30 million was outstanding under this line of credit. This line was subsequently paid down in its entirety on October 6, 2003. The line of credit bears interest at the prime rate (4.00% at September 30, 2003 and 4.25% at December 31, 2002) and now matures January 2005. Interest is payable quarterly or monthly depending on the term of the borrowing.

The Company entered into a commercial paper placement program with an unrelated bank on September 25, 2003. The program allows for issuance up to \$35 million. Additionally, this unrelated bank coordinated a \$35 million line of credit with three other unrelated banks. There was no amount outstanding on the line at September 30, 2003.

In May 2002 and October 2002, NELNET SLF consummated debt offerings of student loan asset-backed notes of \$1.0 billion and \$1.2 billion, respectively. In connection with these debt offerings, the Company entered into agreements with certain investment banks pursuant to which the Company will pay the investment banks a fee equal in the aggregate to 0.01% and 0.0075% per annum of the principal balance of the May 2002 and October 2002 notes, respectively. These fees are for credit enhancements to the notes whereby the investment banks will provide liquidity advances to the Company in the instance of disintermediation in the spread between student loan interest rates and the notes' interest rates as defined in the agreement. The total amount paid by the Company under these agreements was approximately \$191,000 and \$42,000 during the nine months ended September 30, 2003 and 2002 and \$72,000 during the year ended December 31, 2002.

Bonds and notes outstanding at September 30, 2003 are due in varying amounts as follows (dollars in thousands):

	(unaudited)
2004	\$ 440,704
2005	220,979
2006	127,965
2007	230,873
2008	86,070
2009 and thereafter	9,785,756
	\$10,892,347

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Generally, bonds bearing interest at variable rates can be redeemed on any interest payment date at par plus accrued interest. Subject to conversion provisions, all bonds and notes are subject to redemption prior to maturity at the option of certain Student Lending Subsidiaries without a prepayment penalty. These provisions include price, conditions precedent, and limitations.

A Student Lending Subsidiary has irrevocably escrowed funds to make the remaining principal and interest payments on previously issued bonds and notes. Accordingly, neither these obligations nor the escrowed funds are included on the accompanying consolidated balance sheets. At September 30, 2003 and December 31, 2002 and 2001, \$21.8 million, \$20.6 million, and \$19.2 million, respectively, of defeased debt remained outstanding.

The Student Lending Subsidiaries have unused commitments under the various commercial paper and warehouse agreements of \$671 million, \$416 million, and \$869 million at September 30, 2003 and December 31, 2002 and 2001, respectively. At September 30, 2003 and December 31, 2002 and 2001, certain Student Lending Subsidiaries had various short-term borrowing agreements with a maximum aggregate stated amount of \$2.1 billion, \$1.9 billion and \$2.1 billion, respectively.

Certain bond resolutions contain, among other requirements, covenants relating to restrictions on additional indebtedness, limits as to direct and indirect administrative expenses, and maintaining certain financial ratios. Management believes the Company is in compliance with all covenants of the bond indentures and related credit agreements.

(10) Program Reimbursement Reserve

For the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000, a provision for losses on program reimbursements of \$1.5 million, \$1.3 million, \$1.6 million, \$1.2 million, and \$800,000, respectively, was recognized, which is included in other expenses in the accompanying consolidated statements of income. Other liabilities in the accompanying consolidated balance sheets include \$7.3 million, \$6.1 million, and \$5.8 million as an allowance for program reimbursements at September 30, 2003 and December 31, 2002 and 2001, respectively.

(11) Income Taxes

Income tax expense for the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000 consists of the following components:

	Nine months ended September 30,		Year ended December 31,		
	2003	2002	2002	2001	2000
	(unaudited)		(dollars in thousands)		
Current:					
Federal	\$18,953	31,992	33,204	15,440	6,439
State	1,643	2,850	2,950	1,303	486
	20,596	34,842	36,154	16,743	6,925
Deferred:					
Federal	(6,321)	(7,005)	(7,717)	(10,445)	(4,459)
State	(986)	(706)	(758)	(918)	(253)
	(7,307)	(7,711)	(8,475)	(11,363)	(4,712)
	\$13,289	27,131	27,679	5,380	2,213

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

The actual income tax expense differs from the “expected” income tax expense, computed by applying the 35% federal statutory corporate tax rate to income before income tax expense for the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000 as shown below:

	Nine months ended September 30,		Year ended December 31,		
	2003	2002	2002	2001	2000
	(unaudited)				
	(dollars in thousands)				
“Expected” income tax expense	\$10,483	26,176	26,544	4,594	2,357
Increase (decrease) resulting from:					
State tax, net of federal income benefit	643	1,416	1,425	250	317
Non-cash compensation expense	1,808	—	—	—	—
Other, net	355	(461)	(290)	536	(461)
	<u>\$13,289</u>	<u>27,131</u>	<u>27,679</u>	<u>5,380</u>	<u>2,213</u>
Effective tax rate	<u>44.4%</u>	<u>36.3%</u>	<u>36.5%</u>	<u>41.0%</u>	<u>32.9%</u>

The Company’s deferred income tax assets and liabilities which are included in other assets as of September 30, 2003 and December 31, 2002 and 2001 consisted of the following:

	September 30, 2003	December 31,	
	2003	2002	2001
	(unaudited)		
	(dollars in thousands)		
Deferred tax liabilities:			
Loan origination services	\$ 4,161	1,866	1,359
Intangible assets	—	2,206	6,849
Other	406	696	1,065
Deferred tax liabilities	<u>4,567</u>	<u>4,768</u>	<u>9,273</u>
Deferred tax assets:			
Student loans	10,322	6,118	4,358
Accrued expenses not currently deductible	1,644	1,007	701
Partnership income	648	1,235	1,264
Basis in swap contracts	1,711	214	1,094
Intangible assets	1,027	—	—
Securitization transaction	1,476	1,057	456
Unearned revenue	1,103	941	1,113
Fixed assets	599	400	935
Other	—	452	84
Deferred tax assets	<u>18,530</u>	<u>11,424</u>	<u>10,005</u>
Net deferred income tax asset	<u>\$13,963</u>	<u>6,656</u>	<u>732</u>

No valuation allowance was considered necessary for the deferred tax assets at September 30, 2003 and December 31, 2002 and 2001.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(12) Fair Value of Financial Instruments

The following table summarizes the fair values of the Company's financial instruments at September 30, 2003 and December 31, 2002 and 2001:

	September 30, 2003		December 31, 2002		December 31, 2001	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
	(unaudited)		(dollars in thousands)			
Financial assets:						
Cash and cash equivalents	\$ 34,650	\$ 34,650	\$ 40,155	\$ 40,155	\$ 36,440	\$ 36,440
Restricted cash — due to loan program customers	40,711	40,711	132,375	132,375	65,792	65,792
Restricted cash — held by trustee	509,242	509,242	570,703	570,703	213,658	213,658
Accrued interest receivable	207,515	207,515	177,015	177,015	180,634	180,634
Student loans receivable	10,214,978	10,059,920	8,659,613	8,559,420	7,527,007	7,423,872
Restricted investments — held by trustee	190,064	190,064	173,339	173,339	121,606	121,606
Derivative instruments	869	869	—	—	—	—
Financial liabilities:						
Bonds and notes payable	10,944,919	10,892,347	9,471,710	9,447,682	8,044,119	7,926,362
Accrued interest payable	18,885	18,885	20,251	20,251	21,145	21,145
Due to loan program customers	40,711	40,711	132,375	132,375	65,792	65,792
Derivative instruments	—	—	—	—	2,962	2,962

(a) Cash and Cash Equivalents, Restricted Cash — Due to Loan Program Customers, Restricted Cash — Held by Trustee, Accrued Interest Receivable/ Payable, and Due to Loan Program Customers

The carrying amount approximates fair value due to the variable-rate of interest and/or the short maturities of these instruments.

(b) Student Loans Receivable

The fair value of student loans receivable is estimated at amounts recently paid by the Company to acquire a similar portfolio of loans in the market.

(c) Restricted Investments — Held by Trustee

Due to the characteristics of the investments, there is no available or active market for these types of financial instruments. These investments are guaranteed and are purchased and redeemed at par value, which equals their cost.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(d) *Bonds and Notes Payable*

The fair value of the bonds and notes payable is based on market prices for securities that possess similar credit risk and interest rate risk.

(e) *Derivative Financial Instruments*

The fair value of the interest rate swap agreements, interest rate cap contract and the basis swap agreements, obtained from market quotes from independent security brokers, was the estimated amount that would have been paid to terminate the respective agreements.

(f) *Limitations*

The fair value of a financial instrument is the current amount that would be exchanged between willing parties, other than in a forced liquidation. Fair value is best determined based upon quoted market prices. However, in many instances, there are no quoted market prices for the Company's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument. SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*, excludes certain financial instruments and all non-financial instruments from its disclosure requirements. The fair value estimates, methods, and assumptions are set forth above.

(13) **Derivative Financial Instruments**

During August 2003 and July 2001, the Company entered into two interest rate swap agreements with notional amounts of \$1 billion and \$500 million, respectively. Under the terms of the agreements, the Company received payments based on a variable interest rate tied to the 30-day LIBOR and made payments based on fixed interest rates of 1.18% and 3.06%, respectively. This arrangement allows the Company to lock the related debt interest rate at the respective fixed interest rate. These interest rate swaps do not meet the criteria to qualify for hedge accounting pursuant to SFAS No. 133. Consequently, the effects of the adjustment of the derivative instruments to fair value, based on the current interest rate environment, has been, and will continue to be until the respective maturity dates, included in the statements of income. The fair value adjustment resulted in an unrealized loss being included in the derivative market value adjustment in other income, in the amounts of approximately \$311,000, \$579,000, \$579,000 and \$3.0 million for the nine months ended September 30, 2003 and 2002 and for the years ended December 31, 2002 and 2001, respectively. The interest rate swap agreement entered into in July 2001 expired in June 2002. The interest rate swap agreement entered into in August 2003 expires in July 2004.

During August 2003, the Company entered into three basis swap agreements with notional amounts of \$500 million, \$1 billion and \$500 million with maturities in August 2004, 2005 and 2006, respectively. The basis swap agreements provide for the Company to pay a floating interest rate based on the U.S. Treasury bill interest rate of the variable-rate student loan assets hedged and receive a floating interest rate based on the 30-day LIBOR interest rate of the variable-rate debt hedged. This arrangement allows the Company to limit the interest rate sensitivity of the interest rate spread between the hedged assets and liabilities. The basis swaps do not meet the criteria for hedge accounting pursuant to SFAS No. 133. Consequently, the effects of the adjustment of the derivative instruments to fair value, based on the current interest rate environment, has been and will continue to be until the respective maturity dates, included in the statement of income. The fair value adjustment resulted in an unrealized loss being included in the derivative market value adjustment in other income in the amount of approximately \$3.0 million for the nine months ended September 30, 2003.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

During August 2003, the Company purchased, for \$6 million, an interest rate cap contract with a notional amount of \$500 million. The interest rate cap contract will limit the relative interest rates on a portion of the Company's variable debt by capping the 30-day LIBOR interest rate at 1.50%. The cap contract matures in August 2005. The interest rate cap contract cost is amortized over the term of the contract. The interest rate contract does not meet the criteria for hedge accounting pursuant to SFAS No. 133. Consequently, the effects of the adjustment of the derivative instrument to fair value, based on the current interest rate environment, has been and will continue to be until the maturity date, included in the statement of income. The fair value adjustment resulted in an unrealized loss being included in the derivative market value adjustment in other income in the amount of approximately \$1.4 million for the nine months ended September 30, 2003.

(14) Employee Benefit Plans

(a) 401(K) Plans

NELN has a 401(k) savings plan which covers substantially all of their employees. Employees may contribute up to 100% of their pre-tax salary, subject to IRS limitations. The Company made contributions to the plan of approximately \$1.2 million, \$887,000, \$1.4 million, \$518,000, and \$537,000 in the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000, respectively. UB&T serves as the trustee for the plan. NMS had a separate 401(k) savings plan in 2001. NMS made contributions to the plan of approximately \$154,000 and \$100,000 for 2001 and 2000, respectively. Guarantec also had a separate 401(k) savings plan in 2001. Guarantec made contributions to the plan of approximately \$65,000 for the period July 1, 2001 to December 31, 2001. Effective January 1, 2002, employees participating in the NMS and Guarantec plans became eligible to participate in the NELN 401(k) plan.

EFS maintained two retirement plans which covered substantially all employees. The first was a 401(k) savings plan and the second was a defined contribution pension plan, which is an employee stock ownership plan (ESOP). Upon acquisition by NELN, the ESOP sold its shares to NELN and distribution of the cash occurred in 2003. EFS made contributions to the plan of approximately \$122,000 and \$208,000 for the nine months ended September 30, 2002 and the year ended December 31, 2002, respectively. Effective April 1, 2002, employees participating in the EFS 401(k) savings plan became eligible to participate in the NELN 401(k) plan.

(b) Book Value Stock Plan

In March 2003, the Company issued 331,800 shares of Class A common stock at a formula price based on book value to employees of the Company. Each new shareholder was required to sign a stockholder agreement which restricts the sale, assignment, pledge or otherwise transfer of any interest in any of the shares of stock without obtaining the prior written consent of the holders of an aggregate of more than fifty percent of the Class A shareholders. The Company has the option to redeem the outstanding stock in the event of termination of employment, divorce, or change in control at the formula price based on book value at the redemption date.

The Company accounted for the stock issuance by applying the provisions of EITF 88-6, *Book Value Stock Plans in an Initial Public Offering* (EITF 88-6). Because the stockholders agreement did not provide any mechanism that converted the book value stock to market value stock upon completion of an initial public offering (IPO), the Company accounted for the transaction as book value stock that remains book value stock. The book value stock issued in March 2003 was presumed to have been issued in contemplation of the IPO and, thus, is subject to variable-plan (SAR) accounting for actual changes in the book value of those shares from the date of issuance in accordance with the provisions of EITF 88-6.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

The stock appreciation between the date of issuance and September 30, 2003 related to the shares issued in March 2003 was not material to the financial statements.

Upon the consummation of the IPO, the stockholders agreement will be terminated in accordance with an agreement entered into by all shareholders in August 2003. As a result, in the third quarter of 2003 the Company recognized a compensation charge of \$5.2 million equal to the difference between the estimated initial public offering price (estimated fair value) of that number of shares and the total price paid by the employees.

(15) Commitments

The Student Lending Subsidiaries acquire eligible loans on a regular basis from lending institutions as part of their normal business operations. At September 30, 2003 and December 31, 2002 and 2001, NELN was committed to purchase up to \$204 million, \$227 million and \$277 million, respectively, in student loans at current market rates upon the sellers' request under various agreements through September 30, 2004. At September 30, 2003 and December 31, 2002 and 2001, EFS was committed to purchase up to \$37.6 million, \$39.2 million, and \$57.7 million, respectively, in student loans at current market rates under various agreements that renew automatically.

At September 30, 2003 and December 31, 2002 and 2001, MELMAC had commitments to extend credit for educational loans of \$4.5 million, \$26.5 million, and \$29.8 million, respectively. Commitments to extend credit are agreements to lend to a borrower as long as there is no violation of any condition established in the commitment agreement. Commitments generally have fixed expiration dates or other termination clauses. MELMAC uses the same credit policies in making commitments as it does for making student loans. If these commitments are exercised, the resulting loans will be subject to the guarantee of the Finance Authority of Maine and reinsured by the Department of Education.

The Company is committed under noncancelable operating leases for office and warehouse space and equipment. Total rental expense incurred by the Company in the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000 was \$4.7 million, \$5.1 million, \$6.9 million, \$3.2 million, and \$3.0 million, respectively. Minimum future rentals under noncancelable operating leases are shown below (dollars in thousands):

2003	\$ 4,141
2004	3,812
2005	2,727
2006	2,103
2007	1,255
2008 and thereafter	578
	<hr/>
	\$14,616
	<hr/>

The Company has shareholder agreements with the holders of the vast majority of its common stock. These shareholder agreements restrict the transfer of common stock through sale, pledge, encumbrance or other transfer by the shareholder, without the written consent of the holders of a majority of the pre-recapitalization common stock. The Company has an option to redeem all or a portion of a shareholder's interest in the event that, among other things, the shareholder ceases to be an officer, director or employee of the Company. The purchase price, if the Company elects to exercise its redemption option, is the book value of the shares being redeemed. The shareholder agreements will terminate upon the consummation of the Company's initial public offering in accordance with an agreement entered into by all shareholders in August 2003.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(16) Related Parties

Income earned by Nelnet from loan servicing provided to a related bank in the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000 was \$3.7 million, \$4.8 million, \$5.5 million, \$4.7 million and \$3.2 million, respectively. At September 30, 2003 and December 31, 2002 and 2001, accounts receivable includes approximately \$678,000, \$371,000, and \$382,000, respectively, from this bank for loan servicing.

The Company incurs a consulting management fee for services provided by an entity that is a minority stockholder of the Company. The Company incurred management fee expenses of \$1.3 million and \$1.4 million for the nine months ended September 30, 2003 and 2002, respectively and \$1.75 million, \$1.8 million and \$2.5 million for the years ended December 31, 2002, 2001, and 2000, respectively. This agreement terminated in 2003.

The Company participates in the Short-Term Federal Investment Trust (STFIT) of the Student Loan Trust Division of a related bank which is included in cash and cash equivalents held at a related party on the accompanying consolidated balance sheets. The Company's participation in the STFIT had similar terms and investment yields as those prevailing for other nonaffiliated customers.

In 2001, the Company entered into an agreement with 5280 Solutions, Inc. (5280), an entity 50% owned by NELN, to provide certain software development and technology support services. During the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002 and 2001, the Company incurred contract programming expenses of \$3.3 million, \$5.7 million, \$7.0 million, and \$11.8 million, respectively, for these services. At September 30, 2003 and December 31, 2002 and 2001, \$528,000, \$1.1 million, and \$1.6 million, respectively, was payable to 5280 and is included in other liabilities in the accompanying consolidated balance sheets.

In March 2002, the Company acquired a 50% interest in FirstMark Services LLC (FirstMark). FirstMark agreed to provide subcontracting servicing functions on the Company's behalf with respect to private loan servicing. During the nine months ended September 30, 2003 and 2002 and the year ended December 31, 2002, the Company paid FirstMark fees of approximately \$4.5 million, \$2.5 million and \$4.6 million, respectively. FirstMark owed the Company \$710,000 and \$700,000 at September 30, 2003 and December 31, 2002, respectively.

During the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000, the Student Lending Subsidiaries purchased student loans of \$595 million, \$327 million, \$378 million, \$666 million, and \$536 million, respectively, from a related bank. The purchases from this bank were made on terms similar to those made with unrelated entities. During the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002 and 2001, this bank reimbursed the Company for approximately \$805,000, \$587,000, \$519,000 and \$1.1 million, respectively, for student loan marketing services, and during the year ended December 31, 2000, the Company reimbursed the bank \$2.6 million for such services. During 2001 and 2000, the Company also incurred \$750,000 and \$2.7 million for software advisory, consulting services and management fees provided by this bank.

The Company had a \$30 million unsecured line of credit to provide operating funds from an affiliated company. The line of credit renewed automatically for one-year terms. The Company owed \$29 million of principal and \$56,000 of accrued interest under the line of credit at December 31, 2001. There was no amount outstanding at December 31, 2002. The line of credit was terminated in 2003.

In August 2001, the Company provided a guarantee of liabilities of a bank affiliated with the Company through certain common shareholders and a director in the amount of \$10 million. The Company is paid a fee for this indemnification. The Company does not believe it is probable that the

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Company will be required to make payments on the guarantee. Thus, no liability has been accrued for a loss related to the Company's obligation under this guarantee arrangement.

During the nine months ended September 30, 2003 and 2002 and the year ended December 31, 2002, the Company paid UFS Securities \$1.4 million, \$782,000, and \$1.4 million, respectively, for services related to financings. All payments were made before the acquisition of UFS Securities. These payments have been recorded as debt issuance costs and are included in other assets in the accompanying consolidated balance sheets.

During the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000, the Company incurred consulting fees of \$0, \$1.4 million, \$1.65 million, \$3 million, and \$2.6 million, respectively, for services provided by a related party through common ownership in connection with eligible loan purchases. This agreement terminated in 2003. During the nine months ended September 30, 2003 and 2002 and the years ended December 31, 2002, 2001, and 2000, the Company incurred consulting fees of \$1.8 million, \$1.8 million, \$2.4 million, \$2.3 million, and \$2.8 million, respectively, for services provided by a significant shareholder. This agreement terminated in 2003. During 2001 and 2000, NMS and Guarantec had a service agreement with InTuition Services, Inc. (Services), an entity related through common shareholders prior to acquisition, whereby Services provided certain management and other operational support services for NMS and Guarantec. Amounts paid by NMS and Guarantec for such services, including certain occupancy related expenses allocated to NMS and Guarantec, were \$9.7 million and \$4.7 million in 2001 and 2000, respectively. At December 31, 2001 and 2000, NMS and Guarantec owed Services \$1.6 million and \$918,000, respectively, which is included in other liabilities in the accompanying consolidated balance sheets. During 2002, Nelnet Corp. provided these operational support services.

During 2001, NELN owned \$10 million in preferred stock of a majority owned subsidiary of a significant shareholder. The preferred stock paid a 2% annual cumulative dividend and was included in other assets on the accompanying consolidated balance sheet at December 31, 2001. During 2002, NELN sold the preferred stock to Nelnet at carrying value. Nelnet transferred its ownership in the preferred stock to Infovisa and subsequently sold Infovisa to a significant shareholder at carrying value, which approximated fair value. The operating results of Infovisa were not significant to the consolidated financial statements.

(17) Recently Issued Accounting Pronouncements

(a) *Early Extinguishment of Debt*

In April 2002, the FASB issued SFAS No. 145, *Rescission of FASB Statements Nos. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections*. This statement rescinds FASB Statement No. 4, *Reporting Gains and Losses from Extinguishment of Debt* and an amendment of that statement, FASB Statement No. 64, *Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*. The statement also rescinds FASB Statement No. 44, *Accounting for Intangible Assets of Motor Carriers* and amends FASB Statement No. 13, *Accounting for Leases* to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications which have economic effects which are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. The provisions of SFAS No. 145 related to the rescission of FASB No. 4 are effective for fiscal years beginning after May 15, 2002. The provisions of SFAS No. 145 related to FASB No. 13 are effective for transactions occurring after May 15, 2002. All other provisions of SFAS No. 145 are effective for financial statements issued on or after May 15, 2002. The adoption of SFAS No. 145 did not have a material impact on the Company's financial statements.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(b) Accounting for Costs Associated with Exit or Disposal Activities

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. SFAS No. 146 requires that a liability for costs associated with exit or disposal activities be recognized when the liability is incurred. Previously, generally accepted accounting principles provided for the recognition of such costs at the date of management's commitment to an exit plan. In addition, SFAS No. 146 requires that the liability be measured at fair value and be adjusted for changes in estimated cash flows. The provisions of the new standard are effective for exit or disposal activities initiated after December 31, 2002. It is not expected that SFAS No. 146 will materially affect the Company's financial statements.

(c) Accounting for Acquisitions of Certain Financial Institutions

In October 2002, the FASB issued Statement No. 147, *Acquisitions of Certain Financial Institutions*, which amends Statement No. 72, *Accounting for Certain Acquisitions of Banking and Thrift Institutions*, Statement No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*, and FASB Interpretation No. 9. Except for transactions between two or more mutual enterprises, this Statement removes acquisitions of financial institutions from the scope of both Statement No. 72 and Interpretation 9 and requires that those transactions be accounted for in accordance with FASB Statements No. 141, *Business Combinations*, and No. 142, *Goodwill and Other Intangible Assets*. Thus, the requirement in paragraph 5 of Statement No. 72 to recognize any excess of the fair value of liabilities assumed over the fair value of tangible and identifiable intangible assets acquired as an unidentifiable intangible asset of a business no longer applies to acquisitions within the scope of this Statement. In addition, this Statement amends Statement No. 144 to include in its scope long-term customer-relationship intangible assets of financial institutions such as depositor- and borrower-relationship intangible assets and credit cardholder intangible assets. Consequently, those intangible assets are subject to the same undiscounted cash flow recoverability test and impairment loss recognition and measurement provisions that Statement No. 144 requires for other long-lived assets that are held and used. With some exceptions, the requirements of Statement No. 147 were effective October 1, 2002. The adoption of this Statement did not have a material impact on the Company's financial statements.

(d) Accounting for Stock-Based Compensation

In December 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation — Transition and Disclosure, an amendment to FASB Statement No. 123*. SFAS No. 148 requires annual disclosures about the method of accounting for stock-based compensation and tabular information about the effect of the method accounting for stock-based compensation on net income and earnings per share, including pro forma amounts, in the "Summary of Significant Accounting Policies." On a quarterly basis, SFAS No. 148 requires prominent disclosure in tabular form of the effect of the method of stock-based compensation on net income and earnings per share for all periods presented as accounted for under APB Opinion No. 25. This statement is effective for financial statements for fiscal periods ending after December 15, 2002. The disclosures required by SFAS No. 148 will be made to the extent required for shares when issued under the employee share purchase plan.

(e) Accounting for Guarantees

In November 2002, the FASB issued FASB Interpretation (FIN) No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. FIN No. 45 identifies characteristics of certain guarantee contracts and requires that a liability be recognized at fair value at the inception of such guarantees for the obligations undertaken by the guarantor. Additional disclosures also are prescribed for certain guarantee contracts. The initial recognition

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

and initial measurement provisions of FIN No. 45 are effective for these guarantees issued or modified after December 31, 2002. The disclosure requirements of FIN No. 45 were effective for the Company at December 31, 2002. Disclosure required by FIN No. 45 are included in the financial statements. The guarantees did not require a liability to be recognized under FIN No. 45. The adoption of FIN No. 45 did not have a material effect on the financial statements.

(f) Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN No. 46, *Consolidation of Variable Interest Entities*. FIN No. 46 clarifies the application of Accounting Research Bulletin No. 51, *Consolidated Financial Statements*, to certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties ("variable interest entities"). Variable interest entities (VIEs) are required to be consolidated by their primary beneficiaries. The primary beneficiary of a VIE is the party that absorbs a majority of the entity's expected losses, receives a majority of its expected residual returns, or both, as a result of holding variable interests. FIN No. 46 also requires new disclosures about VIEs. The implementation date has been deferred until December 31, 2003 for calendar year companies. On October 31, 2003, the FASB issued an exposure draft of a proposed interpretation modifying Interpretation No. 46. The proposed clarifications and modifications would apply to periods ending after December 31, 2003. The Company does not believe that FIN No. 46 will have a material effect on its financial statements.

(g) Statement of Financial Accounting Standards No. 149 — Amendment of Statement 133 on Derivative Instruments and Hedging Activities

This Statement amends and clarifies financial accounting and reporting for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives) and for hedging activities under FASB Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities*. This Statement is effective for contracts entered into or modified after June 30, 2003, except as stated below and for hedging relationships designated after June 30, 2003. In addition, except as stated below, all provisions of this Statement should be applied prospectively. The provisions of this Statement that relate to Statement 133 Implementation Issues that have been effective for fiscal quarters that began prior to June 15, 2003 should continue to be applied in accordance with their respective effective dates. In addition, paragraphs 7(a) and 23(a) of Statement 133 Implementation Issues, which relate to forward purchases or sales of when-issued securities or other securities that do not yet exist, should be applied to both existing contracts and new contracts entered into after June 30, 2003. The adoption of FAS No. 149 did not have a significant impact on its financial statements.

(h) Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity

In May 2003, the FASB issued SFAS No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*. SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The Company adopted the standard on July 1, 2003. The adoption of SFAS No. 150 did not have a significant impact on its financial statements.

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

(18) Condensed Parent Company Financial Statements

The following represents the condensed balance sheets as of December 31, 2002 and 2001 and condensed statements of income and cash flows for each of the years in the three-year period ended December 31, 2002 for Nelnet, Inc. (formerly Nelnet Loan Services, Inc.).

The Company is limited in the amount of funds that can be transferred to it by its subsidiaries through intercompany loans, advances, or cash dividends. These limitations relate to the restrictions by trust indentures under the Student Lending Subsidiaries debt financing arrangements. The amounts of cash and investments restricted in the respective reserve accounts of the Student Lending Subsidiaries are shown on the consolidated balance sheets as restricted cash and investments.

**Balance Sheets
(Parent Company Only)
December 31, 2002 and 2001**

	2002	2001
	(dollars in thousands)	
Assets		
Cash	\$ 1,137	865
Restricted cash — due to loan program customers	132,375	65,792
Investment in subsidiaries	71,064	28,111
Accounts receivable and other (net of allowance for doubtful accounts of \$115 in 2002 and \$121 in 2001)	20,151	11,413
Due from subsidiaries and affiliates	12,110	5,464
Income taxes receivable	12,236	14,538
Capitalized software, net	1,127	556
Deferred income taxes	3,204	—
Intangible asset, net	805	9,211
Fixed assets, net	—	5,261
Other assets	—	2,060
	\$254,209	143,271
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable and accrued expenses	\$ 7,558	8,779
Program reimbursement reserve	5,154	3,150
Due to loan program customers	132,375	65,792
Deferred income taxes	—	1,179
Other liabilities	—	1,185
	145,087	80,085
Shareholders' equity:		
Common stock:		
Class A	309	309
Class B	140	140
Additional paid-in capital	52,714	52,714
Retained earnings	55,959	10,023
	109,122	63,186
Total liabilities and shareholders' equity	\$254,209	143,271

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Statements of Income
(Parent Company Only)
Years Ended December 31, 2002, 2001 and 2000

	2002	2001	2000
	(dollars in thousands)		
Revenues:			
Loan servicing	\$113,477	83,352	81,207
Other operating	4,712	4,170	4,124
	<u>118,189</u>	<u>87,522</u>	<u>85,331</u>
Expenses:			
Salaries and benefits	38,692	43,382	49,931
Other operating	71,161	52,947	38,111
	<u>109,853</u>	<u>96,329</u>	<u>88,042</u>
Net operating income (loss)	8,336	(8,807)	(2,711)
Nonoperating income, interest income	1,515	2,121	3,807
	<u>9,851</u>	<u>(6,686)</u>	<u>1,096</u>
Income (loss) before income tax expense, preacquisition earnings and equity in earnings in subsidiaries	9,851	(6,686)	1,096
Income tax expense (benefit)	3,450	(2,777)	(154)
	<u>6,401</u>	<u>(3,909)</u>	<u>1,250</u>
Income (loss) before deducting preacquisition earnings and equity in earnings in subsidiaries	6,401	(3,909)	1,250
Preacquisition earnings, net of taxes of \$1,104	—	—	(1,775)
	<u>6,401</u>	<u>(3,909)</u>	<u>(525)</u>
Income (loss) before equity in earnings in subsidiaries	6,401	(3,909)	(525)
Equity in earnings of subsidiaries	42,137	11,056	3,620
	<u>\$ 48,538</u>	<u>7,147</u>	<u>3,095</u>

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Statements of Cash Flows
(Parent Company Only)
Years Ended December 31, 2002, 2001 and 2000

	2002	2001	2000
	(dollars in thousands)		
Cash flows from operating activities:			
Net income	\$ 48,538	7,147	3,095
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	10,635	17,973	13,682
Deferred income tax benefit	(3,274)	(5,717)	(4,213)
Provision for losses on program reimbursements	1,502	600	440
Net (gain) loss on disposal of fixed assets	—	(234)	2
Equity in earnings of subsidiaries and equity method investment	(42,146)	(11,055)	(3,722)
Decrease (increase) in accounts receivable and other, net	(6,564)	(228)	1,927
Decrease (increase) in due from subsidiaries and affiliates	(8,713)	2,363	(4,957)
Decrease in other assets	2,695	421	382
Decrease (increase) in income taxes receivable	2,302	(10,770)	(5,585)
Increase (decrease) in accounts payable and accrued expenses	(2,369)	2,731	1,033
Increase (decrease) in deferred revenue	—	(295)	118
Decrease in other liabilities	(2,427)	(654)	(374)
Net cash provided by operating activities	<u>179</u>	<u>2,282</u>	<u>1,828</u>
Cash flows from investing activities:			
Acquisition of InTuition, Inc. assets and liabilities, less cash acquired	(1,776)	—	—
Cash received from sale of fixed assets to Nelnet Corporation (subsequently renamed Nelnet Corporate Services, Inc.)	5,818	—	—
Cash received on sale of Infovisa to an affiliated company	6,051	—	—
Purchase of preferred stock of affiliate	(10,000)	—	—
Purchases of fixed assets	—	(4,004)	(4,003)
Proceeds from disposition of fixed assets	—	250	—
Investment in equity method investee	—	(5)	—
Net cash flows provided by (used in) investing activities	<u>93</u>	<u>(3,759)</u>	<u>(4,003)</u>
Cash flows from financing activities; proceeds from issuance of common stock	<u>—</u>	<u>2,010</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	272	533	(2,175)
Cash and cash equivalents, beginning of year	865	332	2,507
Cash and cash equivalents, end of year	<u>\$ 1,137</u>	<u>865</u>	<u>332</u>
Supplemental cash flow information, cash paid for income tax	<u>\$ 6,677</u>	<u>13,709</u>	<u>4,753</u>

(19) Segment Reporting — Restated

The Company is a vertically integrated education finance organization which has four operating segments as defined in SFAS No. 131, *Disclosures about Segments of an Enterprise and Related Information*, as follows: Asset Management, Student Loan Servicing, Guarantee Servicing and Servicing

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Software. The Asset Management and Student Loan Servicing operating segments meet the quantitative thresholds identified in SFAS No. 131 as reportable segments and therefore the related financial data is presented below. The Guarantee Servicing and Servicing Software operating segments do not meet the quantitative thresholds and therefore are included as other segments that do not meet the reportable segment criteria. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Costs excluded from segment net income primarily consist of unallocated corporate expenses, net of miscellaneous revenues. Thus, net income of the segments includes only the costs that are directly attributable to the operations of the individual segment.

The Asset Management segment includes the acquisition, management and ownership of the student loan assets. Revenues are primarily generated from net interest income on the student loan assets. The Company generates student loan assets through direct origination or through acquisition of the loans from branding and forward purchase relationships. The student loan assets are held in a series of education lending subsidiaries designed specifically for this purpose.

The Student Loan Servicing segment provides for the servicing of our own and third parties' student loan portfolios. The servicing activities include application processing, borrower updates, payment processing, claim processing and due diligence procedures. These activities are performed internally for our own portfolio in addition to generating fee revenue when performed for third-party clients.

Substantially all of the Company's revenues are earned from customers in the United States and no single customer accounts for a significant amount of any reportable segment's revenues. Inter-segment revenues are charged by a segment to another segment that provides the product or service. The amount of inter-segment revenue is based on comparable fees charged in the market.

Segment data is as follows:

Nine months ended September 30, 2003	Asset Management	Student Loan Servicing	Other	Total Segments
		(unaudited) (dollars in thousands)		
Net interest income	\$ 138,222	651	7	138,880
Other income	2	61,562	23,319	84,883
Intersegment revenues	—	47,104	1,538	48,642
Total revenue	138,224	109,317	24,864	272,405
Provision for loan losses	8,875	—	—	8,875
Depreciation and amortization	1,610	806	5,348	7,764
Income tax expense	6,376	10,255	916	17,547
Net income	34,163	10,874	1,645	46,682
Total assets (at period end)	11,018,569	106,374	27,028	11,151,971

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

	Asset Management	Student Loan Servicing	Other	Total Segments
Nine months ended September 30, 2002				
		(unaudited)		
		(dollars in thousands)		
Net interest income	\$155,073	1,036	36	156,145
Other income	91	62,465	17,290	79,846
Intersegment revenues	—	40,397	1,071	41,468
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	155,164	103,898	18,397	277,459
Provision for loan losses	3,319	—	—	3,319
Depreciation and amortization	1,609	11,281	4,650	17,540
Income tax expense (benefit)	25,610	2,534	(927)	27,217
Net income (loss)	55,713	6,733	(2,831)	59,615
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended December 31, 2002				
		(dollars in thousands)		
Net interest income	\$ 190,667	1,427	42	192,136
Other income	1,724	83,866	24,409	109,999
Intersegment revenues	—	55,217	1,553	56,770
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	192,391	140,510	26,004	358,905
Provision for loan losses	5,587	—	—	5,587
Depreciation and amortization	2,146	12,313	6,473	20,932
Income tax expense (benefit)	24,988	3,094	(2,528)	25,554
Net income (loss)	63,909	9,128	(5,479)	67,558
Total assets (at period end)	9,552,699	192,921	29,211	9,774,831
	<hr/>	<hr/>	<hr/>	<hr/>
Year ended December 31, 2001				
		(dollars in thousands)		
Net interest income	\$ 117,809	2,365	—	120,174
Other income	926	88,379	8,770	98,075
Intersegment revenues	—	29,948	—	29,948
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	118,735	120,692	8,770	248,197
Provision for loan losses	3,925	—	—	3,925
Depreciation and amortization	2,146	19,854	132	22,132
Income tax expense (benefit)	14,751	(942)	224	14,033
Net income (loss)	29,837	(3,367)	996	27,466
Total assets (at period end)	7,913,099	127,283	5,766	8,046,148
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Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Year ended December 31, 2000	Asset Management	Student Loan Servicing	Other	Total Segments
		(dollars in thousands)		
Net interest income	\$63,778	3,142	—	66,920
Other income	1,559	67,972	—	69,531
Intersegment revenues	—	19,359	—	19,359
Total revenue	65,337	90,473	—	155,810
Provision for loan losses	1,370	—	—	1,370
Depreciation and amortization	—	15,470	—	15,470
Income tax expense (benefit)	4,306	(510)	—	3,796
Net income (loss)	7,767	(479)	—	7,288

Reconciliation to the consolidated financial statements is as follows:	Nine months ended September 30,		Year ended December 31,		
	2003	2002	2002	2001	2000
	(unaudited)				
	(dollars in thousands)				
Total segment revenues	\$272,405	277,459	358,905	248,197	155,810
Elimination of intersegment revenues	(48,642)	(41,468)	(56,770)	(29,948)	(19,359)
Corporate revenues, net	(1,478)	15,623	14,573	(2,799)	2,848
Derivative market value adjustment	(4,632)	(579)	(579)	(2,962)	—
Total consolidated revenues	\$217,653	251,035	316,129	212,488	139,299
Total net income of segments	\$ 46,682	59,615	67,558	27,466	7,288
Corporate expenses, net	(29,911)	(11,762)	(19,020)	(20,319)	(2,768)
Total consolidated net income	\$ 16,771	47,853	48,538	7,147	4,520

	As of September 30, 2003	As of December 31,	
	2003	2002	2001
	(unaudited)		
	(dollars in thousands)		
Total segment assets	\$11,151,971	9,774,831	8,046,148
Elimination of intercompany assets	(17,803)	(96,727)	(40,314)
Assets of other operating activities	18,829	88,479	128,726
Total consolidated assets	\$11,152,997	9,766,583	8,134,560

(20) Subsequent Event — Recapitalization

Effective August 14, 2003, the shareholders of the Company approved amended and restated articles of incorporation. The amended and restated articles of incorporation effected a recapitalization of the Company whereby each share of Class A voting common stock, and each share of Class B non-voting common stock held by two principal shareholders and a related entity (the Principal Shareholders), was converted into 210 shares of new Class B common stock, and each share of Class B nonvoting common stock (other than these owners by the Principal Shareholders) was converted into 210 shares of new Class A common stock. Also, effective with the conversion of the Class B shares to Class A, certain former Class B shareholders converted their new Class B shares into new Class A shares. The new Class B common stock has ten votes per share, and the new Class A common stock has one vote per share. Each

Nelnet, Inc. and Subsidiaries

Notes to Consolidated Financial Statements — (Continued)

Class B share is convertible at any time at the holder's option into one Class A share. With the exception of the voting rights and the conversion feature, the Class A and Class B shares are identical in terms of other rights, including dividend and liquidation rights. The Company's shareholders' equity has been restated to reflect the new capital stock structure for all periods presented.

The Company is in the process of preparing to register shares of its Class A common stock in the public markets. The costs associated with the initial public offering are capitalized and will be deducted from the proceeds upon the sale and issuance of the shares of Class A common stock. In the event this offering is not consummated, costs incurred will be charged to expense. At September 30, 2003, other assets included \$1.2 million of costs associated with the initial public offering.

(21) Restatement

The financial statement captions listed below have been restated to correct for an error related to recording certain intangible assets as of December 31, 2002 and 2001 and during each of the years in the three-year period ended December 31, 2002. The adjustments result from an error in recording the deferred income taxes related to purchased intangible assets, which are not deductible for tax purposes. The following table sets forth the consolidated balance sheet and income statement amounts for the Company, showing previously reported and restated amounts (dollars in thousands):

	As previously reported	Restated
As of December 31, 2002:		
Intangible assets, net	\$19,905	23,909
Other assets	65,923	61,919
As of December 31, 2001:		
Intangible assets, net	15,652	22,513
Other assets	53,218	46,357
For the year ended December 31, 2002:		
Depreciation and amortization	27,042	32,449
Income tax expense	33,086	27,679
For the year ended December 31, 2001:		
Depreciation and amortization	21,670	28,592
Income tax expense	12,302	5,380
For the year ended December 31, 2000:		
Depreciation and amortization	12,593	17,304
Income tax expense	6,924	2,213

The restatement adjustments had no impact on net income or on the consolidated statements of shareholders' equity or on the cash flows for any of the years in the three-year period ended December 31, 2002.

THE FEDERAL FAMILY EDUCATION LOAN PROGRAM

The Federal Family Education Loan Program

The Higher Education Act provides for a program of direct federal insurance for student loans as well as reinsurance of student loans guaranteed or insured by state agencies or private non-profit corporations.

The Higher Education Act currently authorizes certain student loans to be covered under the Federal Family Education Loan Program. The 1998 Amendments to the Higher Education Act extended the authorization for the FFEL Program through September 30, 2004. Congress has extended similar authorization dates in prior versions of the Higher Education Act. However, the current authorization dates may not again be extended and the other provisions of the Higher Education Act may not be continued in their present form.

Generally, a student is eligible for loans made under the FFEL Program only if he or she:

- has been accepted for enrollment or is enrolled in good standing at an eligible institution of higher education;
- is carrying or planning to carry at least one-half the normal full-time workload for the course of study the student is pursuing as determined by the institution;
- has agreed to promptly notify the holder of the loan of any address change; and
- meets the applicable “needs” requirements.

Eligible institutions include higher educational institutions and vocational schools that comply with specific federal regulations. Each loan is to be evidenced by an unsecured note.

The Higher Education Act also establishes maximum interest rates for each of the various types of loans. These rates vary not only among loan types, but also within loan types depending upon when the loan was made or when the borrower first obtained a loan under the FFEL Program. The Higher Education Act allows lesser rates of interest to be charged.

Regulations authorize the DOE to limit, suspend or terminate lenders’ participation in the FFEL Program, as well as to impose civil penalties, if lenders violate certain program regulations. The regulations also authorize the DOE to impose penalties on the servicer and/or limit, suspend or terminate the servicer’s eligibility to contract to service FFELP loans if the servicer fails to meet standards of financial responsibility or administrative capability included in the regulations or violates certain other FFELP requirements. The DOE conducts frequent on-site audits of our loan servicing activities. Guaranty agencies conduct similar audits on a regular basis. In addition, we engage independent third parties to conduct compliance reviews, as required by the DOE, with respect to our own student loan portfolio and the portfolios of our third-party servicing clients.

Types of Loans

Four types of loans are currently available under the FFEL Program:

- Stafford loans,
- Unsubsidized Stafford loans,
- PLUS loans, and
- Consolidation loans.

These loan types vary as to eligibility requirements, interest rates, repayment periods, loan limits and eligibility for interest subsidies and special allowance payments. Some of these loan types have had other names in the past. References to these various loan types include, where appropriate, their predecessors.



The primary loan under the FFEL Program is the subsidized Stafford loan. Students who are not eligible for subsidized Stafford loans based on their economic circumstances may be able to obtain unsubsidized Stafford loans. Parents of students may be able to obtain PLUS loans. Consolidation loans are available to borrowers with existing loans made under the FFEL Program and other federal programs to consolidate repayment of the borrower's existing loans. Prior to July 1, 1994, the FFEL Program also offered SLS loans to graduate and professional students and independent undergraduate students and, under certain circumstances, dependent undergraduate students, to supplement their Stafford loans.

Subsidized Stafford Loans

General. Subsidized Stafford loans are eligible for reinsurance under the Higher Education Act if the eligible student to whom the loan is made has been accepted or is enrolled in good standing at an eligible institution of higher education or vocational school and is carrying at least one-half the normal full-time workload at that institution. Subsidized Stafford loans have limits as to the maximum amount which may be borrowed for an academic year and in the aggregate for both undergraduate and graduate/ professional study. Both aggregate limitations exclude loans made under the SLS and PLUS programs. The Secretary of Education has discretion to raise these limits to accommodate students undertaking specialized training requiring exceptionally high costs of education.

Subsidized Stafford loans are generally made only to student borrowers who meet the needs tests provided in the Higher Education Act. Provisions addressing the implementation of needs analysis and the relationship between unmet need for financing and the availability of subsidized Stafford loan funding have been the subject of frequent and extensive amendment in recent years. Further amendment to such provisions may materially affect the availability of Subsidized Stafford loan funding to borrowers or the availability of subsidized Stafford loans for secondary market acquisition.

Interest rates for subsidized Stafford loans. For a Stafford loan made prior to July 1, 1994, the applicable interest rate for a borrower who, on the date the promissory note was signed, did not have an outstanding balance on a previous FFELP loan:

(1) is 7% per annum for a loan covering a period of instruction beginning before January 1, 1981;

(2) is 9% per annum for a loan covering a period of instruction beginning on or before January 1, 1981, but before September 13, 1983;

(3) is 8% per annum for a loan covering a period of instruction beginning on or after September 13, 1983, but before July 1, 1988;

(4) is 8% per annum for the period from the disbursement of the loan to the date which is four years after the loan enters repayment, for a loan made prior to October 1, 1992, covering a period of instruction beginning on or after July 1, 1988, and thereafter shall be adjusted annually, and for any 12-month period commencing on a July 1 shall be equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.25% per annum (but not to exceed 10% per annum); or

(5) for a loan made on or after October 1, 1992 shall be adjusted annually, and for any 12-month period commencing on a July 1 shall be equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum (but not to exceed 9% per annum).

For a Stafford loan made prior to July 1, 1994, the applicable interest rate for a borrower who, on the date the promissory note evidencing the loan was signed, had an outstanding balance on a previous loan made insured or guaranteed under the FFEL Program:

(1) for a loan made prior to July 23, 1992 is the applicable interest rate on the previous loan or, if the previous loan is not a Stafford loan, 8% per annum or

(2) for a loan made on or before July 23, 1992 shall be adjusted annually, and for any twelve month period commencing on a July 1 shall be equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum but not to exceed:

- 7% per annum in the case of a Stafford loan made to a borrower who has a loan described in clause (1) above;
- 8% per annum in the case of:
 - a Stafford loan made to a borrower who has a loan described in clause (3) above,
 - a Stafford loan which has not been in repayment for four years and which was made to a borrower who has a loan described in clause (4) above,
 - a Stafford loan for which the first disbursement was made prior to December 20, 1993 to a borrower whose previous loans do not include a Stafford loan or an unsubsidized Stafford loan;
- 9% per annum in the case of a Stafford loan made to a borrower who has a loan described in clauses (2) or (5) above or a Stafford loan for which the first disbursement was made on or after December 20, 1993 to a borrower whose previous loans do not include a Stafford loan or an unsubsidized Stafford loan; and
- 10% per annum in the case of a Stafford loan which has been in repayment for four years or more and which was made to a borrower who has a loan described in clause (4) above.

The interest rate on all Stafford loans made on or after July 1, 1994 but prior to July 1, 1998, regardless of whether the borrower is a new borrower or a repeat borrower, is the rate described in clause (7) above, except that the interest rate shall not exceed 8.25% per annum. For any Stafford loan made on or after July 1, 1995, the interest rate is further reduced prior to the time the loan enters repayment and during any deferment periods. During deferment periods, the formula described in clause (7) above is applied, except that 2.5% is substituted for 3.1%, and the rate shall not exceed 8.25% per annum.

For Stafford loans made on or after July 1, 1998 but before July 1, 2006, the applicable interest rate shall be adjusted annually, and for any twelve month period commencing on a July 1 shall be equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 1.7% per annum prior to the time the loan enters repayment and during any deferment periods, and 2.3% per annum during repayment, but not to exceed 8.25% per annum.

For loans the first disbursement of which is made on or after July 1, 2006, the applicable interest rate will be 6.8%. There can be no assurance that the interest rate provisions for these loans will not be further amended.

Unsubsidized Stafford Loans

General. Unsubsidized Stafford loans were created by Congress in 1992 for students who do not qualify for subsidized Stafford loans due to parental and/or student income and assets in excess of permitted amounts. These students are entitled to borrow the difference between the Stafford loan maximum and their subsidized Stafford eligibility. The general requirements for unsubsidized Stafford loans are essentially the same as those for subsidized Stafford loans. The interest rate, the annual loan limits and the special allowance payment provisions of the unsubsidized Stafford loans are the same as the subsidized Stafford loans. However, the terms of the unsubsidized Stafford loans differ materially from subsidized Stafford loans in that the federal government will not make interest subsidy payments and the loan limitations are determined without respect to the expected family contribution. The borrower will be required to either pay interest from the time the loan is disbursed or capitalize the interest until repayment begins. Unsubsidized Stafford loans were not available before October 1, 1992. A student meeting the

general eligibility requirements for a loan under the FFEL Program is eligible for an unsubsidized Stafford loan without regard to need.

Interest rates for unsubsidized Stafford loans. Unsubsidized Stafford loans are subject to the same interest rate provisions as subsidized Stafford loans.

PLUS Loans

General. PLUS loans are made only to borrowers who are parents and, under certain circumstances, spouses of remarried parents, of dependent undergraduate students. For PLUS loans made on or after July 1, 1993, the parent borrower must not have an adverse credit history as determined pursuant to criteria established by the Department of Education. The basic provisions applicable to PLUS loans are similar to those of subsidized Stafford loans with respect to the involvement of guaranty agencies and the Secretary of Education in providing federal reinsurance on the loans. However, PLUS loans differ significantly from subsidized Stafford loans, particularly because federal interest subsidy payments are not available under the PLUS loan program and special allowance payments are more restricted.

Interest rates for PLUS loans. The applicable interest rate depends upon the date of issuance of the loan and the period of enrollment for which the loan is to apply. The applicable interest rate on a PLUS loan:

- made on or after January 1, 1981, but before October 1, 1981, is 9% per annum;
- made on or after October 1, 1981, but before November 1, 1982, is 14% per annum;
- made on or after November 1, 1982, but before July 1, 1987, is 12% per annum;
- made on or after July 1, 1987, but before October 1, 1992 shall be adjusted annually, and for any 12-month period beginning on July 1 shall be equal to the bond equivalent rate of 52-week U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.25% per annum (but not to exceed 12% per annum);
- made on or after October 1, 1992, but before July 1, 1994, shall be adjusted annually, and for any 12-month period beginning on July 1 shall be equal to the bond equivalent rate of 52-week U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum (but not to exceed 10% per annum);
- made on or after July 1, 1994, but before July 1, 1998, is the same as that for a loan made on or after October 1, 1992, but before July 1, 1994, except that such rate shall not exceed 9% per annum;
- made on or after July 1, 1998, but before July 1, 2006, shall be adjusted annually, and for any 12-month period beginning on July 1 shall be equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum (but not to exceed 9% per annum); or
- the first disbursement of which is made on or after July 1, 2006 will be 7.9%.

For any 12-month period beginning on July 1, 2001 or any succeeding year, the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the last calendar week before such June 26, will be substituted for the 52-week Treasury bill as the index for interest rate calculations.

SLS loans

General. SLS loans were limited to graduate or professional students, independent undergraduate students, and dependent undergraduate students, if the students' parents were unable to obtain a PLUS loan and were also unable to provide the students' expected family contribution. Except for dependent undergraduate students, eligibility for SLS loans was determined without regard to need. SLS loans are

similar to subsidized Stafford loans with respect to the involvement of guaranty agencies and the Secretary of Education in providing federal reinsurance on the loans. However, SLS loans differ significantly from subsidized Stafford loans, particularly because federal interest subsidy payments are not available under the SLS loan program and special allowance payments are more restricted.

Interest rates for SLS loans. The applicable interest rates on SLS loans made prior to October 1, 1992 are identical to the applicable interest rates on PLUS loans made at the same time. For SLS loans made on or after October 1, 1992, the applicable interest rate is the same as the applicable interest rate on PLUS loans, except that the ceiling is 11% per annum instead of 10% per annum.

Consolidation Loans

General. The Higher Education Act authorizes a program under which certain borrowers may consolidate their various student loans into a single loan insured and reinsured on a basis similar to subsidized Stafford loans. Consolidation loans may be obtained in an amount sufficient to pay outstanding principal, unpaid interest and late charges on federally insured or reinsured student loans incurred under the FFEL Program, excluding PLUS loans made to “parent borrowers,” selected by the borrower, as well as loans made pursuant to the Perkins (formally National Direct Student Loan) and Health Professional Student Loan Programs. To be eligible for a consolidation loan, a borrower must:

- have outstanding indebtedness on student loans made under the FFEL Program and/or certain other federal student loan programs, and
- be in repayment status or in a grace period, or
- be a defaulted borrower who has made arrangements to repay any defaulted loan satisfactory to the holder of the defaulted loan.

If requested by the borrower, an eligible lender may consolidate SLS or PLUS loans of the same borrower held by the lender under a single repayment schedule. The repayment period for each included loan shall be based on the commencement of repayment of the most recent loan. The consolidated loan shall bear interest at a rate equal to the weighted average of the rates of the included loans. Such a consolidation shall not be treated as the making of a new loan. In addition, at the request of the borrower, a lender may refinance an existing fixed rate SLS or PLUS loan, including an SLS or PLUS loan held by a different lender who has refused to refinance the loan, at a variable interest rate. In this case, proceeds of the new loan are used to discharge the original loan.

A married couple who agree to be jointly liable on a consolidation loan, for which the application is received on or after January 1, 1993, may be treated as an individual for purposes of obtaining a consolidation loan. For consolidation loans disbursed prior to July 1, 1994 the borrower was required to have outstanding student loan indebtedness of at least \$7,500. Prior to the adoption of the Higher Education Technical Amendments Act of 1993, PLUS loans could not be included in the consolidation loan. For consolidation loans for which the applications were received prior to January 1, 1993, the minimum student loan indebtedness was \$5,000 and the borrower could not be delinquent more than 90 days in the payment of such indebtedness. For applications received on or after January 1, 1993, borrowers may add additional loans to a consolidation loan during the 180-day period following the origination of the consolidation loan.

Interest rates for consolidation loans. A consolidation loan made prior to July 1, 1994 bears interest at a rate equal to the weighted average of the interest rates on the loans retired, rounded to the nearest whole percent, but not less than 9% per annum. Except as described in the next sentence, a consolidation loan made on or after July 1, 1994 bears interest at a rate equal to the weighted average of the interest rates on the loans retired, rounded upward to the nearest whole percent, but with no minimum rate. For a consolidation loan for which the application is received by an eligible lender on or after November 13, 1997 and before October 1, 1998, the interest rate shall be adjusted annually, and for any twelve-month period commencing on a July 1 shall be equal to the bond equivalent rate of 91-day U.S. Treasury bills auctioned at the final auction prior to the preceding June 1, plus 3.1% per annum, but not to exceed 8.25%

per annum. Notwithstanding these general interest rates, the portion, if any, of a consolidation loan that repaid a loan made under title VII, Sections 700-721 of the Public Health Services Act, as amended, has a different variable interest rate. Such portion is adjusted on July 1 of each year, but is the sum of the average of the T-Bill Rates auctioned for the quarter ending on the preceding June 30, plus 3.0%, without any cap on the interest rate. Consolidation loans made on or after October 1, 1998 and before July 1, 2006 will bear interest at a per annum rate equal to the lesser of 8.25% or the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher 1/8 of 1%. Consolidation loans for which the application is received on or after July 1, 2006, will bear interest also at a rate per annum equal to the lesser of 8.25% or the weighted average of the interest rates on the loans being consolidated, rounded to the nearest higher 1/8 of 1%. For a discussion of required payments that reduce the return on consolidation loans, see “Fees — Rebate Fees on Consolidation Loans” in this Appendix.

Maximum Loan Amounts

Each type of loan is subject to limits on the maximum principal amount, both with respect to a given year and in the aggregate. Consolidation loans are limited only by the amount of eligible loans to be consolidated. All of the loans are limited to the difference between the cost of attendance and the other aid available to the student. Stafford loans are also subject to limits based upon needs analysis. Additional limits are described below.

Loan limits for Stafford and unsubsidized Stafford loans. Stafford and unsubsidized Stafford loans are generally treated as one loan type for loan limit purposes. A student who has not successfully completed the first year of a program of undergraduate education may borrow up to \$2,625 in an academic year. A student who has successfully completed the first year, but who has not successfully completed the second year may borrow up to \$3,500 per academic year. An undergraduate student who has successfully completed the first and second year, but who has not successfully completed the remainder of a program of undergraduate education, may borrow up to \$5,500 per academic year. For students enrolled in programs of less than an academic year in length, the limits are generally reduced in proportion to the amount by which the programs are less than one year in length. A graduate or professional student may borrow up to \$8,500 in an academic year. The maximum aggregate amount of Stafford and unsubsidized Stafford loans, including that portion of a consolidation loan used to repay such loans, which an undergraduate student may have outstanding is \$23,000. The maximum aggregate amount for a graduate and professional student, including loans for undergraduate education, is \$65,500. The Secretary of Education is authorized to increase the limits applicable to graduate and professional students who are pursuing programs which the Secretary of Education determines to be exceptionally expensive.

Prior to the enactment of the Higher Education Amendments of 1992, an undergraduate student who had not successfully completed the first and second year of a program of undergraduate education could borrow Stafford loans in amounts up to \$2,625 in an academic year. An undergraduate student who had successfully completed the first and second year, but who had not successfully completed the remainder of a program of undergraduate education could borrow up to \$4,000 per academic year. The maximum for graduate and professional students was \$7,500 per academic year. The maximum aggregate amount of Stafford loans which a borrower could have outstanding, including that portion of a consolidation loan used to repay such loans, was \$17,250. The maximum aggregate amount for a graduate or professional student, including loans for undergraduate education, was \$54,750. Prior to the 1986 changes, the annual limits were generally lower.

Loan limits for PLUS loans. For PLUS loans made on or after July 1, 1993, the amounts of PLUS loans are limited only by the student’s unmet need. Prior to that time PLUS loans were subject to limits similar to those of SLS loans applied with respect to each student on behalf of whom the parent borrowed.

Loan limits for SLS loans. A student who had not successfully completed the first and second year of a program of undergraduate education could borrow an SLS loan in an amount of up to \$4,000. A student who had successfully completed the first and second year, but who had not successfully completed the remainder of a program of undergraduate education could borrow up to \$5,000 per year. Graduate and

professional students could borrow up to \$10,000 per year. SLS loans were subject to an aggregate maximum of \$23,000 (\$73,000 for graduate and professional students). Prior to the 1992 changes, SLS loans were available in amounts of \$4,000 per academic year, up to a \$20,000 aggregate maximum. Prior to the 1986 changes, a graduate or professional student could borrow \$3,000 of SLS loans per academic year, up to a \$15,000 maximum, and an independent undergraduate student could borrow \$2,500 of SLS loans per academic year minus the amount of all other Federal Family Education Loan Program loans to such student for such academic year, up to the maximum amount of all FFELP loans to that student of \$12,500. In 1989, the amount of SLS loans for students enrolled in programs of less than an academic year in length were limited in a manner similar to the limits described above under "Subsidized Federal Stafford Loans."

Disbursement Requirements

The Higher Education Act now requires that virtually all Stafford loans and PLUS loans be disbursed by eligible lenders in at least two separate installments. The proceeds of a loan made to any undergraduate first-year student borrowing for the first time under the program must be delivered to the student no earlier than thirty days after the enrollment period begins.

Repayment

Repayment periods. Loans made under FFEL Program, other than consolidation loans, must provide for repayment of principal in periodic installments over a period of not less than five nor more than ten years. After the 1998 Amendments, lenders are required to offer extended repayment schedules to new borrowers who accumulate outstanding loans of more than \$30,000, in which case the repayment period may extend up to 25 years subject to certain minimum repayment amounts. A consolidation loan must be repaid during a period agreed to by the borrower and lender, subject to maximum repayment periods which vary depending upon the principal amount of the borrower's outstanding student loans, but may not be longer than 30 years. For consolidation loans for which the application was received prior to January 1, 1993, the repayment period could not exceed 25 years. Repayment of principal on a Stafford loan does not commence while a student remains a qualified student, but generally begins upon expiration of the applicable grace period. Grace periods may be waived by borrowers. For Stafford loans for which the applicable rate of interest is 7% per annum, the repayment period commences not more than twelve months after the borrower ceases to pursue at least a half-time course of study. For other Stafford loans and unsubsidized Stafford loans, the repayment period commences not more than six months after the borrower ceases to pursue at least a half-time course of study. The six month or 12 month periods are the "grace periods."

In the case of SLS, PLUS and consolidation loans, the repayment period commences on the date of final disbursement of the loan, except that the borrower of an SLS loan who also has a Stafford loan may defer repayment of the SLS loan to coincide with the commencement of repayment of the Stafford or unsubsidized Stafford loan. During periods in which repayment of principal is required, payments of principal and interest must in general be made at a rate of not less than the greater of \$600 per year or the interest that accrues during the year, except that a borrower and lender may agree to a lesser rate at any time before or during the repayment period. A borrower may agree, with concurrence of the lender, to repay the loan in less than five years with the right subsequently to extend his minimum repayment period to five years. Borrowers may accelerate, without penalty, the repayment of all or any part of the loan.

Income-sensitive repayment schedules. Since 1992, lenders of consolidation loans have been required to establish graduated or income-sensitive repayment schedules and lenders of Stafford and SLS loans have been required to offer borrowers the option of repaying in accordance with graduated or income-sensitive repayment schedules. A trust may implement graduated repayment schedules and income-sensitive repayment schedules. Use of income-sensitive repayment schedules may extend the ten-year maximum term for up to five years. In addition, if the repayment schedule on a loan that has been converted to a variable interest rate does not provide for adjustments to the amount of the monthly installment payments, the ten-year maximum term may be extended for up to three years.

Deferment periods. No principal repayments need be made during certain periods of deferment prescribed by the Higher Education Act. For loans to a borrower who first obtained a loan which was disbursed before July 1, 1993, deferments are available:

- during a period not exceeding three years while the borrower is a member of the Armed Forces, an officer in the Commissioned Corps of the Public Health Service or, with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan to cover the cost of instruction for a period of enrollment beginning on or after July 1, 1987, an active duty member of the National Oceanic and Atmospheric Administration Corps;
- during a period not in excess of three years while the borrower is a volunteer under the Peace Corps Act;
- during a period not in excess of three years while the borrower is a full-time volunteer under the Domestic Volunteer Act of 1973;
- during a period not exceeding three years while the borrower is in service, comparable to the service described above as a full-time volunteer for an organization which is exempt from taxation under Section 501(c)(3) of the Code;
- during a period not exceeding two years while the borrower is serving an internship necessary to receive professional recognition required to begin professional practice or service, or a qualified internship or residency program;
- during a period not exceeding three years while the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or while the borrower is unable to secure employment by reason of the care required by a dependent who is so disabled;
- during a period not to exceed twenty-four months while the borrower is seeking and unable to find full-time employment;
- during any period that the borrower is pursuing a full-time course of study at an eligible institution (or, with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan to cover the cost of instruction for a period of enrollment beginning on or after July 1, 1987, is pursuing at least a half-time course of study for which the borrower has obtained a loan under the FFEL Program), or is pursuing a course of study pursuant to a graduate fellowship program or a rehabilitation training program for disabled individuals approved by the Secretary of Education;
- during a period, not in excess of 6 months, while the borrower is on parental leave; and
- only with respect to a borrower who first obtained a student loan disbursed on or after July 1, 1987, or a student loan to cover the cost of instruction for a period of enrollment beginning on or after July 1, 1987, during a period not in excess of three years while the borrower is a full-time teacher in a public or nonprofit private elementary or secondary school in a “teacher shortage area” (as prescribed by the Secretary of Education), and during a period not in excess of 12 months for mothers, with preschool age children, who are entering or re-entering the work force and who are compensated at a rate not exceeding \$1 per hour in excess of the federal minimum wage.

For loans to a borrower who first obtains a loan on or after July 1, 1993, deferments are available:

- during any period that the borrower is pursuing at least a half-time course of study at an eligible institution or a course of study pursuant to a graduate fellowship program or rehabilitation training program approved by the Secretary of Education;

- during a period not exceeding three years while the borrower is seeking and unable to find full-time employment; and
- during a period not in excess of three years for any reason which the lender determines, in accordance with regulations under the Higher Education Act, has caused or will cause the borrower economic hardship. Economic hardship includes working full time and earning an amount not in excess of the greater of the minimum wage or the poverty line for a family of two. Additional categories of economic hardship are based on the relationship between a borrower's educational debt burden and his or her income.

Prior to the 1992 changes, only certain of the deferment periods described above were available to PLUS loan borrowers, and only certain deferment periods were available to consolidation loan borrowers. Prior to the 1986 changes, PLUS loan borrowers were not entitled to certain deferment periods. Deferment periods extend the ten-year maximum term.

Forbearance period. The Higher Education Act also provides for periods of forbearance during which the borrower, in case of temporary financial hardship, may defer any payments. A borrower is entitled to forbearance for a period not to exceed three years while the borrower's debt burden under Title IV of the Higher Education Act (which includes the FFEL Program) equals or exceeds 20% of the borrower's gross income, and also is entitled to forbearance while he or she is serving in a qualifying medical or dental internship program or in a "national service position" under the National and Community Service Trust Act of 1993. In addition, mandatory administrative forbearances are provided in exceptional circumstances such as a local or national emergency or military mobilization, or when the geographical area in which the borrower or endorser resides has been designated a disaster area by the President of the United States or Mexico, the Prime Minister of Canada, or by the governor of a state. In other circumstances, forbearance is at the lender's option. Forbearance also extends the ten year maximum term.

Interest payments during grace, deferment and forbearance periods. The Secretary of Education makes interest payments on behalf of the borrower of certain eligible loans while the borrower is in school and during grace and deferment periods. Interest that accrues during forbearance periods and, if the loan is not eligible for interest subsidy payments, while the borrower is in school and during the grace and deferment periods, may be paid monthly or quarterly or capitalized not more frequently than quarterly.

Fees

Guarantee fee. A guaranty agency is authorized to charge a premium, or guarantee fee, of up to 1% of the principal amount of the loan, which must be deducted proportionately from each installment payment of the proceeds of the loan to the borrower. Guarantee fees may not currently be charged to borrowers of consolidation loans. However, borrowers may be charged an insurance fee to cover the costs of increased or extended liability with respect to consolidation loans. For loans made prior to July 1, 1994, the maximum guarantee fee was 3% of the principal amount of the loan, but no such guarantee fee was authorized to be charged with respect to unsubsidized Stafford loans.

Origination fee. An eligible lender is authorized to charge the borrower of a Stafford loan, an unsubsidized Stafford loan or PLUS loan an origination fee in an amount not to exceed 5% of the principal amount of the loan, and is required to charge the borrower of an unsubsidized Stafford loan or a PLUS loan an origination fee in the amount of 3% of the principal amount of the loan. These fees must be deducted proportionately from each installment payment of the loan proceeds prior to payment to the borrower. These fees are not retained by the lender, but must be passed on to the Secretary of Education.

Lender origination fee. The lender of any loan under the FFEL Program made on or after October 1, 1993 is required to pay to the Secretary of Education a fee equal to 0.5% of the principal amount of such loan.

Rebate fee on Consolidation Loans. The holder of any consolidation loan made on or after October 1, 1993 is required to pay to the Secretary of Education a monthly fee equal to .0875% (1.05%

per annum) of the principal amount of, and accrued interest on the consolidation loan. For loans made pursuant to applications received on or after October 1, 1998, and on or before January 31, 1999 the fee on consolidation loans of 1.05% is reduced to .62%.

Interest Subsidy Payments

Interest subsidy payments are interest payments paid with respect to an eligible loan before the time that the loan enters repayment and during grace and deferment periods. The Secretary of Education and the guaranty agencies enter into interest subsidy agreements whereby the Secretary of Education agrees to pay interest subsidy payments to the holders of eligible guaranteed loans for the benefit of students meeting certain requirements, subject to the holders' compliance with all requirements of the Higher Education Act. Only Stafford loans and consolidation loans for which the application was received on or after January 1, 1993, are eligible for interest subsidy payments. Consolidation loans made after August 10, 1993 are eligible for interest subsidy payments only if all loans consolidated thereby are Stafford loans, except that consolidation loans for which the application is received by an eligible lender on or after November 13, 1997 and before October 1, 1998, are eligible for interest subsidy payments on that portion of the Consolidation loan that repays Stafford loans or similar subsidized loans made under the direct loan program. In addition, to be eligible for interest subsidy payments, guaranteed loans must be made by an eligible lender under the applicable guaranty agency's guarantee program, and must meet requirements prescribed by the rules and regulations promulgated under the Higher Education Act.

The Secretary of Education makes interest subsidy payments quarterly on behalf of the borrower to the holder of a guaranteed loan in a total amount equal to the interest which accrues on the unpaid principal amount prior to the commencement of the repayment period of the loan or during any deferment period. A borrower may elect to forego interest subsidy payments, in which case the borrower is required to make interest payments.

Special Allowance Payments

The Higher Education Act provides for special allowance payments to be made by the Secretary of Education to eligible lenders. The rates for special allowance payments are based on formulas that differ according to the type of loan, the date the loan was originally made or insured and the type of funds used to finance the loan (taxable or tax-exempt).

Subsidized and unsubsidized Stafford loans. The effective formulas for special allowance payment rates for Stafford and unsubsidized Stafford loans are summarized in the following chart. The T-Bill Rate mentioned in the chart refers to the average of the bond equivalent yield of the 91-day Treasury bills auctioned during the preceding quarter.

Date of Loans	Annualized SAP Rate
On or after October 1, 1981	T-Bill Rate less Applicable Interest Rate + 3.5%
On or after November 16, 1986	T-Bill Rate less Applicable Interest Rate + 3.25%
On or after October 1, 1992	T-Bill Rate less Applicable Interest Rate + 3.1%
On or after July 1, 1995	T-Bill Rate less Applicable Interest Rate + 3.1%(1)
On or after July 1, 1998	T-Bill Rate less Applicable Interest Rate + 2.8%(2)
On or after January 1, 2000 and before July 1, 2003	3 Month Commercial Paper Rate less Applicable(3) Interest Rate + 2.34%

(1) Substitute 2.5% in this formula while loans are in-school, grace or deferment status.

(2) Substitute 2.2% in this formula while such loans are in-school, grace or deferment status.

(3) Substitute 1.74% in this formula while such loans are in-school, grace or deferment status.

Federal PLUS, SLS and consolidation loans. The formula for special allowance payments on PLUS, SLS and Consolidation Loans are as follows:

Date of Loans	Annualized SAP Rate
On or after October 1, 1992	T-Bill Rate less applicable Interest Rate + 3.1%
On or after January 1, 2000	3 Month Commercial Paper Rate less applicable Interest Rate + 2.64%

For PLUS and SLS loans which bear interest at rates adjusted annually, special allowance payments are made only in years during which the interest rate ceiling on such loans operates to reduce the rate that would otherwise apply based upon the applicable formula. See “Interest rates for PLUS loans” and “Interest rates for SLS loans” in this Appendix. Special allowance payments are paid with respect to PLUS Loans made on or after October 1, 1992 only if the rate that would otherwise apply exceeds 10% per annum. For PLUS loans made after July 1, 1998 and before July 1, 2006, special allowance is paid only if the sum of the 91-day Treasury bill rate determined at an auction held on June 1 of each year plus 3.1% exceeds 9.0%. For PLUS loans first disbursed on or after July 1, 2006, special allowance is paid for such loans in any 12-month period beginning on July 1 and ending on June 30 only if the sum of the average of the bond equivalent rates of the quotes of the 3-month commercial paper rate for the last calendar week ending on or before such July 1 plus 2.64% exceeds 9.0%. The portion, if any, of a consolidation loan that repaid a loan made under Title VII, Sections 700-721 of the Public Health Services Act, as amended, is ineligible for special allowance payments.

Special allowance payments for loans financed by tax-exempt bonds. The effective formulas for special allowance payment rates for Stafford Loans and Unsubsidized Stafford Loans differ depending on whether loans to borrowers were acquired or originated with the proceeds of tax-exempt obligations. The formula for special allowance payments for loans financed with the proceeds of tax-exempt obligations originally prior to October 1, 1993 is:

$$\text{T Bill Rate less Applicable Interest Rate} + 3.5\%$$

provided that the special allowance applicable to the loans may not be less than 9 1/2% less the Applicable Interest Rate. Loans acquired with the proceeds of tax-exempt obligations originally issued after October 1, 1993 receive special allowance payments made on other loans.

Adjustments to special allowance payments. Special allowance payments and interest subsidy payments are reduced by the amount which the lender is authorized or required to charge as an origination fee. In addition, the amount of the lender origination fee is collected by offset to special allowance payments and interest subsidy payments. The Higher Education Act provides that if special allowance payments or interest subsidy payments have not been made within 30 days after the Secretary of Education receives an accurate, timely and complete request therefor, the special allowance payable to such holder shall be increased by an amount equal to the daily interest accruing on the special allowance and interest subsidy payments due the holder.

Description of the Guaranty Agencies

The following discussion relates to guaranty agencies under the FFELP.

A guaranty agency guarantees loans made to students or parents of students by lending institutions such as banks, credit unions, savings and loan associations, certain schools, pension funds and insurance companies. A guaranty agency generally purchases defaulted student loans which it has guaranteed with its reserve fund. A lender may submit a default claim to the guaranty agency after the student loan has been delinquent for at least 270 days. The default claim package must include all information and documentation required under the FFELP regulations and the guaranty agency’s policies and procedures.

In general, a guaranty agency's reserve fund has been funded principally by administrative cost allowances paid by the Secretary of Education, guarantee fees paid by lenders, investment income on moneys in the reserve fund, and a portion of the moneys collected from borrowers on guaranteed loans that have been reimbursed by the Secretary of Education to cover the guaranty agency's administrative expenses.

Various changes to the Higher Education Act have adversely affected the receipt of revenues by the guaranty agencies and their ability to maintain their reserve funds at previous levels, and may adversely affect their ability to meet their guarantee obligations. These changes include:

- the reduction in reinsurance payments from the Secretary of Education because of reduced reimbursement percentages;
- the reduction in maximum permitted guarantee fees from 3% to 1% for loans made on or after July 1, 1994;
- the replacement of the administrative cost allowance with a student loan processing and issuance fee equal to 65 basis points (40 basis points for loans made on or after October 1, 1993) paid at the time a loan is guaranteed, and an account maintenance fee of 12 basis points (10 basis points for fiscal years 2001-2003) paid annually on outstanding guaranteed student loans;
- the reduction in supplemental preclaims assistance payments from the Secretary of Education; and
- the reduction in retention by a guaranty agency of collections on defaulted loans from 27% to 24% (23% beginning on October 1, 2003).

Additionally, the adequacy of a guaranty agency's reserve fund to meet its guarantee obligations with respect to existing student loans depends, in significant part, on its ability to collect revenues generated by new loan guarantees. The Federal Direct Student Loan Program discussed below may adversely affect the volume of new loan guarantees. Future legislation may make additional changes to the Higher Education Act that would significantly affect the revenues received by guaranty agencies and the structure of the guaranty agency program.

The Higher Education Act gives the Secretary of Education various oversight powers over guaranty agencies. These include requiring a guaranty agency to maintain its reserve fund at a certain required level and taking various actions relating to a guaranty agency if its administrative and financial condition jeopardizes its ability to meet its obligations. These actions include, among others, providing advances to the guaranty agency, terminating the guaranty agency's federal reimbursement contracts, assuming responsibility for all functions of the guaranty agency, and transferring the guaranty agency's guarantees to another guaranty agency or assuming such guarantees. The Higher Education Act provides that a guaranty agency's reserve fund shall be considered to be the property of the United States to be used in the operation of the FFEL Program or the FDL Program, and, under certain circumstances, the Secretary of Education may demand payment of amounts in the reserve fund.

The 1998 Amendments mandate the recall of guaranty agency reserve funds by the Secretary of Education amounting to \$85 million in fiscal year 2002, \$82.5 million in fiscal year 2006, and \$82.5 million in fiscal year 2007. However, certain minimum reserve levels are protected from recall, and under the 1998 Amendments, guaranty agency reserve funds were restructured to provide guaranty agencies with additional flexibility in choosing how to spend certain funds they receive. The new recall of reserves for guaranty agencies increases the risk that resources available to guaranty agencies to meet their guarantee obligation will be significantly reduced. Relevant federal laws, including the Higher Education Act, may be further changed in a manner that may adversely affect the ability of a guaranty agency to meet its guarantee obligations.

Student loans originated prior to October 1, 1993 are fully guaranteed as to principal and accrued interest. Student loans originated after October 1, 1993 are guaranteed as to 98% of principal and accrued interest.

Under the Higher Education Act, if the Department of Education has determined that a guaranty agency is unable to meet its insurance obligations, the holders of loans guaranteed by such guaranty agency must submit claims directly to the Department of Education, and the Department of Education is required to pay the full guarantee payment due with respect thereto in accordance with guarantee claims processing standards no more stringent than those applied by the guaranty agency.

There are no assurances as to the Secretary of Education's actions if a guaranty agency encounters administrative or financial difficulties or that the Secretary of Education will not demand that a guaranty agency transfer additional portions or all of its reserve fund to the Secretary of Education.

Federal Agreements

General. A guaranty agency's right to receive federal reimbursements for various guarantee claims paid by such guaranty agency is governed by the Higher Education Act and various contracts entered into between guaranty agencies and the Secretary of Education. Each guaranty agency and the Secretary of Education have entered into federal reimbursement contracts pursuant to the Higher Education Act, which provide for the guaranty agency to receive reimbursement of a percentage of insurance payments that the guaranty agency makes to eligible lenders with respect to loans guaranteed by the guaranty agency prior to the termination of the federal reimbursement contracts or the expiration of the authority of the Higher Education Act. The federal reimbursement contracts provide for termination under certain circumstances and also provide for certain actions short of termination by the Secretary of Education to protect the federal interest.

In addition to guarantee benefits, qualified student loans acquired under the FFEL Program benefit from certain federal subsidies. Each guaranty agency and the Secretary of Education have entered into an Interest Subsidy Agreement under the Higher Education Act which entitles the holders of eligible loans guaranteed by the guaranty agency to receive interest subsidy payments from the Secretary of Education on behalf of certain students while the student is in school, during a six to twelve month grace period after the student leaves school, and during certain deferment periods, subject to the holders' compliance with all requirements of the Higher Education Act.

United States Courts of Appeals have held that the federal government, through subsequent legislation, has the right unilaterally to amend the contracts between the Secretary of Education and the guaranty agencies described herein. Amendments to the Higher Education Act in 1986, 1987, 1992, 1993, and 1998, respectively:

- abrogated certain rights of guaranty agencies under contracts with the Secretary of Education relating to the repayment of certain advances from the Secretary of Education,
- authorized the Secretary of Education to withhold reimbursement payments otherwise due to certain guaranty agencies until specified amounts of such guaranty agencies' reserves had been eliminated,
- added new reserve level requirements for guaranty agencies and authorized the Secretary of Education to terminate the Federal Reimbursement Contracts under circumstances that did not previously warrant such termination,
- expanded the Secretary of Education's authority to terminate such contracts and to seize guaranty agencies' reserves, and
- mandated the additional recall of guaranty agency reserve funds.

Federal Insurance and Reimbursement of Guaranty Agencies

Effect of annual claims rate. With respect to loans made prior to October 1, 1993, the Secretary of Education currently agrees to reimburse the guaranty agency for up to 100% of the amounts paid on claims made by lenders, as discussed in the formula described below, so long as the eligible lender has properly serviced such loan. The amount of reimbursement is lower for loans originated after October 1,

1993, as described below. Depending on the claims rate experience of a guaranty agency, such reimbursement may be reduced as discussed in the formula described below. The Secretary of Education also agrees to repay 100% of the unpaid principal plus applicable accrued interest expended by a guaranty agency in discharging its guarantee obligation as a result of the bankruptcy, death, or total and permanent disability of a borrower, or in the case of a PLUS loan, the death of the student on behalf of whom the loan was borrowed, or in certain circumstances, as a result of school closures, which reimbursements are not to be included in the calculations of the guaranty agency's claims rate experience for the purpose of federal reimbursement under the Federal Reimbursement Contracts.

The formula used for loans initially disbursed prior to October 1, 1993 is summarized below:

Claims Rate	Federal Payment
0% up to 5%	100%
5% up to 9%	100% of claims up to 5%; 90% of claims 5% and over
9% and over	100% of claims up to 5%; 90% of claims 5% and over, up to 9%; 80% of claims 9% and over

The claims experience is not accumulated from year to year, but is determined solely on the basis of claims in any one federal fiscal year compared with the original principal amount of loans in repayment at the beginning of that year.

The 1993 Amendments reduce the reimbursement amounts described above, effective for loans initially disbursed on or after October 1, 1993 as follows: 100% reimbursement is reduced to 98%, 90% reimbursement is reduced to 88%, and 80% reimbursement is reduced to 78%, subject to certain limited exceptions. The 1998 Amendments further reduce the federal reimbursement amounts from 98% to 95%, 88% to 85%, and 78% to 75% respectively, for student loans first disbursed on or after October 1, 1998.

The reduced reinsurance for federal guaranty agencies increases the risk that resources available to guaranty agencies to meet their guarantee obligation will be significantly reduced.

Reimbursement. The original principal amount of loans guaranteed by a guaranty agency which are in repayment for purposes of computing reimbursement payments to a guaranty agency means the original principal amount of all loans guaranteed by a guaranty agency less:

- the original principal amount of such loans that have been fully repaid, and
- the original amount of such loans for which the first principal installment payment has not become due.

Guaranty agencies with default rates below 5% are required to pay the Secretary of Education annual fees equivalent to 0.51% of new loans guaranteed, while all other such agencies must pay a 0.5% fee. The Secretary of Education may withhold reimbursement payments if a guaranty agency makes a material misrepresentation or fails to comply with the terms of its agreements with the Secretary of Education or applicable federal law.

Under the guarantee agreements, if a payment on a FFELP loan guaranteed by a guaranty agency is received after reimbursement by the Secretary of Education, the guaranty agency is entitled to receive an equitable share of the payment.

Any originator of any student loan guaranteed by a guaranty agency is required to discount from the proceeds of the loan at the time of disbursement, and pay to the guaranty agency, an insurance premium which may not exceed that permitted under the Higher Education Act.

Under present practice, after the Secretary of Education reimburses a guaranty agency for a default claim paid on a guaranteed loan, the guaranty agency continues to seek repayment from the borrower. The guaranty agency returns to the Secretary of Education payments that it receives from a borrower after

deducting and retaining: a percentage amount equal to the complement of the reimbursement percentage in effect at the time the loan was reimbursed, and an amount equal to 24% of such payments for certain administrative costs. The Secretary of Education may, however, require the assignment to the Secretary of defaulted guaranteed loans, in which event no further collections activity need be undertaken by the guaranty agency, and no amount of any recoveries shall be paid to the guaranty agency.

A guaranty agency may enter into an addendum to its Interest Subsidy Agreement that allows the guaranty agency to refer to the Secretary of Education certain defaulted guaranteed loans. Such loans are then reported to the IRS to “offset” any tax refunds which may be due any defaulted borrower. To the extent that the guaranty agency has originally received less than 100% reimbursement from the Secretary of Education with respect to such a referred loan, the guaranty agency will not recover any amounts subsequently collected by the federal government which are attributable to that portion of the defaulted loan for which the guaranty agency has not been reimbursed.

Rehabilitation of defaulted loans. Under the Higher Education Act, the Secretary of Education is authorized to enter into an agreement with a guaranty agency pursuant to which the guaranty agency shall sell defaulted loans that are eligible for rehabilitation to an eligible lender. The guaranty agency shall repay the Secretary of Education an amount equal to 81.5% of the then current principal balance of such loan, multiplied by the reimbursement percentage in effect at the time the loan was reimbursed. The amount of such repayment shall be deducted from the amount of federal reimbursement payments for the fiscal year in which such repayment occurs, for purposes of determining the reimbursement rate for that fiscal year.

For a loan to be eligible for rehabilitation, the guaranty agency must have received consecutive payments for 12 months of amounts owed on such loan. Upon rehabilitation, a loan is eligible for all the benefits under the Higher Education Act for which it would have been eligible had no default occurred (except that a borrower’s loan may only be rehabilitated once).

Eligibility for federal reimbursement. To be eligible for federal reimbursement payments, guaranteed loans must be made by an eligible lender under the applicable guaranty agency’s guarantee program, which must meet requirements prescribed by the rules and regulations promulgated under the Higher Education Act, including the borrower eligibility, loan amount, disbursement, interest rate, repayment period and guarantee fee provisions described herein and the other requirements set forth in the Higher Education Act.

Prior to the 1998 Amendments, a FFELP loan was considered to be in default for purposes of the Higher Education Act when the borrower failed to make an installment payment when due, or to comply with the other terms of the loan, and if the failure persists for 180 days in the case of a loan repayable in monthly installments or for 240 days in the case of a loan repayable in less frequent installments. Under the 1998 Amendments, the delinquency period required for a student loan to be declared in default is increased from 180 days to 270 days for loans payable in monthly installments on which the first day of delinquency occurs on or after the date of enactment of the 1998 Amendments and from 240 days to 330 days for a loan payable less frequently than monthly on which the delinquency occurs after the date of enactment of the 1998 Amendments.

The guaranty agency must pay the lender for the defaulted loan prior to submitting a claim to the Secretary of Education for reimbursement. The guaranty agency must submit a reimbursement claim to the Secretary of Education within 45 days after it has paid the lender’s default claim. As a prerequisite to entitlement to payment on the guarantee by the guaranty agency, and in turn payment of reimbursement by the Secretary of Education, the lender must have exercised reasonable care and diligence in making, servicing and collecting the guaranteed loan. Generally, these procedures require:

- that completed loan applications be processed;
- a determination of whether an applicant is an eligible borrower attending an eligible institution under the Higher Education Act be made;
- the borrower’s responsibilities under the loan be explained to him or her;

- the promissory note evidencing the loan be executed by the borrower; and
- that the loan proceeds be disbursed by the lender in a specified manner.

After the loan is made, the lender must establish repayment terms with the borrower, properly administer deferments and forbearances and credit the borrower for payments made. If a borrower becomes delinquent in repaying a loan, a lender must perform certain collection procedures, primarily telephone calls, demand letters, skiptracing procedures and requesting assistance from the applicable guaranty agency, that vary depending upon the length of time a loan is delinquent.

Direct Loans

The 1993 Amendments authorized a program of “direct loans,” to be originated by schools with funds provided by the Secretary of Education. Under the FDL Program, the Secretary of Education is directed to enter into agreements with schools, or origination agents in lieu of schools, to disburse loans with funds provided by the Secretary of Education. Participation in the program by schools is voluntary. The goals set forth in the 1993 Amendments call for the direct loan program to constitute 5% of the total volume of loans made under the FFELP Program and the FDL Program for academic year 1994-1995, 40% for academic year 1995-1996, 50% for academic years 1996-1997 and 1997-1998 and 60% for academic year 1998-1999. No provision is made for the size of the FDL Program thereafter. Based upon information released by the General Accounting Office, participation by schools in the FDL Program has not been sufficient to meet the goals for the 1995-1996 or 1996-1997 academic years. The 1998 Amendments removed references to the “phase-in” of the FDL Program, including restrictions on annual limits for FDL Program volume and the Secretary’s authority to select additional institutions to achieve balanced school representation.

The loan terms are generally the same under the FDL Program as under the FFEL Program, though more flexible repayment provisions are available under the FDL Program. At the discretion of the Secretary of Education, students attending schools that participate in the FDL Program (and their parents) may still be eligible for participation in the FFEL Program, though no borrower could obtain loans under both programs for the same period of enrollment.

It is difficult to predict the impact of the FDL Program. There is no way to accurately predict the number of schools that will participate in future years, or, if the Secretary authorizes students attending participating schools to continue to be eligible for FFEL Program loans, how many students will seek loans under the direct loan program instead of the FFEL Program. In addition, it is impossible to predict whether future legislation will eliminate, limit or expand the FDL Program or the FFEL Program.

Shares



Class A Common Stock

Prospectus

Joint Book-Running Managers

JPMorgan

Banc of America Securities LLC

Credit Suisse First Boston

Morgan Stanley

Until _____, 2003, all dealers that buy, sell or trade in our Class A common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

_____, 2003

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. *Other Expenses of Issuance and Distribution*

The following table shows the costs and expenses, other than underwriting discounts, payable in connection with the sale and distribution of the securities being registered. Except as otherwise noted, the registrant will pay all of these amounts. All amounts except the Securities and Exchange Commission Registration Fee and the National Association of Securities Dealers, Inc. Filing Fee are estimated.

Securities and Exchange Commission Registration Fee	\$16,180
National Association of Securities Dealers, Inc. Filing Fee	20,500
New York Stock Exchange Listing Fees	*
Printing Expenses	*
Legal Fees and Expenses	*
Accounting Fees and Expenses	*
Transfer Agent and Registrar Agent Fees	*
Miscellaneous	*
	—
Total	\$ *
	—

* To be provided by amendment.

Item 14. *Indemnification of Directors and Officers*

Under the Nebraska Business Corporation Act, a Nebraska corporation may provide indemnification to directors and officers for judgments, fines, settlements and expenses, including attorney's fees, incurred in connection with any threatened, pending or completed action, suit or proceeding other than an action by or in the right of the corporation. This applies to any civil, criminal, investigative or administrative action provided that the director or officer involved acted in good faith, in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The corporation may also provide indemnification to directors and officers for judgments, fines, settlements and expenses, including attorney's fees, incurred in connection with any threatened, pending or completed action or suit by or in the right of the corporation if such director or officer acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. However, no indemnification shall be made in respect of any claim, issue or matter in which such person is adjudged to be liable for negligence or misconduct in the performance of his duties to the corporation unless the court in which the action is brought deems indemnity proper. The grant of indemnification to a director or officer shall be determined by a majority of a quorum of disinterested directors, by a written opinion from independent legal counsel or by the shareholders. Indemnification shall be provided to any directors and officers for expenses, including attorney's fees, actually and reasonably incurred in the defense of any action, suit or proceeding to the extent that he or she has been successful on the merits.

The registrant's amended and restated articles of incorporation provide that the registrant shall, to the maximum extent and in the manner permitted by the Nebraska Business Corporation Act, indemnify each of its directors, officers, employees and agents against expenses, including attorney's fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that such person is or was an agent of the registrant. The registrant shall pay expenses incurred in defending any civil or criminal action or proceeding for which indemnification is available in advance of the final disposition of such action or proceeding, following authorization thereof by the board of directors in the case of an employee or agent, upon receipt of an undertaking by or on behalf of the indemnified party to repay such amount if it shall be ultimately determined by final judicial

decision, from which there is no further right of appeal, that the indemnified party is not entitled to be indemnified.

In addition, the registrant's amended and restated articles of incorporation provide that the registrant may purchase and maintain insurance on behalf of any person who is or was an agent of the registrant against any liability asserted against or incurred by such person in such capacity arising out of such person's status as such, whether or not the registrant would have the power to indemnify him or her against such liability under the registrant's amended and restated articles of incorporation and the Nebraska Business Corporation Act. The registrant has obtained insurance for the benefit of its officers and directors insuring such persons against liabilities, including liabilities under the securities laws.

The registrant's amended and restated articles of incorporation also limit the personal liability of the directors and officers of the registrant for breaches of fiduciary duty to the registrant or its shareholders, except in certain circumstances including (1) breach of the duty of loyalty to the registrant or its shareholders, (2) acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law, (3) acts or omissions for which the Nebraska Business Corporation Act does not permit indemnity for directors under Section 21-218(2)(e) of the Nebraska Business Corporation Act, which include intentional infliction of harm on the registrant or its shareholders, voting for or assenting to an unlawful distribution and intentional violation of criminal law, or (4) any transaction from which the director derived an improper personal benefit.

Item 15. *Recent Sales of Unregistered Securities.*

During the past three years, the Company has issued unregistered securities in the transactions described below.

1. On May 25, 2001, the registrant issued 1,535,520 shares of Class A common stock to Farmers & Merchants Investment Inc. for approximately \$1.31 per share, or an aggregate of \$2,009,703. The securities issued in this transaction were issued in reliance on an exemption from registration under Section 4(2) of the Securities Act, as a transaction by an issuer not involving any public offering. The recipient of the securities represented its intentions to acquire the securities for investment only and not with a view to, or for sale or in connection with, any distribution thereof. Appropriate legends were affixed to the certificates representing the securities in such transaction.
2. On March 12, 2003, the registrant issued an aggregate of 331,800 shares of Class A common stock to 35 employees for \$2.43 per share, or an aggregate of \$806,274. The securities issued in these transactions were issued in reliance on an exemption from registration under Section 4(2) of the Securities Act, as transactions by an issuer not involving any public offering. The recipients of the securities represented their intentions to acquire the securities for investment only and not with a view to, or for sale or in connection with, any distribution thereof. Appropriate legends were affixed to the certificates representing the securities in such transactions.
3. On August 14, 2003, in connection with the recapitalization effected pursuant to the registrant's amended and restated articles of incorporation, the registrant issued an aggregate of 45,038,488 shares of its Class A and Class B common stock to the holders of its pre-recapitalization Class A voting common stock and Class B non-voting common stock. The securities issued in this transaction were issued in reliance on the exemption from registration under Section 3(a)(9) of the Securities Act, relating to securities exchanged by an issuer with its existing security holders exclusively where no commission or other remuneration is paid or given, directly or indirectly, for soliciting such exchange.

Each of the sales of securities was made without the use of an underwriter and the certificates evidencing the shares bear a restricted legend permitting the transfer thereof only upon registration of the shares or an exemption under the Securities Act of 1933.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits

See Exhibit Index beginning on page II-5 of this registration statement.

(b) Financial Statement Schedules

None.

Item 17. Undertakings.

- (a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.
- (b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.
- (c) The undersigned registrant hereby undertakes that:
- (1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
 - (2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Pre-Effective Amendment No. 4 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Lincoln, State of Nebraska, on November 12, 2003.

NELNET, INC.

By: /s/ MICHAEL S. DUNLAP

Name: Michael S. Dunlap

Title: Chairman and Co-Chief Executive
Officer (Co-Principal Executive Officer)

Pursuant to the requirements of the Securities Act of 1933, this Pre-Effective Amendment No. 4 to the Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
_____ /s/ MICHAEL S. DUNLAP	Chairman and Co-Chief Executive Officer (Co-Principal Executive Officer)	November 12, 2003
_____ Michael S. Dunlap		
_____ *	Vice Chairman and Co-Chief Executive Officer (Co-Principal Executive Officer)	November 12, 2003
_____ Stephen F. Butterfield		
_____ /s/ TERRY J. HEIMES	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	November 12, 2003
_____ Terry J. Heimes		
_____ *	President and Director	November 12, 2003
_____ Don R. Bouc		
_____ *	Director	November 12, 2003
_____ James P. Abel		
_____ *	Director	November 12, 2003
_____ Thomas E. Henning		
_____ *	Director	November 12, 2003
_____ Lee E. Mikles		
_____ *	Director	November 12, 2003
_____ Arturo Moreno		
_____ *	Director	November 12, 2003
_____ Brian J. O'Connor		
_____ *	Director	November 12, 2003
_____ James H. VanHorn		

*By: /s/ MICHAEL S. DUNLAP

Name: Michael S. Dunlap

EXHIBIT INDEX

Exhibit No.	Description
1.1†	Form of Underwriting Agreement.
2.1†	Plan of Reorganization, Plan of Merger and Merger Agreement, dated as of October 14, 1999, by and between Union Financial Services, Inc. and National Education Loan Network, Inc.
2.2†	Articles of Merger certified by Union Financial Services, Inc., dated October 15, 1999.
2.3†	Agreement and Plan of Reorganization, dated as of March 1, 2000, by and among UNIPAC Service Corporation, NelNet, Inc. (subsequently renamed National Education Loan Network, Inc.) and National Education Loan Network, Inc.
2.4†	Plan of Merger, dated as of March 1, 2000, by and among NelNet, Inc. (subsequently renamed National Education Loan Network, Inc.), National Education Loan Network, Inc. and UNIPAC Service Corporation.
2.5†	Articles of Merger certified by NelNet, Inc., dated March 1, 2000.
2.6†	Letter Agreement relating to the purchase of the stock of InTuition Holdings, Inc., dated as of June 15, 2000, between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Farmers & Merchants Investment Inc.
2.7†	Transfer Agreement with Irrevocable Power of Attorney, dated as of June 28, 2001, by and between InTuition Development Holdings, LLC and InTuition Guarantee Services II, Inc. (which subsequently became Nelnet Guarantee Services Inc.) relating to the membership interests in InTuition Guarantee Services, LLC (which subsequently became GuaranTec LLP).
2.8†	Master Stock Purchase Agreement, dated as of December 12, 2001, by and between EFS, Inc. and NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.)
2.9†	Stock Purchase Agreement, dated as of January 24, 2002, by and among NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Hilario Arguinchona.
2.10†	Purchase Agreement, dated as of February 14, 2002, by and between InTuition Guarantee Services, LLC and NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.)
2.11†	Stock Purchase Agreement, dated May 1, 2002, by and among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.) and Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.)
2.12†	Stock Purchase Agreement, dated as of May 1, 2002, by and between Farmers & Merchants Investment Inc. and Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.)
2.13†	Stock Purchase Agreement, dated May 2, 2002, by and among Packers Service Group, Inc. and Infovisa, Inc.
2.14†	Stock Purchase Agreement, dated as of May 9, 2002, among Thomas Morrill, James Callier, Michael Cruskie, Dominic Rotondi and Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) concerning Charter Account Systems, Inc.
2.15†	Senior Stock Purchase (Call) Option Agreement by and between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Maine Educational Loan Marketing Corporation, dated as of June 30, 2000.
2.16†	Purchase Agreement, dated as of July 3, 2003, by and between Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), Union Financial Services, Inc. and Packers Service Group, Inc.
3.1*	Second Amended and Restated Articles of Incorporation of Nelnet, Inc.
3.2*	Second Amended and Restated Bylaws of Nelnet, Inc.
4.1*	Form of Class A Common Stock Certificate of Nelnet, Inc.
4.2†	Indenture of Trust by and between Nelnet Student Loan Corporation-2 and Zions First National Bank, as Trustee, dated as of June 1, 2000.

Exhibit No.	Description
4.3†	Series 2000 Supplemental Indenture of Trust by and between Nelnet Student Loan Corporation-2 and Zions First National Bank, as Trustee, authorizing the issuance of \$1,000,000,000 NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes Series 2000, dated as of June 1, 2000.
4.4†	Indenture of Trust by and between Nelnet Student Loan Trust 2002-1 and Zions First National Bank, as Trustee, dated as of May 1, 2002.
4.5†	Indenture of Trust by and between Nelnet Student Loan Trust 2002-2 and Zions First National Bank, as Trustee, dated as of September 1, 2002.
4.6†	Indenture of Trust between Nelnet Student Loan Trust 2003-1 and Zions First National Bank, as Trustee, dated as of January 1, 2003.
4.7†	Indenture of Trust by and among Nelnet Education Loan Funding, Inc., Wells Fargo Bank Minnesota, National Association, as Indenture Trustee, and Wells Fargo Bank Minnesota, National Association, as Eligible Lender Trustee, dated as of June 1, 2003.
4.8†	Series 2003-1 Supplemental Indenture of Trust by and between Nelnet Education Loan Funding, Inc. and Wells Fargo Bank Minnesota, National Association, as Indenture Trustee, authorizing the issuance of \$1,030,000,000 Nelnet Education Loan Funding, Inc. Student Loan Asset-Backed Notes Series 2003-1, dated as of June 1, 2003.
4.9†	Instruments with respect to other long-term debt of Nelnet, Inc. and its consolidated subsidiaries are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K since the amount of debt authorized under each such omitted instrument does not exceed 10 percent of the total assets of Nelnet, Inc. and its subsidiaries on a consolidated basis. Nelnet, Inc. hereby agrees to furnish a copy of any such instrument to the Securities and Exchange Commission upon request.
4.10†	Option Agreement, dated as of January 24, 2002, by and between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Hilario Arguinchona.
4.11*	Registration Rights Agreement, dated as of _____, 2003, by and among Nelnet, Inc. and the shareholders of Nelnet, Inc. signatory thereto.
5.1	Opinion of Perry, Guthery, Haase & Gessford, P.C., L.L.O. regarding the legality of the securities being registered.
10.1†	Stockholders Agreement for UNIPAC Service Corporation, dated as of March 2, 2000, by and among UNIPAC Service Corporation, Farmers & Merchants Investment Inc., Packers Service Group, Inc., Great Plains Financial, LLC, New Horizon Holdings, LLC and the shareholders of UNIPAC Service Corporation.
10.2†	Agreement to Terminate Stockholders Agreement, dated as of August 4, 2003, by and among Nelnet Loan Services, Inc. (f/k/a UNIPAC Service Corporation) (subsequently renamed Nelnet, Inc.) and those stockholders party to the Stockholders Agreement dated as of March 2, 2000.
10.3†	Warehouse Loan and Security Agreement among NHELP-I, Inc., as the Borrower, Norwest Bank Minnesota, National Association, as the Trustee, and Concord Minutemen Capital Company, LLC, as the Lender, dated as of September 30, 1998.
10.4†	First Amendment to Warehouse Loan and Security Agreement, among NHELP-I Inc., as the Borrower, Norwest Bank Minnesota, National Association, as the Trustee, and Concord Minutemen Capital Company, LLC, as the Lender, dated as of December 15, 1998.
10.5†	Second Amendment to Warehouse Loan and Security Agreement among NHELP-I, Inc., as the Borrower, Norwest Bank Minnesota, National Association, as the Trustee, and Concord Minutemen Capital Company, LLC, as the Lender, dated as of September 29, 1999.
10.6†	Third Amendment to Warehouse Loan and Security Agreement, dated as of November 16, 1999, among NHELP-I, Inc., Concord Minutemen Capital Company, LLC and Norwest Bank Minnesota, National Association.

Exhibit No.	Description
10.7†	Fourth Amendment to Warehouse Loan and Security Agreement, dated as of February 1, 2000, among NHELP-I, Inc., Concord Minutemen Capital Company, LLC and Norwest Bank Minnesota, National Association.
10.8†	Fifth Amendment to Warehouse Loan and Security Agreement among NHELP-I, Inc., as the Borrower, Wells Fargo Bank Minnesota, National Association, as the successor Trustee, and Concord Minutemen Capital Company, LLC, as the Lender, dated as of September 1, 2000.
10.9†	Sixth Amendment to Warehouse Loan and Security Agreement, dated as of September 24, 2002, among NHELP-I, Inc., Concord Minutemen Capital Company, LLC and Wells Fargo Bank Minnesota, National Association.
10.10†	Warehouse Note Purchase and Security Agreement among NHELP-III, Inc., as the Issuer, Norwest Bank Minnesota, National Association, as the Trustee, Delaware Funding Corporation, as a Note Purchaser, Three Rivers Funding Corporation, as a Note Purchaser, Morgan Guaranty Trust Company of New York, as DFC Agent and Administrative Agent, and Mellon Bank, N.A., as TRFC Agent, dated as of September 1, 1999.
10.11†	First Amendment to Warehouse Note Purchase and Security Agreement among NHELP-III, Inc., as the Issuer, Wells Fargo Bank Minnesota, National Association, as the successor Trustee, Delaware Funding Corporation, as a Note Purchaser, Three Rivers Funding Corporation, as a Note Purchaser, Morgan Guaranty Trust Company of New York, as DFC Agent and Administrative Agent, and Mellon Bank, N.A., as TRFC Agent, dated as of September 1, 2000.
10.12†	Second Amendment to Warehouse Note Purchase and Security Agreement among NHELP-III, Inc., as the Issuer, Wells Fargo Bank Minnesota, National Association, as the successor Trustee, Delaware Funding Corporation, as a Note Purchaser, Three Rivers Funding Corporation, as a Note Purchaser, JPMorgan Chase Bank, as DFC Agent and Administrative Agent, and Mellon Bank, N.A., as TRFC Agent, dated as of September 12, 2002.
10.13†	Amendment to Warehouse Note Purchase and Security Agreement, dated as of June 1, 2003, by and among NHELP-III, Inc., as the Issuer, Delaware Funding Corporation, as Note Purchaser, Three Rivers Funding Corporation, as Note Purchaser, JPMorgan Chase Bank (successor to Morgan Guaranty and Trust Company of New York), as DFC Agent and Administrative Agent, and Mellon Bank, N.A., as TRFC Agent.
10.14†	Warehouse Loan and Security Agreement among NELnet Student Loan Warehouse Corporation-1, as Borrower, Zions First National Bank, as Trustee, Thunder Bay Funding Inc., as Lender, and Royal Bank of Canada, as Facility Agent and Alternate Lender, dated as of February 1, 2002.
10.15†	Amended and Restated Warehouse Loan and Security Agreement among Nelnet Education Loan Funding, Inc., as Borrower, Wells Fargo Bank Minnesota, National Association, as Eligible Lender Trustee, Zions First National Bank, as Trustee, Thunder Bay Funding Inc., as Lender, and Royal Bank of Canada, as Facility Agent and Alternate Lender, dated as of April 28, 2003.
10.16†	Warehouse Note Purchase and Security Agreement among Nelnet Education Loan Funding, as Borrower, Wells Fargo Bank Minnesota, National Association, as Trustee, Wells Fargo Bank Minnesota, National Association, as Eligible Lender Trustee, Quincy Capital Corporation, as Bank of America Conduit Lender, Bank of America, N.A., as Bank of America Alternate Lender, Bank of America, N.A., as Bank of America Facility Agent, Gemini Securitization Corp., as Deutsche Bank Conduit Lender, Deutsche Bank AG, New York Branch, as Deutsche Bank Alternate Lender, Deutsche Bank AG, New York Branch, as Deutsche Bank Facility Agent, Barton Capital Corporation, as Societe Generale Conduit Lender, Societe Generale, as Societe Generale Alternate Lender, Societe Generale, as Societe Generale Facility Agent, and Bank of America, N.A., as Administrative Agent, dated as of May 1, 2003.
10.17†	Credit Agreement, dated as of January 11, 2002, by and among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Bank of America, N.A.

Exhibit No.	Description
10.18†	First Amendment to Credit Agreement, dated as of January 24, 2003, by and among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Bank of America, N.A.
10.19†	Second Amendment to Credit Agreement and First Amendment to Application and Agreement for Standby Letter of Credit, dated as of August 18, 2003, by and among National Education Loan Network, Inc. (formerly known as Nelnet, Inc.), Nelnet, Inc. (formerly known as Nelnet Loan Services, Inc.) and Bank of America, N.A.
10.20†	Security Agreement, dated as of January 11, 2002, by and between Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.) and Bank of America, N.A.
10.21†	Guaranty Agreement, dated as of January 11, 2002, by and among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.), Nelnet Corporation (subsequently renamed Nelnet Corporate Services, Inc.), Nelnet Marketing Solutions, Inc., ClassCredit, Inc., Nelnet Guarantee Services, Inc., InTuition, Inc., EFS, Inc., EFS Services, Inc., EFS Finance Co., GuaranTec LLP and National Higher Education Loan Program, Inc.
10.22†	Intercreditor Agreement, dated as of January 11, 2002, by and among Farmers & Merchants Investment Inc., Bank of America, N.A. and Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.)
10.23†	Irrevocable Letter of Credit in the amount of \$50,000,000, dated as of May 23, 2003, by and between Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Bank of America, N.A.
10.24†	Continuing Guaranty, dated as of May 23, 2003, by and between Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.) and Bank of America, N.A.
10.25†	Agreement Between 5280 Solutions and Nelnet/Unipac, dated as of April 12, 2001.
10.26†	Employment Contract, dated as of May 1, 2001, by and between NHELP, Inc. and Richard H. Pierce.
10.27†	Marketing Expense Reimbursement Agreement, dated as of January 1, 1999, by and between Union Bank and Trust Company and National Education Loan Network, Inc.
10.28†	First Amendment of Marketing Expense Reimbursement Agreement, dated as of April 1, 2001, by and between Union Bank and Trust Company and NELnet, Inc. (f/k/a National Education Loan Network, Inc.) (subsequently renamed National Education Loan Network, Inc.)
10.29†	Second Amendment of Marketing Expense Reimbursement Agreement, dated as of December 21, 2001, by and between Union Bank and Trust Company and NELnet, Inc. (f/k/a National Education Loan Network, Inc.) (subsequently renamed National Education Loan Network, Inc.)
10.30†	Amended and Restated Participation Agreement, dated as of June 1, 2001, by and between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company.
10.31†	First Amendment of Amended and Restated Participation Agreement, dated as of December 19, 2001, by and between Union Bank and Trust Company and NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.)
10.32†	Second Amendment of Amended and Restated Participation Agreement, dated as of December 1, 2002, by and between Union Bank and Trust Company and Nelnet, Inc. (f/k/a NELnet, Inc.) (subsequently renamed National Education Loan Network, Inc.)
10.33†	Alternative Loan Participation Agreement, dated as of June 29, 2001, by and between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company.
10.34†	Amended and Restated Agreement, dated as of January 1, 1999, by and between Union Bank and Trust Company and National Education Loan Network, Inc.

Exhibit No.	Description
10.35†	Agreement to Amend, dated as of April 1, 2001, by and between NELnet, Inc. (f/k/a/ National Education Loan Network, Inc.) (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company, relating to the Amended and Restated Agreement dated as of January 1, 1999.
10.36†	Guaranteed Purchase Agreement, dated as of March 19, 2001, by and between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company.
10.37†	First Amendment of Guaranteed Purchase Agreement, dated as of February 1, 2002, by and between NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company.
10.38†	Second Amendment of Guaranteed Purchase Agreement, dated as of December 1, 2002, by and between Nelnet, Inc. (f/k/a/ NELnet, Inc.) (subsequently renamed National Education Loan Network, Inc.) and Union Bank and Trust Company.
10.39†	Underwriting Agreement by and among Union Financial Services-1, Inc., PaineWebber Incorporated and the other underwriters listed on Schedule A thereto, dated June 30, 1999.
10.40†	Indemnity Agreement, dated as of June 30, 1999, among National Education Loan Network, Inc. (subsequently renamed Nelnet, Inc.), PaineWebber Incorporated, Salomon Smith Barney Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and J.P. Morgan Securities Inc.
10.41†	Underwriting Agreement by and among NELNET Student Loan Corporation-2, PaineWebber Incorporated and the other underwriters listed on Schedule A thereto, dated as of May 24, 2000.
10.42†	Indemnity Agreement, dated as of May 24, 2000, among UNIPAC Service Corporation and PaineWebber Incorporated, as representative for the underwriters listed on Schedule A of the Underwriting Agreement, dated May 24, 2000, between NELNET Student Loan Corporation-2 and the underwriters party thereto.
10.43†	Underwriting Agreement by and between NELNET Student Loan Corporation-2, Credit Suisse First Boston Corporation and the other underwriters listed on Schedule A thereto, dated as of March 9, 2001.
10.44†	Indemnity Agreement, dated as of March 9, 2001, among UNIPAC Service Corporation and Credit Suisse First Boston Corporation, as representative for the underwriters listed on Schedule A to the Underwriting Agreement, dated March 9, 2001, between NELNET Student Loan Corporation-2 and the underwriters party thereto.
10.45†	Underwriting Agreement by and between NELNET Student Loan Corporation-2, UBS PaineWebber Inc. and the other underwriters listed on Schedule A thereto, dated as of August 29, 2001.
10.46†	Indemnity Agreement, dated August 29, 2001, among UNIPAC Service Corporation and UBS PaineWebber Inc., as representative for the underwriters listed on Schedule A to the Underwriting Agreement, dated August 29, 2001, among NELNET Student Loan Corporation-2 and the underwriters party thereto.
10.47†	Underwriting Agreement by and among NELNET Student Loan Corporation-2, J.P. Morgan Securities Inc. and Banc of America Securities LLC, dated as of March 20, 2002.
10.48†	Indemnity Agreement, dated as of March 20, 2002, among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), Banc of America Securities LLC, as an underwriter, and J.P. Morgan Securities Inc., as an underwriter.
10.49†	Underwriting Agreement by and among Nelnet Student Loan Funding, LLC, Banc of America Securities LLC, J.P. Morgan Securities Inc. and the other underwriters listed on Schedule A thereto, dated as of May 9, 2002.

Exhibit No.	Description
10.50†	Indemnity Agreement, dated as of May 9, 2002, among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.) and Banc of America Securities LLC and J.P. Morgan Securities Inc, as representatives for the underwriters listed on Schedule A to the Underwriting Agreement, dated May 9, 2002, between Nelnet Student Loan Funding, LLC and the underwriters party thereto.
10.51†	Underwriting Agreement by and among Nelnet Student Loan Funding, LLC, J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated and the other underwriters listed on Schedule A thereto, dated as of September 26, 2002.
10.52†	Indemnity Agreement, dated as of September 26, 2002, among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), and J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated, as representatives of the underwriters listed on Schedule A to the Underwriting Agreement, dated as of September 26, 2002, between Nelnet Student Loan Funding, LLC and the underwriters party thereto.
10.53†	Underwriting Agreement by and among Nelnet Student Loan Funding, LLC, Deutsche Bank Securities Inc., Banc of America Securities LLC and the other underwriters listed on Schedule A thereto, dated as of January 29, 2003.
10.54†	Indemnity Agreement, dated as of January 29, 2003, among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.) and Banc of America Securities LLC and Deutsche Bank Securities Inc., as representatives of the underwriters listed on Schedule A to the Underwriting Agreement, dated January 29, 2003, among Nelnet Student Loan Funding, LLC and the underwriters party thereto.
10.55†	Underwriting Agreement by and among Nelnet Education Loan Funding, Inc., Banc of America Securities LLC and Deutsche Bank Securities Inc., dated as of July 9, 2003.
10.56†	Indemnity Agreement, dated as of July 9, 2003, among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), and Banc of America Securities LLC and Deutsche Bank Securities Inc., as representatives of the underwriters listed on Schedule A to the Underwriting Agreement, dated July 9, 2003, among Nelnet Education Loan Funding, Inc. and the underwriters party thereto.
10.57†	Underwriting Agreement by and among Nelnet Student Loan Funding, LLC, J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated and the other underwriters listed on Schedule A thereto, dated as of July 16, 2003.
10.58†	Indemnity Agreement, dated as of July 16, 2003, among Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), and J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated, as representatives of the underwriters listed on Schedule A to the Underwriting Agreement, dated July 16, 2003, among Nelnet Student Loan Funding, LLC and the underwriters party thereto.
10.59†	Trust Agreement, dated as of April 1, 2001, among NELNET Student Loan Corporation-1, as Depositor, MELMAC LLC, as Depositor, NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.), as Administrator, The Chase Manhattan Bank, as Collateral Agent, Note Registrar and Note Paying Agent, and Wilmington Trust Company, as Trustee, Certificate Registrar and Certificate Paying Agent.
10.60†	Trust Agreement, dated as of December 1, 2001, among EMT Corp., as Depositor, NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.), as Administrator, JPMorgan Chase Bank, as Collateral Agent, Note Registrar and Note Paying Agent, and Wilmington Trust Company, as Trustee, Certificate Registrar and Certificate Paying Agent.
10.61†	ISDA Master Agreement, dated as of August 20, 2001, by and between Bank of America, N.A., UNIPAC Service Corporation and NELnet, Inc. (subsequently renamed National Education Loan Network, Inc.)
10.62†	ISDA Master Agreement, dated as of May 20, 2002, by and between JPMorgan Chase Bank, Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.)
10.63†	ISDA Master Agreement, dated as of May 20, 2002, by and between Bank of America, N.A. and NELNET Student Loan Trust 2002-1.

Exhibit No.	Description
10.64†	ISDA Master Agreement, dated as of May 20, 2002, by and between JPMorgan Chase Bank and NELNET Student Loan Trust 2002-1.
10.65†	ISDA Master Agreement, dated as of October 8, 2002, by and between JPMorgan Chase Bank and NELNET Student Loan Trust 2002-2.
10.66†	Interest Rate Swap Confirmation, dated as of May 19, 2002, from Bank of America, N.A. to Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), relating to the ISDA Master Agreement among the same parties dated August 20, 2001.
10.67†	Interest Rate Swap Confirmation, dated as of May 20, 2002, from JPMorgan Chase Bank to Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), relating to the ISDA Master Agreement among the same parties dated May 20, 2002.
10.68†	Interest Rate Swap Confirmation, dated as of May 20, 2002, from JPMorgan Chase Bank to Nelnet Student Loan Trust 2002-1, relating to the ISDA Master Agreement between the same parties dated May 20, 2002.
10.69†	Interest Rate Swap Confirmation, dated as of May 20, 2002, from Bank of America, N.A. to Nelnet Student Loan Trust 2002-1, relating to the ISDA Master Agreement between the same parties dated May 20, 2002.
10.70†	Interest Rate Swap Confirmation, dated as of October 8, 2002, from JPMorgan Chase Bank to Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), relating to the ISDA Master Agreement among the same parties dated May 20, 2002.
10.71†	Interest Rate Swap Confirmation, dated as of October 8, 2002, from JPMorgan Chase Bank to Nelnet Student Loan Trust 2002-2, relating to the ISDA Master Agreement between the same parties dated October 8, 2002.
10.72†	Interest Rate Swap Confirmation, dated as of October 8, 2002, from JPMorgan Chase Bank to Nelnet Student Loan Trust 2002-2, relating to the ISDA Master Agreement between the same parties dated October 8, 2002.
10.73†	Interest Rate Swap Confirmation, dated as of July 25, 2003, from Bank of America, N.A. to Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) and Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.), relating to the ISDA Master Agreement among the same parties dated August 20, 2001.
10.74†	Cap Confirmation, dated as of July 30, 2003, from JPMorgan Chase Bank to Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.), relating to the ISDA Master Agreement among the same parties and Nelnet Loan Services, Inc. (subsequently renamed Nelnet, Inc.) dated May 20, 2002.
10.75†	Interest Rate Swap Confirmation, dated as of August 13, 2003, from JPMorgan Chase Bank to Nelnet, Inc., relating to the ISDA Master Agreement among the same parties and Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) dated May 20, 2002.
10.76†	Interest Rate Swap Confirmation, dated as of August 26, 2003, from JPMorgan Chase Bank to Nelnet, Inc., relating to the ISDA Master Agreement among the same parties and Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) dated May 20, 2002.
10.77†	Interest Rate Swap Confirmation, dated as of August 28, 2003, from JPMorgan Chase Bank to Nelnet, Inc., relating to the ISDA Master Agreement among the same parties and Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) dated May 20, 2002.
10.78†	Agreement For Use of Revolving Purchase Facility, dated as of January 1, 1999, by and between Union Bank and Trust Company and National Education Loan Network, Inc.
10.79*	Restricted Stock Plan.
10.80*	Nelnet, Inc. Executive Officers' Bonus Plan.

**Exhibit
No.****Description**

10.81*	Nelnet, Inc. Directors Stock Compensation Plan.
10.82*	Nelnet, Inc. Employee Share Purchase Plan.
10.83*	Share Retention Policy.
10.84†	Operating Agreement of FirstMark Services, LLC, dated as of March 31, 2002.
10.85†	Credit Agreement by and among Nelnet, Inc., National Education Loan Network, Inc., M&I Marshall Ilsley Bank, SunTrust Bank, First National Bank of Omaha and Fifth Third Bank, Indiana, dated as of September 25, 2003.
10.86†	Guaranty Agreement, by and among Charter Account Systems, Inc., ClassCredit, Inc., EFS, Inc., EFS Services, Inc., Guarantec, LLP, Idaho Financial Associates, Inc., InTuition, Inc., National Higher Educational Loan Program, Inc., Nelnet Canada, Inc., Nelnet Corporation (subsequently renamed Nelnet Corporate Services, Inc.), Nelnet Guarantee Services, Inc., Nelnet Marketing Solutions, Inc., Student Partner Services, Inc., UFS Securities, LLC and Shockley Financial Corp., dated as of September 25, 2003.
10.87†	Security Agreement, dated as of September 25, 2003, by and between Nelnet, Inc. and M&I Marshall & Ilsley Bank, as Agent.
10.88†	Security Agreement, dated as of September 25, 2003, by and between National Education Loan Network, Inc. and M&I Marshall & Ilsley Bank, as Agent.
10.89†	Intercreditor Agreement, dated as of September 25, 2003, by and among M&I Marshall & Ilsley Bank, SunTrust Bank, First National Bank of Omaha, Fifth Third Bank, Indiana and Bank of America, N.A.
10.90†	Letter Agreement by and between Nelnet Education Loan Funding, Inc. and Bank of America, N.A., dated as of June 25, 2003, relating to the increase of the Warehouse Note Purchase and Security Agreement dated as of May 1, 2003.
10.91†	Letter Agreement by and between Nelnet Education Loan Funding, Inc. and Deutsche Bank AG, New York Branch, dated as of June 25, 2003, relating to the increase of the Warehouse Note Purchase and Security Agreement dated as of May 1, 2003.
10.92†	Letter Agreement by and between Nelnet Education Loan Funding, Inc. and Societe Generale, dated as of June 25, 2003, relating to the increase of the Warehouse Note Purchase and Security Agreement dated as of May 1, 2003.
10.93†	Third Amendment to Credit Agreement, dated effective September 26, 2003, by and among National Education Loan Network, Inc., Nelnet, Inc. and Bank of America, N.A.
10.94†	Amendment to Application and Agreement for Standby Letter of Credit, Loan Purchase Agreements and Standby Student Loan Purchase Agreements, dated effective October 21, 2003, by and among National Education Loan Network, Inc., Nelnet, Inc., Nelnet Education Loan Funding, Inc., Union Bank and Trust Company and Bank of America, N.A.
10.95	Broker-Dealer Agreement by and among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and Banc of America Securities LLC, as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2000A-12 Auction Rate Notes and \$100,000,000 Senior Class 2000A-13 Auction Rate Notes, dated as of June 1, 2000.
10.96	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and Banc of America Securities LLC, as Broker Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$50,000,000 Senior Class 2000A-2 Auction Rate Notes, dated as of February 1, 2001.
10.97	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc., as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2001A-6 Auction Rate Notes, dated as of September 1, 2001.

Exhibit No.	Description
10.98	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and Banc of America Securities LLC, as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2001A-5 Auction Rate Notes, dated as of September 1, 2001.
10.99	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and J.P. Morgan Securities Inc., as Broker-Dealer, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$48,300,000 Senior Class 1996A-2 Auction Rate Securities SM (ARS SM), dated as of February 11, 2002.
10.100	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and J.P. Morgan Securities Inc., as Broker-Dealer, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 1998A-10 Auction Rate Securities SM (ARS SM), \$100,000,000 Senior Class 1998A-11 Auction Rate Securities SM (ARS SM) and \$100,000,000 Senior Class 1998A-12 Auction Rate Securities SM (ARS SM), dated as of February 11, 2002.
10.101	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc., as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2001A-7 Auction Rate Notes, dated as of February 11, 2002.
10.102	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc., as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$50,000,000 Senior Class 2000A-3 Auction Rate Notes, \$50,000,000 Senior Class 2000A-4 Auction Rate Notes, \$75,000,000 Senior Class 2000A-8 Auction Rate Notes and \$100,000,000 Senior Class 2000A-14 Auction Rate Notes, dated as of February 11, 2002.
10.103	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and Banc of America Securities LLC, as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$70,500,000 Senior Class 2002A-1 Auction Rate Notes, \$70,500,000 Senior Class 2002A-2 Auction Rate Notes, \$70,500,000 Senior Class 2002A-3 Auction Rate Notes and \$70,500,000 Senior Class 2002A-4 Auction Rate Notes, dated as of March 1, 2002.
10.104	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc., as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2002A-5 Auction Rate Notes, \$100,000,000 Senior Class 2002A-6 Auction Rate Notes and \$82,000,000 Senior Class 2002A-7 Auction Rate Notes, dated as of March 1, 2002.
10.105	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc., as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$50,000,000 Senior Class 2001A-2 Auction Rate Notes, dated as of March 19, 2002.
10.106	Broker-Dealer Agreement among Bankers Trust Company, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc., as Broker-Dealer, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$50,000,000 Senior Class 2000A-7 Auction Rate Notes, dated as of April 1, 2002.
10.107	Amended and Restated Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2002A-6 Auction Rate Notes, dated as of August 1, 2002.

**Exhibit
No.****Description**

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| 10.108 | Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and Banc of America Securities LLC, as Broker-Dealer, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$48,300,000 Senior Auction Rate Class 1996A-1 Auction Rate Securities SM (ARS SM), \$73,700,000 Senior Auction Rate Class 1996A-3 Auction Rate Securities SM (ARS SM) and \$54,300,000 Senior Auction Rate Class 1996A-4 Auction Rate Securities SM (ARS SM), dated as of October 15, 2002. |
| 10.109 | Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and Banc of America Securities LLC, as Broker-Dealer, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$75,500,000 Senior Class 1996A-6 Auction Rate Securities SM (ARS SM), dated as of October 15, 2002. |
| 10.110 | Broker-Dealer Agreement by and among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and Banc of America Securities LLC, as Broker-Dealer, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes- \$70,000,000 Subordinate Class 1998B-5 Auction Rate Securities SM (ARS SM), dated as of October 15, 2002. |
| 10.111 | Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$70,000,000 Senior Class 1999A-13 Auction Rate Certificate Notes (ARCs), \$70,000,000 Senior Class 1999A-14 Auction Rate Certificate Notes (ARCs), \$70,000,000 Senior Class 1999A-15 Auction Rate Certificate Notes (ARCs) and \$68,700,000 Senior Class 1999A-16 Auction Rate Certificate Notes (ARCs), dated as of October 15, 2002. |
| 10.112 | Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$50,000,000 Subordinate Class B-1 Auction Rate Notes, dated as of October 15, 2002. |
| 10.113 | Broker-Dealer Agreement among J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, and Deutsche Bank Trust Company Americas, as Auction Agent, relating to \$90,900,000 MELMAC LLC, Senior Student Loan Revenue Bonds Series 1994A-1, 1994A-2 and 1994A-3 (“Auction Rate Securities SM ”), dated as of October 15, 2002. |
| 10.114 | Broker-Dealer Agreement among J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, and Deutsche Bank Trust Company Americas, as Auction Agent, relating to \$100,000,000 MELMAC LLC Senior Student Loan Revenue Bonds Series 1996A-1 and 1996A-2 (“Auction Rate Securities SM ”), dated as of October 15, 2002. |
| 10.115 | Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities L.L.C., as Co-Broker-Dealers, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$37,500,000 Subordinate Class 2001B-1 Auction Rate Notes and \$37,500,000 Subordinate Class 2001B-2 Auction Rate Notes, dated as of October 15, 2002. |
| 10.116 | Broker-Dealer Agreement by and among J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, and Deutsche Bank Trust Company Americas, as Auction Agent, relating to \$100,000,000 MELMAC LLC Senior Student Loan Revenue Bonds Series 1997A-1 and A-2 (“Auction Rate Securities SM ”) and \$80,300,000 MEMAC LLC Senior Student Loan Revenue Bonds Series 1999A-1 and A-2 (“Auction Rate Securities SM ”), dated as of October 15, 2002. |
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Exhibit No.	Description
10.117	Broker-Dealer Agreement by and among J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, and Deutsche Bank Trust Company Americas, as Auction Agent, relating to \$19,700,000 MELMAC LLC Senior Student Loan Revenue Bonds (Taxable Auction Rate Securities) Series 1999A-3, Auction Rate Securities maturing December 1, 2029, dated as of October 15, 2002.
10.118	Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, and J.P. Morgan Securities Inc. and UFS Securities L.L.C., as Broker-Dealer, relating to \$350,000,000 EMT Corp. Student Loan Asset-Backed Notes-1998 Senior Series A-1, 1998 Senior Series A-2, 1998 Senior Series A-3, 1998 Senior Series A-4 and 1998 Senior Subordinate Series B, dated as of October 15, 2002.
10.119	Broker-Dealer Agreement between Deutsche Bank Trust Company Americas, as Auction Agent, and Banc of America Securities LLC, as Broker-Dealer, relating to \$175,000,000 EMT Corp. Student Loan Asset-Backed Notes-1999 Senior Series A-7, 1999 Senior Series A-8 and 1999 Senior Series A-9, dated as of October 15, 2002.
10.120	Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to EMT Corp. Student Loan Asset-Backed Auction Rate Notes-\$70,000,000 2000 Senior Series A-10, \$70,000,000 2000 Senior Series A-11, \$70,000,000 2000 Senior Series A-12 and \$15,000,000 2000 Senior Subordinate Series B-2, dated as of October 15, 2002.
10.121	Broker-Dealer Agreement between Deutsche Bank Trust Company Americas, as Auction Agent, and Banc of America Securities LLC, as Broker-Dealer, relating to EMT Corp. \$50,000,000 2000 Senior Series A-13 and \$50,000,000 2000 Senior Series A-14, dated as of October 15, 2002.
10.122	Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to EMT Corp. \$98,000,000 2000-I Senior Series A-16, \$98,000,000 2000-I Senior Series A-17, \$98,000,000 2000-I Senior Series A-18, \$98,000,000 2000-I Senior Series A-19, \$98,000,000-2000-I Senior Series A-20 and \$48,000,000 2000-I Senior Subordinate Series B-3, dated as of October 15, 2002.
10.123	Broker-Dealer Agreement between Deutsche Bank Trust Company Americas, as Auction Agent, and Banc of America Securities LLC, as Broker-Dealer, relating to EMT Corp. Student Loan Asset Backed Auction Rate Notes-\$49,000,000 2000-I Senior Series A-21 and \$49,000,000 2000-I Senior Series A-22, dated as of October 15, 2002.
10.124	Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Broker-Dealer, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$48,300,000 Senior Auction Rate Class 1996A-2 Auction Rate Securities SM (ARS SM), dated as of November 1, 2002.
10.125	Broker-Dealer Agreement by and among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 1998A-10 Auction Rate Securities SM (ARS SM), \$100,000,000 Senior Class 1998A-11 Auction Rate Securities SM (ARS SM) and \$100,000,000 Senior Class 1998A-12 Auction Rate Securities SM (ARS SM), dated as of November 1, 2002.
10.126	Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2001A-7 Auction Rate Notes, dated as of November 1, 2002.

**Exhibit
No.****Description**

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| 10.127 | Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$50,000,000 Senior Class 2001A-2 Auction Rate Notes, dated as of November 1, 2002. |
| 10.128 | Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-2, as Issuer, and J.P. Morgan Securities Inc. and UFS Securities, L.L.C., as Co-Broker-Dealers, relating to NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2002A-5 Auction Rate Notes and \$82,000,000 Senior Class 2002A-7 Auction Rate Notes, dated as of November 1, 2002. |
| 10.129 | Broker-Dealer Agreement between Deutsche Bank Trust Company Americas, as Auction Agent, and Banc of America Securities LLC, as Broker-Dealer, relating to Nelnet Education Loan Funding, Inc. Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2003A-2 Auction Rate Notes, \$100,000,000 Senior Class 2003A-4 Auction Rate Notes, \$75,000,000 Senior Class 2003A-6 Auction Rate Notes, \$75,000,000 Senior Class 2003A-8 Auction Rate Notes, \$75,000,000 Senior Class 2003A-10 Auction Rate Notes, \$75,000,000 Senior Class 2003A-12 Auction Rate Notes and \$15,000,000 Subordinate Class 2003B-2 Auction Rate Notes, dated as of June 1, 2003. |
| 10.130 | Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, and J.P. Morgan Securities Inc. and UFS Securities L.L.C., as Co-Broker-Dealers, relating to Nelnet Student Loan Trust 2003-2 Student Loan Asset-Backed Notes-\$95,000,000 Senior Class A-5 Auction Rate Notes, \$95,000,000 Senior Class A-6 Auction Rate Notes and \$25,885,000 Subordinate Class B Auction Rate Notes, dated as of July 1, 2003. |
| 10.131 | First Amendment to Broker-Dealer Agreement between Deutsche Bank Trust Company Americas, as Auction Agent, and Banc of America Securities LLC, as Broker-Dealer, relating to Nelnet Education Loan Funding, Inc. Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2003A-2 Auction Rate Notes, \$100,000,000 Senior Class 2003A-4 Auction Rate Notes, \$75,000,000 Senior Class 2003A-6 Auction Rate Notes, \$75,000,000 Senior Class 2003A-8 Auction Rate Notes, \$75,000,000 Senior Class 2003A-10 Auction Rate Notes, \$75,000,000 Senior Class 2003A-12 Auction Rate Notes and \$15,000,000 Subordinate Class 2003B-2 Auction Rate Notes, dated as of October 1, 2003. |
| 10.132 | First Amendment to Broker-Dealer Agreement between Deutsche Bank Trust Company Americas, as Auction Agent, and Banc of Americas Securities LLC, as Broker-Dealer, relating to Student Loan Asset Backed Auction Rate Notes-\$49,000,000 2000-I Senior Series A-21 and \$49,000,000 2000-1 Senior Series A-22, dated as of October 1, 2003. |
| 10.133 | First Amendment to Broker-Dealer Agreement between Deutsche Bank Trust Company Americas, as Auction Agent, and Banc of America Securities LLC, as Broker-Dealer, relating to \$175,000,000 EMT Corp. Student Loan Asset-Backed Notes-1999 Senior Series A-7, 1999 Senior Series A-8 and 1999 Senior Series A-9, dated October 1, 2003. |
| 10.134 | First Amendment to Broker-Dealer Agreement between Deutsche Bank Trust Company Americas, as Auction Agent, and Banc of America Securities LLC, as Broker-Dealer, relating to EMT Corp. \$50,000,000 2000 Senior Series A-13 and \$50,000,000 2000 Senior Series A-14, dated as of October 1, 2003. |
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Exhibit No.	Description
10.135	First Amendment to Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, NELNET Student Loan Corporation-1, as Issuer, and Banc of America Securities LLC, as Broker-Dealer, relating to NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$48,300,000 Senior Auction Rate Class 1996A-1 Auction Rate Securities SM (ARS SM), \$73,700,000 Senior Auction Rate Class 1996A-3 Auction Rate Securities SM (ARS SM) and \$54,300,000 Senior Auction Rate Class 1996A-4 Auction Rate Securities SM (ARS SM), dated as of October 1, 2003.
10.136	First Amendment to Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, Nelnet Student Loan Corporation-1, as Issuer, and Banc Of America Securities LLC, as Broker-Dealer, relating to Nelnet Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$70,000,000 Subordinate Class 1998B-5 Auction Rate Securities SM (ARS SM), dated as of October 1, 2003.
10.137	First Amendment to Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, Nelnet Student Loan Corporation-1, as Issuer, and Banc Of America Securities LLC, as Broker-Dealer, relating to Nelnet Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes-\$100,000,000 Senior Class 2001A-5 Auction Rate Notes, dated as of October 1, 2003.
10.138	First Amendment to Broker-Dealer Agreement among Deutsche Bank Trust Company Americas, as Auction Agent, Nelnet Student Loan Corporation-2, as Issuer, and Banc Of America Securities LLC, as Broker-Dealer, relating to Nelnet Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes-\$75,500,000 Senior Class 1996A-6 Auction Rate Securities SM (ARS SM), dated as of October 1, 2003.
10.139	Termination of Cap Transaction, dated as of October 16, 2003, between JP Morgan Chase Bank and Nelnet, Inc.
10.140	Interest Rate Swap Confirmation Amended and Restated, dated as of October 24, 2003, from JP Morgan Chase Bank to Nelnet, Inc., relating to the ISDA Master Agreement among the same parties and Nelnet, Inc. (subsequently renamed National Education Loan Network, Inc.) dated May 20, 2002.
21.1†	Subsidiaries of Nelnet, Inc.
23.1	Consent of KPMG LLP, Independent Auditors.
23.2	Consent of Perry, Guthery, Haase & Gessford, P.C., L.L.O. (included in Exhibit 5.1).
24.1†	Powers of Attorney authorizing execution of registration statement on Form S-1 on behalf of certain directors and officers of Nelnet, Inc.

* To be filed by amendment.

† Previously filed.

II-17

(LETTERHEAD OF PERRY, GUTHERY, HAASE & GESSFORD, P.C., L.L.O.)

November 6, 2003

Securities and Exchange Commission
450 5th Street, N.W.
Washington, D.C. 20549

Re: Nelnet, Inc. (the "Company") Registration Statement on Form S-1 (File No. 333-108070)

Dear Sir/Madam:

We have been requested to advise regarding the legality of the shares of Class A common stock of the Company, par value \$0.01 per share (the "Shares"), issuable as contemplated by the Company's registration statement on Form S-1 (File No. 333-108070) (the "Registration Statement") filed with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act").

As to matters of fact, we have examined and relied upon originals or copies certified to our satisfaction of such corporate records, certificates of corporate officers and certificates of public officials and have conducted such investigation as in our judgment is necessary or appropriate to enable us to render the opinion expressed below.

Based on the foregoing, we advise you that in our opinion, when issued in the manner and for the consideration contemplated by the Registration Statement, the Shares will be validly issued, fully paid and non-assessable.

We hereby consent to the use of our firm's name under the caption "Legal Matters" and to the filing of a copy of this opinion with the Commission as an exhibit to the Registration Statement referred to above.

Very truly yours,

/s/ Perry, Guthery, Haase & Gessford, P.C., L.L.O.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2000A-12 Auction Rate Notes \$100,000,000 Senior Class 2000A-13 Auction Rate Notes

Dated as of June 1, 2000

THIS BROKER-DEALER AGREEMENT dated as of June 1, 2000 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (the "Original Indenture") and the Series 2000 Supplemental Indenture of Trust dated as of June 1, 2000 (the "2000 Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 will issue (a) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2000A-12, maturing on December 1, 2032, as Auction Rate Notes and (b) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2000A-13, maturing December 1, 2032, as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2000 Supplement Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2000 Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2000 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be

unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME EVENT

By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2000 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in

writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a

written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2000 Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2000 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than

BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement,

the Auction Agency Agreement and Appendix A to the 2000 Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2000 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: Banc of America Securities LLC
NC1-005-12-03
Interstate Tower
121 West Trade Street
Charlotte, North Carolina 28255
Attention: Mary Lou Haraburd
Telephone: (704) 386-7777
Telecopy: (704) 386-0249

If to the Auction Agent, addressed: Bankers Trust Company Four Albany
Street New York, New York 10006
Attention: Auction Rate Securities
Telephone: 212-250-6850 Telecopy:
212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations,

endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ *Melissa M. Reynolds*

Name *Melissa M. Reynolds*

Title *Vice President*

**BANC OF AMERICA SECURITIES LLC, as
Broker-Dealer**

By /s/ *Christopher G. Cronk*

Name *Christopher G. Cronk*

Title *Vice President*

**NELNET STUDENT LOAN CORPORATION-2, as
Issuer**

By /s/ *Ronald W. Page*

Ronald W. Page, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2000A-12 Auction Rate Notes \$100,000,000 Senior Class 2000A-13 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2000A-12 Auction Rate Notes
\$100,000,000 Senior Class 2000A-13 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

BANC OF AMERICA SECURITIES LLC

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2000A-12 Auction Rate Notes
\$100,000,000 Senior Class 2000A-13 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

BANC OF AMERICA SECURITIES LLC

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2000A-2 Auction Rate Notes

Dated as of February 1, 2001

THIS BROKER-DEALER AGREEMENT dated as of February 1, 2001 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (the "Original Indenture") and the Series 2000 Supplemental Indenture of Trust dated as of June 1, 2000 (the "2000 Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 has previously issued \$50,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2000A-2, maturing on December 1, 2032, as Auction Rate Notes and, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2000 Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2000 Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2000 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be

unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME EVENT

By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of the Auction Rate for the next Interest Period as provided in Appendix A to the 2000 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in

writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a

written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2000 Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2000 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than

BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement,

the Auction Agency Agreement and Appendix A to the 2000 Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2000 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: Banc of America Securities LLC
NC1-005-12-03
Interstate Tower
121 West Trade Street
Charlotte, North Carolina 28255
Attention: Mary Lou Haraburd
Telephone: (704) 386-7777
Telecopy: (704) 386-0249

If to the Auction Agent, addressed: Bankers Trust Company
Four Albany Street
New York, New York 10006
Attention: Auction Rate Securities
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations,

endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ *Melissa Reynolds*

Name *Melissa Reynolds*

Title *Vice President*

**BANC OF AMERICA SECURITIES LLC, as
Broker-Dealer**

By /s/ *Christopher G. Cronk*

Name *Christopher G. Cronk*

Title *Principal*

**NELNET STUDENT LOAN CORPORATION-2,
as Issuer**

By /s/ *Ronald W. Page*

Ronald W. Page, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2000A-2 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Senior Class 2000A-2 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

BANC OF AMERICA SECURITIES LLC

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

* Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Senior Class 2000A-2 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

BANC OF AMERICA SECURITIES LLC

By _____
Name _____
Title _____

* Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-6 Auction Rate Notes

Dated as of September 1, 2001

THIS BROKER-DEALER AGREEMENT dated as of September 1, 2001 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2001B Supplemental Indenture of Trust dated as of September 1, 2001 (the "2001B Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 will issue \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2001A-6, maturing on June 1, 2035, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2001B Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2001B Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2001B Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability,

claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2001B Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in

writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through

BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2001B Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2001B Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be

BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2001B Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2001B Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or
(b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: J.P. Morgan Securities Inc.
60 Wall Street, 33rd Floor
New York, New York 10260
Attention: Kevin C. O'Connor
Telephone: 212-648-0989
Telecopy: 212-648-5628

If to the Auction Agent, addressed: Bankers Trust Company
Four Albany Street
New York, New York 10006
Attention: Auction Rate Securities
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Robert Sandt Jr.

Name Robert Sandt Jr.

Title

**J.P. MORGAN SECURITIES INC., as
Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

**NELNET STUDENT LOAN CORPORATION-2, as
Issuer**

By /s/ Ronald W. Page

Ronald W. Page, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-6 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2001A-6 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

J.P. MORGAN SECURITIES INC.

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2001A-6 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

J.P. MORGAN SECURITIES INC.

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-5 Auction Rate Notes

Dated as of September 1, 2001

THIS BROKER-DEALER AGREEMENT dated as of September 1, 2001 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2001B Supplemental Indenture of Trust dated as of September 1, 2001 (the "2001B Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 will issue (a) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2001A-5, maturing on June 1, 2035, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2001B Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2001B Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2001B Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be

unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2001B Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in

writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2001B Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2001B Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes

through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2001B Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be

responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2001B Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

Banc of America Securities LLC
NCL-005-12-03
Interstate Tower
121 West Trade Street
Charlotte, North Carolina 28255
Attention: Mary Lou Haraburd
Telephone: (704) 386-7777
Telecopy: (704) 386-0249

If to the Auction Agent, addressed:

Bankers Trust Company
Four Albany Street
New York, New York 10006
Attention: Auction Rate Securities
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Robert Sandt Jr.

Name Robert Sandt Jr.

Title _____

**BANC OF AMERICA SECURITIES LLC, as
Broker-Dealer**

By /s/ Christopher G. Cronk

Name Christopher G. Cronk

Title Principal

**NELNET STUDENT LOAN CORPORATION-2,
as Issuer**

By /s/ Ronald W. Page

Ronald W. Page, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-5 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2001A-5 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

BANC OF AMERICA SECURITIES LLC

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

* Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2001A-5 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

BANC OF AMERICA SECURITIES LLC

By _____
Name _____
Title _____

* Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$48,300,000 Senior Class 1996A-2 Auction Rate Securities(sm) (ARS(sm))

Dated as of February 11, 2002

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EXHIBIT C NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of February 11, 2002 among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("NELNET-1"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under the Amended and Restated Indenture of Trust dated as of June 15, 1996 (the "Indenture"), by and between NELNET-1 and the Trustee pursuant to authority granted to it in the Amended and Restated Auction Agency Agreement dated as of June 15, 1996, among NELNET-1, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. (together with its successors and assigns hereinafter referred to as "BD").

NELNET-1 has issued \$48,300,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-2, maturing on July 1, 2014, as Auction Rate Securities(sm) (the "ARS(sm)").

The Indenture provides that the interest rate on the ARS for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.9(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-1, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Amended and Restated Auction Agency Agreement dated as of June 15, 1996, among NELNET-1, the Trustee and the Auction Agent relating to the ARS.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any ARS.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Applicable ARS Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the Indenture may, with the prior written consent of the Market Agent, execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the ARS, the Auction Agent shall advise BD by telephone of the All-Hold Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of ARS specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of ARS and the aggregate principal amount of ARS beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-1 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the ARS in accordance with the schedule set forth below. Such schedule may be changed at any time by the

Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate and the applicable Maximum Rate, as set forth in Section 2.3(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 12:30 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the Indenture. Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and ARS are allocated as provided in Section 2.02 of Appendix A to the Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARS, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any ARS to be transferred to or by any person that purchased or sold ARS through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix A to the Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-1, at NELNET-1's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-1 and the Auction Agent, the prevailing rate, NELNET-1 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change

in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for ARS that was accepted in whole or in part fails to instruct its Participant to deliver the ARS subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARS against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARS that is less than the principal amount of the ARS specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARS which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-1 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver ARS or to pay for ARS sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the ARS, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

- (a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.
- (b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.
- (d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.
- (e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.1(d) thereof), the ARS, or any Private Placement Memorandum or other offering material used in connection with the offer and sale of the ARS.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARS pursuant to Section 2.02(c) of Appendix A to the Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

J.P. Morgan Securities Inc.
60 Wall Street, 33rd Floor
New York, New York 10260
Attention: Kevin C. O'Connor
Telephone: 212-648-0989
Telecopy: 212-648-5628

If to the Auction Agent, addressed:

Bankers Trust Company
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust &
Agency Services
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Jody Sanchez

Name Jody Sanchez

Title Assistant Vice President

**J.P. MORGAN SECURITIES INC., as
Broker-Dealer**

By /s/ Thomas F. Gallo

Thomas F. Gallo, Vice President

NELNET STUDENT LOAN CORPORATION-1, as Issuer

By /s/ Jeffrey R. Noordhoek

Jeffrey R. Noordhoek, Secretary and Treasurer

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARS and the principal amount of ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARS and the principal amount of ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARS Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such principal amount of ARS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARS received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering ARS to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARS against receipt of such ARS, and (B) deliver such ARS through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARS to be purchased pursuant to (b)(ii) above against receipt of such ARS, and (B) deliver such ARS through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling ARS in an Auction fails to deliver such ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARS that is less than the principal amount of ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or

nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$48,300,000 Senior Class 1996A-2 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes \$48,300,000 Senior Class 1996A-2 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * ARS to _____.

[NAME OF EXISTING HOLDER]

[NAME OF BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver
ARS sold pursuant to an Auction)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$48,300,000 Senior Class 1996A-2 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARS in the Auction held on _____ from the seller of such ARS.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the ARS in the Auction held on _____ to the purchaser of such ARS.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such ARS to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such ARS

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1
as Issuer

and

J.P. MORGAN SECURITIES INC.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 1998A-10 Auction Rate Securities (sm) (ARS (sm)) \$100,000,000 Senior Class 1998A-11 Auction Rate Securities (sm) (ARS (sm)) \$100,000,000 Senior Class 1998A-12 Auction Rate Securities (sm) (ARS (sm))

Dated as of February 11, 2002

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EXHIBIT C NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of February 11, 2002 among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("NELNET-1"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under a Second Amended and Restated Indenture of Trust dated as of November 1, 1996, as amended (the "Amended Indenture") and the Series 1998 Supplemental Indenture of Trust dated as of December 15, 1998 (the "1998 Supplemental Indenture," and together with the Amended Indenture, the "Indenture"), each by and between NELNET-1 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of December 15, 1998, among NELNET-1, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. (together with its successors and assigns hereinafter referred to as "BD").

NELNET-1 has issued (a) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1998A-10, maturing on October 1, 2032, as Auction Rate Securities(sm), (b) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1998A-11, maturing November 1, 2032, as Auction Rate Securities(sm) and (c) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1998A-12, maturing December 1, 2032, as Auction Rate Securities(sm) (collectively, the "ARS(sm)").

The Indenture provides that the interest rate on the ARS for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-1, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of December 15, 1998, among NELNET-1, the Trustee and the Auction Agent relating to the ARS.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 1998 Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any ARS.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Applicable ARS Rate

for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 1998 Supplemental Indenture may, with the prior written consent of the Market Agent, execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 1998 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the ARS, the Auction Agent shall advise BD by telephone of the All-Hold Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of ARS specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of ARS and the aggregate principal amount of ARS beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such

information so provided to any person other than the Trustee, NELNET-1 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the ARS in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 12:30 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 1998 Supplemental Indenture. Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 1998 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and ARS are allocated as provided in Section 2.02 of Appendix A to the 1998 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 1998 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARS, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written

notice, substantially in the form attached hereto as Exhibit D, of the failure of any ARS to be transferred to or by any person that purchased or sold ARS through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05.SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix A to the 1998 Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 1998 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS.

If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-1, at NELNET-1's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-1 and the Auction Agent, the prevailing rate, NELNET-1 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for ARS that was accepted in whole or in part fails to instruct its Participant to deliver the ARS subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARS against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARS that is less than the principal amount of the ARS specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARS which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-1 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver ARS or to pay for ARS sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 1998 Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against

the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the ARS, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the ARS, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the ARS.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the

delivery of certificates representing the ARS pursuant to Section 2.02(c) of Appendix A to the 1998 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

J.P. Morgan Securities Inc.
60 Wall Street, 33rd Floor
New York, New York 10260
Attention: Kevin C. O'Connor
Telephone: 212-648-0989
Telecopy: 212-648-5626

If to the Auction Agent, addressed:

Bankers Trust Company
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust &
Agency Services
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

- (a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.
- (b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.
- (c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Jody Sanchez

Name Jody Sanchez

Title Assistant Vice President

**J.P. MORGAN SECURITIES INC., as
Broker-Dealer**

By /s/ Thomas F. Gallo

Thomas F. Gallo, Vice President

NELNET STUDENT LOAN CORPORATION-1, as Issuer

By /s/ Jeffrey R. Noordhoek

Jeffrey R. Noordhoek, Secretary and Treasurer

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARS and the principal amount of ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARS and the principal amount of ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARS Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such principal amount of ARS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARS received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering ARS to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARS against receipt of such ARS, and (B) deliver such ARS through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARS to be purchased pursuant to (b)(ii) above against receipt of such ARS, and (B) deliver such ARS through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling ARS in an Auction fails to deliver such ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARS that is less than the principal amount of ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or

nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

[\$100,000,000 Senior Class 1998A-10 Auction Rate Securities]

[\$100,000,000 Senior Class 1998A-11 Auction Rate Securities]

[\$100,000,000 Senior Class 1998A-12 Auction Rate Securities]

Auction Rate Securities Maturing _____ 1, 2032

("ARS")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes
[\$100,000,000 Senior Class 1998A-10 Auction Rate Securities]
[\$100,000,000 Senior Class 1998A-11 Auction Rate Securities]
[\$100,000,000 Senior Class 1998A-12 Auction Rate Securities]

Auction Rate Securities Maturing _____ 1, 2032

("ARS")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * ARS to _____.

[NAME OF EXISTING HOLDER]

[NAME OF BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver
ARS sold pursuant to an Auction)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

[\$100,000,000 Senior Class 1998A-10 Auction Rate Securities]
[\$100,000,000 Senior Class 1998A-11 Auction Rate Securities]
[\$100,000,000 Senior Class 1998A-12 Auction Rate Securities]

Auction Rate Securities Maturing _____ 1, 2032

("ARS")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARS in the Auction held on _____ from the seller of such ARS.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the ARS in the Auction held on _____ to the purchaser of such ARS.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such ARS to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such
ARS

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-7 Auction Rate Notes

Dated as of February 11, 2002

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TRANSFER FORM
NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of February 11, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2001B Supplemental Indenture of Trust dated as of September 1, 2001 (the "2001B Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 has issued \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2001A-7, maturing on June 1, 2035, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2001B Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2001B Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2001B Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability,

claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2001B Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through

BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2001B Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2001B Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be

BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2001B Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2001B Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:	J.P. Morgan Securities Inc. 60 Wall Street, 33rd Floor New York, New York 10260 Attention: Kevin C. O'Connor Telephone: 212-648-0989 Telecopy: 212-648-5628
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If to the Auction Agent, addressed:	Bankers Trust Company 100 Plaza One, 6th Floor Jersey City, New Jersey 07311 Attention: Corporate Trust & Agency Services Telephone: 212-250-6850 Telecopy: 212-250-6215
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or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Jody Sanchez

Name Jody Sanchez

Title Assistant Vice President

J.P. MORGAN SECURITIES INC., as Broker-Dealer

By /s/ Thomas F. Gallo

Thomas F. Gallo, Vice President

NELNET STUDENT LOAN CORPORATION-2, as Issuer

By /s/ Jeffrey Noordhoek

Jeffrey Noordhoek, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2001A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * Auction Rate Notes to_____.

[NAME OF EXISTING HOLDER]

J.P. MORGAN SECURITIES INC.

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2001A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

J.P. MORGAN SECURITIES INC.

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2000A-3 Auction Rate Notes \$50,000,000 Senior Class 2000A-4 Auction Rate Notes \$75,000,000 Senior Class
2000A-8 Auction Rate Notes \$100,000,000 Senior Class 2000A-14 Auction Rate Notes

Dated as of February 11, 2002

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EXHIBIT C NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of February 11, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (the "Original Indenture") and the Series 2000 Supplemental Indenture of Trust dated as of June 1, 2000 (the "2000 Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 has issued (a) \$50,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2000A-3, maturing December 1, 2032, as Auction Rate Notes, (b) 50,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2000A-4, maturing December 1, 2032, as Auction Rate Notes, (c) \$75,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2000A-8, maturing December 1, 2032, as Auction Rate Notes and (d) \$100,000,000 of its Taxable Student Loan asset-Backed Notes, Senior Class 2000A-14, maturing December 1, 2032, as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2000 Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes

Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2000 Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2000 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than

the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2000 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through

BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2000 Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2000 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided,

however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2000 Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2000 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: J.P. Morgan Securities Inc.
60 Wall Street, 33rd Floor
New York, New York 10260
Attention: Kevin C. O'Connor
Telephone: 212-648-0989
Telecopy: 212-648-5628

If to the Auction Agent, addressed: Bankers Trust Company
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust &
Agency Services
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Jody Sanchez

Name Jody Sanchez

Title Assistant Vice President

J.P. MORGAN SECURITIES INC., as Broker-Dealer

By /s/ Thomas F. Gallo

Thomas F. Gallo, Vice President

NELNET STUDENT LOAN CORPORATION-2, as Issuer

By /s/ Jeffrey R. Noordhoek

Jeffrey R. Noordhoek, Secretary and Treasurer

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

[\$50,000,000 Senior Class 2000A-3 Auction Rate Notes]
[\$50,000,000 Senior Class 2000A-4 Auction Rate Notes]
[\$75,000,000 Senior Class 2000A-8 Auction Rate Notes]
[\$100,000,000 Senior Class 2000A-14 Auction Rate Notes]

Maturing December 1, 2032
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes
[\$50,000,000 Senior Class 2000A-3 Auction Rate Notes]
[\$50,000,000 Senior Class 2000A-4 Auction Rate Notes]
[\$75,000,000 Senior Class 2000A-8 Auction Rate Notes]
[\$100,000,000 Senior Class 2000A-14 Auction Rate Notes]

Maturing December 1, 2032
("Auction Rate Notes")

We are (check one):

- _____ the Existing Holder named below; or
- _____ the Broker-Dealer for such Existing Holder; or
- _____ the Participant for such Existing Holder.

We hereby notify you that such Existing Holder has transferred

\$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

J.P. MORGAN SECURITIES INC.

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes
[\$50,000,000 Senior Class 2000A-3 Auction Rate Notes]
[\$50,000,000 Senior Class 2000A-4 Auction Rate Notes]
[\$75,000,000 Senior Class 2000A-8 Auction Rate Notes]
[\$100,000,000 Senior Class 2000A-14 Auction Rate Notes]

Maturing December 1, 2032
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

J.P. MORGAN SECURITIES INC.

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$70,500,000 Senior Class 2002A-1 Auction Rate Notes \$70,500,000 Senior Class 2002A-2 Auction Rate Notes \$70,500,000 Senior Class
2002A-3 Auction Rate Notes \$70,500,000 Senior Class 2002A-4 Auction Rate Notes

Dated as of March 1, 2002

THIS BROKER-DEALER AGREEMENT dated as of March 1, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2002A Supplemental Indenture of Trust dated as of March 1, 2002 (the "2002A Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of March 1, 2002, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 will issue (a) \$70,500,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-1, maturing on June 1, 2035, as Auction Rate Notes, (b) \$70,500,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-2, maturing on June 1, 2035, as Auction Rate Notes, (c) \$70,500,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-3, maturing on June 1, 2035, as Auction Rate Notes, (d) \$70,500,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-4, maturing on June 1, 2035, as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of March 13, 2002, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2002A Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes

Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2002A Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2002A Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than

the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2002A Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2002A Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2002A Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2002A Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2002A Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2002A Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes

through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2002A Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be

responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2002A Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

Banc of America Securities LLC
NC1-005-12-03
Interstate Tower
121 West Trade Street
Charlotte, North Carolina 28255
Attention: Mary Lou Haraburd
Telephone: (704) 386-7777
Telecopy: (704) 386-0249

If to the Auction Agent, addressed:

Bankers Trust Company
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust &
Agency Services
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Jody Sanchez

Name Jody Sanchez

Title A.V. President

BANC OF AMERICA SECURITIES LLC, as
Broker-Dealer

By /s/ Christopher G. Cronk

Christopher G. Cronk, Principal

**NELNET STUDENT LOAN CORPORATION-2,
as Issuer**

By /s/ Jeffrey R. Noordhoek

Jeffrey R. Noordhoek, Secretary and Treasurer

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$70,500,000 Senior Class 2002A-1 Auction Rate Notes \$70,500,000 Senior Class 2002A-2 Auction Rate Notes \$70,500,000 Senior Class
2002A-3 Auction Rate Notes \$70,500,000 Senior Class 2002A-4 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$70,500,000 Senior Class 2002A-1 Auction Rate Notes \$70,500,000 Senior Class 2002A-2 Auction Rate Notes \$70,500,000 Senior Class 2002A-3 Auction Rate Notes \$70,500,000 Senior Class 2002A-4 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

BANC OF AMERICA SECURITIES LLC

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$70,500,000 Senior Class 2002A-1 Auction Rate Notes
\$70,500,000 Senior Class 2002A-2 Auction Rate Notes \$70,500,000 Senior Class 2002A-3 Auction Rate Notes \$70,500,000 Senior Class
2002A-4 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

BANC OF AMERICA SECURITIES LLC

By _____

Name _____

Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2

Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2002A-5 Auction Rate Notes \$100,000,000 Senior Class 2002A-6
Auction Rate Notes \$82,000,000 Senior Class 2002A-7 Auction Rate Notes

Dated as of March 1, 2002

THIS BROKER-DEALER AGREEMENT dated as of March 1, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2002A Supplemental Indenture of Trust dated as of March 1, 2002 (the "2002A Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of March 1, 2002, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 will issue (a) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-5, maturing on June 1, 2035, as Auction Rate Notes, (b) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-6, maturing on June 1, 2035, as Auction Rate Notes and (c) \$82,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-7, as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of March 1, 2002, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2002A Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes

Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2002A Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2002A Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than

the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2002A Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2002A Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2002A Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2002A Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2002A Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2002A Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes

through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

- (a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.
- (b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2002A Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.
- (c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

- (a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.
- (b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.
- (d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be

responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2002A Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

J.P. Morgan Securities Inc.
60 Wall Street, 33rd Floor
New York, New York 10260
Attention: Kevin C. O'Connor
Telephone: 212-648-0989
Telecopy: 212-648-5628

If to the Auction Agent, addressed:

Bankers Trust Company
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust and Agency Services
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when

delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Jody Sanchez

Name Jody Sanchez

Title A.V. President

J.P. MORGAN SECURITIES INC., as Broker-Dealer

By /s/ Kevin C. O'Conner

Kevin C. O'Connor, Vice President

NELNET STUDENT LOAN CORPORATION-2, as Issuer

By /s/ Jeffrey R. Noordhoek

Jeffrey R. Noordhoek, Secretary and Treasurer

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2002A-5 Auction Rate Notes \$100,000,000 Senior Class 2002A-6 Auction Rate Notes \$82,000,000 Senior Class
2002A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2002A-5 Auction Rate Notes
\$100,000,000 Senior Class 2002A-6 Auction Rate Notes \$82,000,000 Senior Class 2002A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

J.P. MORGAN SECURITIES INC.

[NAME OF PARTICIPANT]

By _____

Name _____

Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2002A-5 Auction Rate Notes
\$100,000,000 Senior Class 2002A-6 Auction Rate Notes \$82,000,000 Senior Class 2002A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.

2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

J.P. MORGAN SECURITIES INC.

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2001A-2 Auction Rate Notes

Dated as of March 19, 2002

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TRANSFER FORM
NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of March 19, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2001B Supplemental Indenture of Trust dated as of September 1, 2001 (the "2001B Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 has issued \$50,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2001A-2, maturing on June 1, 2035, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2001B Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2001B Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2001B Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability,

claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2001B Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in

writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through

BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2001B Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2001B Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be

BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2001B Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2001B Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: 212-834-7182
Telecopy: 212-834-7182

If to the Auction Agent, addressed: Bankers Trust Company
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust & Agency
Services
Telephone: 201-593-6878
Telecopy: 201-593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**BANKERS TRUST COMPANY, as Auction
Agent**

By /s/ Jody Sanchez

Name Jody Sanchez

Title AVP

**J.P. MORGAN SECURITIES INC., as
Broker-Dealer**

By /s/ Lawrence C. Schmidlapp

Name Lawrence C. Schmidlapp

Title Vice President

**NELNET STUDENT LOAN CORPORATION-2, as
Issuer**

By /s/ Jeffrey Noordhoek

Jeffrey Noordhoek, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2001A-2 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Senior Class 2001A-2 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

J.P. MORGAN SECURITIES INC.

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Senior Class 2001A-2 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

J.P. MORGAN SECURITIES INC.

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

BANKERS TRUST COMPANY,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2000A-7 Auction Rate Notes

Dated as of April 1, 2002

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TRANSFER FORM
NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of April 1, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), BANKERS TRUST COMPANY, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (the "Original Indenture") and the Series 2000 Supplemental Indenture of Trust dated as of June 1, 2000 (the "2000 Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 has issued \$50,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2000A-7, maturing December 1, 2032, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01 TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02 TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2000 Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03 RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2000 Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2000 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability,

claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m. By 10:30 a.m.	Auction Agent obtains One-Month LIBOR Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2000 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any

Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2000 Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2000 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any

reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2000 Supplemental Indenture,

and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2000 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

J.P. Morgan Securities Inc.
60 Wall Street, 33rd Floor
New York, New York 10260
Attention: Kevin C. O'Connor
Telephone: 212-648-0989
Telecopy: 212-648-5628

If to the Auction Agent, addressed:

Bankers Trust Company
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust & Agency Services
Telephone: 212-250-6850
Telecopy: 212-250-6215

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANKERS TRUST COMPANY, as Auction Agent

By /s/ Linda Reale

Name Linda Reale

Title VP

**J.P. MORGAN SECURITIES INC., as
Broker-Dealer**

By /s/ Maureen McKeown

Name Maureen McKeown

Title Vice President

**NELNET STUDENT LOAN CORPORATION-2,
as Issuer**

By /s/ Jeffrey R. Noordhoek

Jeffrey R. Noordhoek, Secretary and Treasurer

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2000A-7 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Senior Class 2000A-7 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

J.P. MORGAN SECURITIES INC.

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Senior Class 2000A-7 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

J.P. MORGAN SECURITIES INC.

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

AMENDED AND RESTATED BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2002A-6 Auction Rate Notes

Dated as of August 1, 2002

THIS AMENDED AND RESTATED BROKER-DEALER AGREEMENT dated as of August 1, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2002A Supplemental Indenture of Trust dated as of March 1, 2002 (the "2002A Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of March 1, 2002 (the "Auction Agency Agreement"), among NELNET-2, the Trustee and the Auction Agent (formerly known as Bankers Trust Company), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

NELNET-2 previously issued \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-6, maturing on June 1, 2035, as Auction Rate Notes (the "Class 2002A-6 Notes" or the "Auction Rate Notes").

J.P. Morgan Securities Inc. previously executed a Broker-Dealer Agreement, dated March 1, 2002 (the "Initial Broker-Dealer Agreement"), among the Auction Agent, J.P. Morgan Securities Inc. and NELNET-2 with respect to certain of NELNET-2's Taxable Student Loan Asset-Backed Notes, including the Class 2002A-6 Notes.

It is the intention of the parties hereto that this Broker-Dealer Agreement amend and restate the Initial Broker-Dealer Agreement in its entirety, but only to the extent such Initial Broker-Dealer Agreement relates to the Class 2002A-6 Notes; it being understood and agreed that no lapse in broker-dealer has occurred with respect to the Auction Rate Notes as a result of the execution of this Broker-Dealer Agreement by the parties hereto.

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION AND AMENDMENT OF THE INITIAL BROKER-DEALER AGREEMENT

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of March 1, 2002, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2002A Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Amended and Restated Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

SECTION 1.04. AMENDMENT OF THE INITIAL BROKER-DEALER AGREEMENT. The Initial Broker-Dealer Agreement is hereby amended and restated in its entirety with respect to the Class 2002A-6 Notes; provided, however, that the Initial Broker-Dealer Agreement shall remain in full force and effect with respect to any notes, other than the Class 2002A-6 Notes, issued by NELNET-2 and specifically mentioned therein.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2002A Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2002A Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2002A Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2002A Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2002A Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2002A Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to the applicable BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times

(b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2002A Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2002A Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent,

the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2002A Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent

shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2002A Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a

different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:	J.P. Morgan Securities Inc. 60 Wall Street, 33rd Floor New York, New York 10260 Attention: Kevin C. O'Connor Telephone: 212-834-7182 Telecopy: 212-834-6737
If to BD, addressed:	UFS Securities, L.L.C. 6801 South 27th Street Lincoln, Nebraska 68512 Attention: Mark E. Portz Telephone: 402-484-9326 Telecopy: 402-484-9331
If to the Auction Agent, addressed:	Deutsche Bank Trust Company Americas 100 Plaza One, 6th Floor Jersey City, New Jersey 07311 Attention: Corporate Trust and Agency Services Telephone: 201-593-6878 Telecopy: 201-593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

- (a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.
- (b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.
- (c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**J.P. MORGAN SECURITIES INC., as
Co-Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker-Dealer

By /s/ Mark E. Portz

Mark E. Portz, Vice President

**NELNET STUDENT LOAN CORPORATION-2,
as Issuer**

By /s/ Jeffrey R. Noordhoek

Jeffrey R. Noordhoek, Secretary and Treasurer

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2002A-6 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2002A-6 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

**[J.P. MORGAN SECURITIES INC.] OR [UFS
SECURITIES, L.L.C.]**

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2002A-6 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

**[J.P. MORGAN SECURITIES INC.] OR [UFS
SECURITIES, L.L.C.]**

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$48,300,000 Senior Auction Rate Class 1996A-1 Auction Rate Securities(sm)

(ARS(sm))

\$73,700,000 Senior Auction Rate Class 1996A-3 Auction Rate Securities(sm)
(ARS(sm))

\$54,300,000 Senior Auction Rate Class 1996A-4 Auction Rate Securities(sm)
(ARS(sm))

Dated as of October 15, 2002

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EXHIBIT A SETTLEMENT PROCEDURES
EXHIBIT B-1 ORDER FORM

THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("NELNET-1"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under the Second Amended and Restated Indenture of Trust dated as of November 1, 1996 (the "Indenture"), by and between NELNET-1 and the Trustee pursuant to authority granted to it in the Amended and Restated Auction Agency Agreement dated as of November 1, 1996, among NELNET-1, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-1 has issued \$48,300,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-1, as Auction Rate Securities(sm), \$73,700,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-3, as Auction Rate Securities(sm) and \$54,300,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-4, as Auction Rate Securities(sm) (collectively, the "ARS(sm)").

The Indenture provides that the interest rate on the ARS for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.9 of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-1, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Amended and Restated Auction Agency Agreement dated as of June 15, 1996, among NELNET-1, the Trustee and the Auction Agent relating to the ARS.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any ARS.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Applicable ARS Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the Indenture may, with the prior written consent of the Market Agent, execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the ARS, the Auction Agent shall advise BD by telephone of the All-Hold Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of ARS specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of ARS and the aggregate principal amount of ARS beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-1 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would

expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the ARS in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate and the applicable Maximum Rate, as set forth in Section 2.3(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 12:30 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the Indenture. Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and ARS are allocated as provided in Section 2.02 of Appendix A to the Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARS, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any ARS to be transferred to or by any person that purchased or sold ARS through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to

the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix A to the Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-1, at NELNET-1's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-1 and the Auction Agent, the prevailing rate, NELNET-1 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for ARS that was accepted in whole or in part fails to instruct its Participant to deliver the ARS subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARS against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARS that is less than the principal amount of the ARS specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARS which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-1 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver ARS or to pay for ARS sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the ARS, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment

made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.1(d) thereof), the ARS, or any Private Placement Memorandum or other offering material used in connection with the offer and sale of the ARS.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARS pursuant to Section 2.02(c) of Appendix A to the Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a

Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: Banc of America Securities LLC
NCL-005-12-03
121 West Trade Street, 12th Floor
Charlotte, North Carolina 28255
Attention: Short Term Underwriting
and Trading
Telephone: 704-386-4520
Telecopy: 704-386-1193

If to the Auction Agent, addressed: Deutsche Bank Trust Company
Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust &
Agency Services
Telephone: 201-593-6878
Telecopy: 201-593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC
Broker-Dealer**

By /s/ Christopher G. Cronk

 Christopher G. Cronk, Principal

**NELNET STUDENT LOAN CORPORATION-1,
as Issuer**

By /s/ Terry J. Heimes

 Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARS and the principal amount of ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARS and the principal amount of ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARS Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such principal amount of ARS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARS received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering ARS to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARS against receipt of such ARS, and (B) deliver such ARS through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARS to be purchased pursuant to (b)(ii) above against receipt of such ARS, and (B) deliver such ARS through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling ARS in an Auction fails to deliver such ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARS that is less than the principal amount of ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or

nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

[\$48,300,000 Senior Class 1996A-1 Auction Rate Securities]

[\$73,700,000 Senior Class 1996A-3 Auction Rate Securities]

[\$54,300,000 Senior Class 1996A-4 Auction Rate Securities]

Auction Rate Securities Maturing July 1, 2014

("ARS")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes
[\$48,300,000 Senior Class 1996A-1 Auction Rate Securities]
[\$73,700,000 Senior Class 1996A-3 Auction Rate Securities]
[\$54,300,000 Senior Class 1996A-4 Auction Rate Securities]

Auction Rate Securities Maturing July 1, 2014

("ARS")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * ARS to _____.

[NAME OF EXISTING HOLDER]

[NAME OF BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver
ARS sold pursuant to an Auction)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

[\$48,300,000 Senior Class 1996A-1 Auction Rate Securities]
[\$73,700,000 Senior Class 1996A-3 Auction Rate Securities]
[\$54,300,000 Senior Class 1996A-4 Auction Rate Securities]

Auction Rate Securities Maturing July 1, 2014

("ARS")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARS in the Auction held on _____ from the seller of such ARS.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the ARS in the Auction held on _____ to the purchaser of such ARS.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such ARS to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such
ARS

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$75,500,000 Senior Class 1996A-6 Auction Rate Securities(sm) (ARS(sm))

Dated as of October 15, 2002

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TRANSFER FORM
NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("NELNET-1"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under the Second Amended and Restated Indenture of Trust dated as of November 1, 1996 (the "Indenture") and the Series 1996C Supplemental Indenture of Trust, dated as of November 1, 1996 (the "Supplemental Indenture"), each by and between NELNET-1 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of November 1, 1996, among NELNET-1, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-1 has issued \$75,500,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-6, maturing on July 1, 2014, as Auction Rate Securities(sm) (the "ARS(sm)").

The Supplemental Indenture provides that the interest rate on the ARS for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.9 of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-1, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of November 1, 1996, among NELNET-1, the Trustee and the Auction Agent relating to the ARS.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix B to the Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any ARS.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Applicable ARS Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the Indenture may, with the prior written consent of the Market Agent, execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix B to the Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the ARS, the Auction Agent shall advise BD by telephone of the All-Hold Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of (i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. on the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of ARS specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of ARS and the aggregate principal amount of ARS beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-1 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the ARS in accordance with the schedule set forth below. Such schedule may be changed at any time by the

Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate and the applicable Maximum Rate, as set forth in Section 2.3(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 12:30 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix B to the Supplemental Indenture. Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix B to the Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and ARS are allocated as provided in Section 2.02 of Appendix B to the Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix B to the Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARS, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any ARS to be transferred to or by any person that purchased or sold ARS through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.5(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of

(a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix B to the Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix B to the Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-1, at NELNET-1's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-1 and the Auction Agent, the prevailing rate, NELNET-1 shall change the Broker-Dealer Fee Rate pursuant to the terms

hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for ARS that was accepted in whole or in part fails to instruct its Participant to deliver the ARS subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARS against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARS that is less than the principal amount of the ARS specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this

Section 2.06(a), any delivery or non-delivery of ARS which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-1 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver ARS or to pay for ARS sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix B to the Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the ARS, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

- (a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.
- (b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.
- (d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.
- (e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.1(d) thereof), the ARS, or any Private Placement Memorandum or other offering material used in connection with the offer and sale of the ARS.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARS pursuant to Section 2.02(c) of Appendix B to the Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

Banc of America Securities LLC
NC1-005-12-03
121 West Trade Street, 12th Floor
Charlotte, North Carolina 28255
Attention: Short Term Underwriting and
Trading
Telephone: 704-386-4520
Telecopy: 704-386-1193

If to the Auction Agent, addressed:

Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust & Agency
Services
Telephone: 201-593-6878
Telecopy: 201-593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title Vice President

**BANC OF AMERICA SECURITIES LLC, as
Broker-Dealer**

By /s/ Christopher G. Cronk

Christopher G. Cronk, Principal

**NELNET STUDENT LOAN CORPORATION-1,
as Issuer**

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARS and the principal amount of ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARS and the principal amount of ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARS Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such principal amount of ARS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARS received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering ARS to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARS against receipt of such ARS, and (B) deliver such ARS through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARS to be purchased pursuant to (b)(ii) above against receipt of such ARS, and (B) deliver such ARS through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling ARS in an Auction fails to deliver such ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARS that is less than the principal amount of ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or

nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$75,500,000 Senior Class 1996A-6 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes \$75,500,000 Senior Class 1996A-6 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * ARS to _____.

[NAME OF EXISTING HOLDER]

[NAME OF BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver
ARS sold pursuant to an Auction)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$75,500,000 Senior Class 1996A-6 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARS in the Auction held on _____ from the seller of such ARS.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the ARS in the Auction held on _____ to the purchaser of such ARS.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such ARS to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such ARS

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

BROKER-DEALER AGREEMENT

by and among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$70,000,000 Subordinate Class 1998B-5 Auction Rate Securities(sm) (ARS(sm))

Dated as of October 15, 2002

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EXHIBIT A	SETTLEMENT PROCEDURES
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BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 by and among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("Nelnet"), DEUTSCHE BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under a Second Amended and Restated Indenture of Trust dated as of November 1, 1996, as amended (the "Amended Indenture") and the Series 1998 Supplemental Indenture of Trust dated as of December 15, 1998 (the "1998 Supplemental Indenture," and together with the Amended Indenture, the "Indenture"), each by and between Nelnet and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of December 15, 1998, among Nelnet, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

WHEREAS, Nelnet has previously issued \$70,000,000 of its Taxable Student Loan Asset-Backed Notes, Subordinate Class 1998B-5, maturing December 1, 2032, as Auction Rate Securities(sm) (the "ARS(sm)"); and

WHEREAS, the Indenture provides that the interest rate on the ARS for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09 of the Auction Agency Agreement, the Auction Agent has entered into this Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Nelnet, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" has the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" means the Auction Agency Agreement dated as of December 15, 1998, among Nelnet, the Trustee and the Auction Agent relating to the ARS.

"Auction Procedures" means the Auction Procedures that are set forth in Appendix A to the 1998 Supplemental Indenture.

"Authorized Officer" means each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" means each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" means this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" means the beneficial owner of any ARS.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Applicable ARS Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 1998 Supplemental Indenture may, with the prior written consent of the Market Agent, execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 1998 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the ARS, the Auction Agent shall advise BD by telephone of the All-Hold Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of ARS specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of ARS and the aggregate principal amount of ARS beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, Nelnet and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would

expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the ARS in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 12:30 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 1998 Supplemental Indenture. Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 1998 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and ARS are allocated as provided in Section 2.02 of Appendix A to the 1998 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 1998 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARS, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any ARS to

be transferred to or by any person that purchased or sold ARS through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360; times (b) the Broker-Dealer Fee Rate; times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission; (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix A to the 1998 Supplemental Indenture) submitted to the Auction Agent by BD; and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 1998 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of clause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with

respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise Nelnet, at Nelnet's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of Nelnet and the Auction Agent, the prevailing rate, Nelnet shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for ARS that was accepted in whole or in part fails to instruct its Participant to deliver the ARS subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARS against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARS that is less than the principal amount of the ARS specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARS which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor Nelnet shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver ARS or to pay for ARS sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 1998 Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any

other offering material employed in connection with the offer and sale of the ARS, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the ARS, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the ARS.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days' prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARS pursuant to Section 2.02(c) of Appendix A to the

1998 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository; or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days' prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD: Banc of America Securities LLC
NCL-005-12-03
121 West Trade Street, 12th Floor
Charlotte, North Carolina 28255
Telephone: 704-386-4520
Facsimile: 704-386-1193
Attention: Short Term Underwriting
and Trading

If to the Auction Agent: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: 201-593-6878
Facsimile: 201-593-5447
Attention: Corporate Trust & Agency
Services

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

- (a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.
- (b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.
- (c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC, as
Broker-Dealer**

By /s/ Christopher G. Cronk

 Christopher G. Cronk, Principal

**NELNET STUDENT LOAN
CORPORATION-1, as Issuer**

By /s/ Terry J. Heimes

 Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARS and the principal amount of ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted;

(vi) if the principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARS and the principal amount of ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARS Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such principal amount of ARS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARS received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in paragraph (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering ARS to such Broker-Dealer following such Auction pursuant to paragraph (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARS against receipt of such ARS; and (B) deliver such ARS through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to paragraph (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to paragraph (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARS to be purchased pursuant to paragraph (b)(ii) above against receipt of such ARS; and (B) deliver such ARS through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in paragraph (d)(i) above shall instruct DTC to execute the transactions described under paragraph (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in paragraph (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in paragraph (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling ARS in an Auction fails to deliver such ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARS that is less than the principal amount of ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or non-delivery of ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect

unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$70,000,000 Subordinate Class 1998B-5 Auction Rate Securities

Auction Rate Securities Maturing December 1, 2032

("ARS")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes \$70,000,000 Subordinate Class 1998B-5 Auction Rate Securities

Auction Rate Securities Maturing December 1, 2032

("ARS")

We are (check one):

_____ the Existing Holder named below; or

_____ the Broker-Dealer for such Existing Holder; or

_____ the Participant for such Existing Holder.

We hereby notify you that such Existing Holder has transferred

\$_____ * ARS to _____.

* ARS may only be transferred in units of \$100,000.

[NAME OF EXISTING HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver
ARS sold pursuant to an Auction)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$70,000,000 Subordinate Class 1998B-5 Auction Rate Securities

Auction Rate Securities Maturing December 1, 2032

("ARS")

Complete either I. or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____ * of the ARS in the Auction held on _____ from the seller of such ARS.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____ * of the ARS in the Auction held on _____ to the purchaser of such ARS.

We hereby notify you that (check one):

_____ the Seller failed to deliver such ARS to the
Purchaser; or

_____ the Purchaser failed to make payment to the Seller

upon delivery of such ARS.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

EXHIBIT 10.111

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to
NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$70,000,000 Senior Class 1999A-13 Auction Rate Certificate Notes (ARCs) \$70,000,000 Senior Class 1999A-14 Auction Rate Certificate Notes (ARCs) \$70,000,000 Senior Class 1999A-15 Auction Rate Certificate Notes (ARCs) \$68,700,000 Senior Class 1999A-16 Auction Rate Certificate Notes (ARCs)

Dated as of October 15, 2002

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- EXHIBIT B-2 TRANSFER FORM**
- EXHIBIT C NOTICE OF A FAILURE TO DELIVER**

THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("UFS-1"), DEUTSCHE BANK TRUST COMPANY AMERICAS, (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under a Second Amended and Restated Indenture of Trust dated as of November 1, 1996, as previously amended (the "Amended Indenture") and the Series 1999 Supplemental Indenture of Trust dated as of July 1, 1999 (the "1999 Supplemental Indenture," and together with the Amended Indenture, the "Indenture"), each by and between UFS-1 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of July 1, 1999, among UFS-1, the Trustee and the Auction Agent (the "Auction Agency Agreement"), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

UFS-1 previously issued (a) \$70,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1999A-13, maturing on December 1, 2032, as Auction Rate Certificate Notes, (b) \$70,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1999A-14, maturing December 1, 2032, as Auction Rate Certificate Notes, (c) \$70,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1999A-15, maturing December 1, 2032, as Auction Rate Certificate Notes, and (d) \$68,700,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1999A-16, maturing December 1, 2032, as Auction Rate Certificate Notes (collectively, the "ARCs").

The Indenture provides that the interest rate on the ARCs for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, UFS-1, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of July 1, 1999, among UFS-1, the Trustee and the Auction Agent relating to the ARCs.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 1999 Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any ARCs.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Applicable ARCs Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 1999 Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 1999 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the ARCs, the Auction Agent shall advise BD by telephone of the All-Hold Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of (i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of ARCs specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of ARCs and the aggregate principal amount of ARCs beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, UFS-1 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the ARCs in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker Dealers as provided in Section 2.02 of Appendix A to the Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 1999 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and ARCs are allocated as provided in Section 2.02 of Appendix A to the 1999 Supplemental Indenture.
By approximately 3:00 p.m. the but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of Auction Rate for the next Interest Period as provided in Appendix A to the 1999 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARCs, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any ARCs to be transferred to or by any person that purchased or sold ARCs through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARCs) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARCs that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARCs subject to valid Hold Orders (determined in accordance with Appendix A to the 1999 Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARCs deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 1999 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARCs through BD transfers those ARCs to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARCs so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARCs. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise UFS-1, at UFS-1's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of UFS-1 and the Auction Agent, the prevailing rate, UFS-1 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for ARCs that was accepted in whole or in part fails to instruct its Participant to deliver the ARCs subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARCs against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARCs that is less than the principal amount of the ARCs specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARCs which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor UFS-1 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver ARCs or to pay for ARCs sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 1999 Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the ARCs, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable

for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the ARCs, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the ARCs.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARCs pursuant to Section 2.02(c) of Appendix A to the 1999 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: J.P. Morgan Securities Inc. 270 Park Avenue, 10th Floor

New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: (212) 834-7182
Telecopy: (212) 834-6737

If to BD, addressed:

UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Telecopy: (402) 484-9331

If to the Auction Agent, addressed:

Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust & Agency Services
Telephone: (201) 593-6878
Telecopy: (201) 593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By */s/ Linda Reale*

Name *Linda Reale*

Title *VP*

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

By */s/ Kevin C. O'Connor*

Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker-Dealer

By */s/ Mark E. Portz*

Mark E. Portz, Vice President

**NELNET STUDENT LOAN CORPORATION 1,
as Issuer**

By */s/ Terry J. Heimes*

Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARCs, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARCs, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of ARCs to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of ARCs to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARCs and the principal amount of ARCs to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of ARCs to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARCs to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARCs and the principal amount of ARCs to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARCs Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARCs to be purchased pursuant to such Bid against receipt of such principal amount of ARCs;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARCs to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph

(b)(ii) above, and any ARCs received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering ARCs to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARCs against receipt of such ARCs, and (B)

deliver such ARCs through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to

(a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARCs to be purchased pursuant to (b)(ii) above against receipt of such ARCs, and (B) deliver such ARCs through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling ARCs in an Auction fails to deliver such ARCs (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARCs that is less than the principal amount of ARCs that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARCs to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARCs shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of ARCs which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

[\$70,000,000 Senior Class 1999A-13 Auction Rate Certificate Notes]
[\$70,000,000 Senior Class 1999A-14 Auction Rate Certificate Notes]
[\$70,000,000 Senior Class 1999A-15 Auction Rate Certificate Notes]
[\$68,700,000 Senior Class 1999A-16 Auction Rate Certificate Notes]

Maturing December 1, 2032
("ARCs")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes
[\$70,000,000 Senior Class 1999A-13 Auction Rate Certificate Notes]
[\$70,000,000 Senior Class 1999A-14 Auction Rate Certificate Notes]
[\$70,000,000 Senior Class 1999A-15 Auction Rate Certificate Notes]
[\$68,700,000 Senior Class 1999A-16 Auction Rate Certificate Notes]

Maturing December 1, 2032
("ARCs")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * ARCs to _____.

[NAME OF EXISTING HOLDER]

[NAME OF BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver ARCs sold pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes
[\$70,000,000 Senior Class 1999A-13 Auction Rate Certificate Notes]
[\$70,000,000 Senior Class 1999A-14 Auction Rate Certificate Notes]
[\$70,000,000 Senior Class 1999A-15 Auction Rate Certificate Notes]
[\$68,700,000 Senior Class 1999A-16 Auction Rate Certificate Notes]

Maturing December 1, 2032
("ARCs")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARCs in the Auction held on _____ from the seller of such ARCs.

2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the ARCs in the Auction held on _____ to the purchaser of such ARCs.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such ARCs to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such ARCs

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARCs may only be transferred in units of \$100,000.

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Subordinate Class B-1 Auction Rate Notes

Dated as of October 15, 2002

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EXHIBIT C	NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), DEUTSCHE BANK TRUST COMPANY AMERICAS, a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (the "Original Indenture") and the Series 2000 Supplemental Indenture of Trust dated as of June 1, 2000 (the "2000 Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

NELNET-2 previously issued \$50,000,000 of its Taxable Student Loan Asset-Backed Notes, Subordinate Class 2000B-1, maturing December 1, 2032, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of June 1, 2000, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2000 Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2000 Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2000 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be

unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2000 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a

written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2000 Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2000 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than

BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement,

the Auction Agency Agreement and Appendix A to the 2000 Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2000 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: (212) 834-7182
Telecopy: (212) 834-6737

If to BD, addressed: UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Telecopy: (402) 484-9331

If to the Auction Agent, addressed: Deutsche Bank Trust Company
Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust & Agency
Services
Telephone: (201) 593-6878
Telecopy: (201) 593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when

delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker- Dealer

By /s/ Mark E. Portz

Mark E. Portz, Vice President

**NELNET STUDENT LOAN
CORPORATION-2, as Issuer**

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Subordinate Class 2000B-1 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Subordinate Class 2000B-1 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

[NAME OF BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Subordinate Class 2000B-1 Auction Rate Notes

Maturing December 1, 2032
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent

Relating to

\$90,900,000
MELMAC LLC
Senior Student Loan Revenue Bonds
Series 1994A-1, 1994A-2 and 1994A-3
("Auction Rate Securities(SM)")

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 (this "Broker Dealer Agreement"), is by and between DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company and together with its successors and assigns, the "Auction Agent"), pursuant to authority granted to it in the Auction Agent Agreement, defined below, acting not in its individual capacity, but solely as agent for MELMAC LLC (as assignee of the Maine Educational Loan Marketing Corporation) (the "Corporation"), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns, collectively, the "Broker-Dealer").

RECITALS

The Corporation has issued its \$90,900,000 Senior Student Loan Revenue Bonds, Series 1994A-1, 1994A-2 and 1994A-3 (the "Series 1994A-1/A-2/A-3 Bonds"), under an Amended and Restated Indenture of Trust, dated as of January 1, 1999 (the "Indenture"), between the Corporation and Banknorth, National Association (formerly known as Peoples Heritage Bank, N.A.), as trustee (the "Trustee").

The Indenture provides that the interest rate for the Auction Rate Securities(SM) for each Interest Period after the Initial Period shall equal the Auction Rate determined pursuant to the Auction Procedures set forth in the Indenture.

Pursuant to Section 2.10(b) of the Indenture and Section 2.10 of the Auction Agent Agreement, dated as of May 1, 1994 (the "Auction Agent Agreement"), among the Trustee, the Auction Agent and the Corporation, the Corporation has directed the Auction Agent to execute and deliver this Broker-Dealer Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Corporation and the Broker-Dealer agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Indenture.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures, defined below, the following terms shall have the following meanings, unless the context otherwise requires:

"Applicable Auction Rates" means the rate per annum at which interest accrues on a subseries of the Auction Rate Securities during the related Interest Period.

"Auction Rate" means the Auction Rate as defined in the Indenture.

"Auction Rate Securities" means the Series 1994A-1/A-2/A-3 Bonds bearing interest at an Auction Rate.

"Authorized Officer" means, with respect to the Auction Agent, each Senior Vice President, Vice President, Assistant Vice President, Trust Officer, Assistant Manager of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to the Broker-Dealer.

"Broker-Dealer Officer" means each officer or employee of the Broker-Dealer designated as a "Broker-Dealer Officer" for purposes of this Broker-Dealer Agreement in a communication to the Auction Agent.

"Beneficial Owner" means a beneficial owner of any of the Auction Rate Securities.

"Notice of Failure to Deliver or Make Payment" means a notice substantially in the form of Exhibit D hereto.

"Notice of Transfer" means a notice substantially in the form of Exhibit C hereto.

"Order Form" means the form to be submitted by any Broker-Dealer on or prior to any Rate Determination Date substantially in the form of Exhibit B hereto.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicate another or different meaning or intent, the following rules shall apply to the construction of this Broker-Dealer Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Broker-Dealer Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Broker-Dealer Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Rate Determination Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate for each subseries of the Auction Rate Securities for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."
- (b) Without prejudice to Section 3.01(c) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Broker-Dealer Agreement to the same extent as if such provisions were fully set forth herein.
- (c) The Broker-Dealer and other broker-dealers, as defined in the Indenture, may participate in Auctions for their own accounts.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

- (a) Not later than 9:30 a.m. on each Rate Determination Date for each subseries of the Auction Rate Securities, the Auction Agent shall advise the Broker-Dealer by telephone of the Minimum Rate, the Maximum Rate and the "AA" Composite Commercial Paper Rate or the Index, as the case may be, used in determining such rates.
- (b) In the event the Rate Determination Date for any Auction shall be changed after the Auction Agent has given notice of such Rate Determination Date pursuant to clause (vii) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to the Broker-Dealer not later than the earlier of 9:15 a.m. on the new Rate Determination Date and 9:15 a.m. on the old Rate Determination Date. Thereafter, the Broker-Dealer shall use its best efforts to promptly notify its customers who are Existing Holders of such change in the Rate Determination Date.
- (c) From time to time upon request of the Auction Agent, the Broker-Dealer shall provide the Auction Agent with a statement of the aggregate amount of each subseries of the Auction Rate Securities held by the Broker-Dealer as an Existing Holder.
- (d) The Auction Agent shall send by telecopy or other means a copy of any Notice of Auction Rate Securities Outstanding, in substantially the form of Exhibit D to the Auction Agent Agreement, received from the Trustee to the Broker-Dealer in accordance with Section 4.03 hereof.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each subseries of the Auction Rate Securities in accordance with the schedule set forth below. Such schedule may be changed by the Auction Agent with the consent of the Trustee and the Market Agent, which consents shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to the Broker-Dealer. Such notice shall be given prior to the close of business on the Business Day next preceding the first Rate Determination Date on which any such change shall be effective.

By 9:00 a.m.	The Market Agent provides the Auction Agent with the Index.
By 9:30 a.m.	The Auction Agent advises the Trustee and the Broker-Dealers of the Maximum Rate, the Minimum Rate and the "AA" Composite Commercial Paper Rate or the Index, as the case may be, to be used in determining the Auction Rate under the Auction Procedures, the Indenture and the Auction Agent Agreement.
9:30 a.m.-1:00 p.m.	The Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.03(b)(i) of the Indenture. The Submission Deadline is 1:00 p.m.

Not earlier than 1:00 p.m. The Auction Agent makes determinations pursuant to Section 2.03(c)(i) of the Indenture.

By approximately 3:00 p.m. The Auction Agent advises the Trustee of the results of the Auction as provided in Section 2.03(c)(ii) of the Indenture.

Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and the principal amount of Auction Rate Securities is allocated as provided in Section 2.03(d) of the Indenture. The Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) The Broker-Dealer agrees to maintain a list of Potential Holders and to contact the Potential Holders of such list on or prior to each Rate Determination Date for the purposes of participating in the Auction on such Rate Determination Date.

(c) The Broker-Dealer shall submit Orders to the Auction Agent in writing by delivering an Order Form. The Broker-Dealer shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holders on whose behalf the Broker-Dealer is submitting an Order and shall not net or aggregate the Orders of different Potential Holders or Existing Holders on whose behalf the Broker-Dealer is submitting Orders.

(d) The Broker-Dealer shall deliver to the Auction Agent

(i) a Notice of Transfer with respect to any transfer of Auction Rate Securities made through the Broker-Dealer by an Existing Holder to another person other than pursuant to an Auction, and (ii) a Notice of Failure to Deliver or Make Payment with respect to the failure of any Auction Rate Securities to be transferred to or payment to be made by any person that purchased or sold Auction Rate Securities through the Broker-Dealer pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the related Rate Determination Date.

(e) If the Broker-Dealer is an affiliate of the Corporation, it must submit at the next Auction therefor a Sell Order covering all Auction Rate Securities held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(e).

(f) The Broker-Dealer agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Rate Determination Date, the Auction Agent shall notify the Broker-Dealer by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by the Broker-Dealer, the Auction Agent shall as soon as practical on the Business Day next succeeding such Rate Determination Date if previously requested by the Broker-Dealer notify the Broker-Dealer in writing of the disposition of all Orders submitted by the Broker-Dealer in the Auction held on such Rate Determination Date.

(b) The Broker-Dealer shall notify each Existing Holder or Potential Holder on whose behalf the Broker-Dealer has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required by the Broker-Dealer pursuant to the Settlement Procedures. The Broker-Dealer, as the sole, initial Broker-Dealer (as defined in the Indenture), shall also notify the Corporation, in writing of the Auction Rate within a reasonable time (not in excess of two Business Days) after the determination thereof.

(c) The Auction Agent shall deliver to the Broker-Dealer after receipt all notices and certificates that the Auction Agent is required to deliver to the Broker-Dealer pursuant to Article II of the Auction Agent Agreement at the times and in the manner set forth in the Auction Agent Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO THE BROKER-DEALER. With respect to each Auction for which there were Sufficient Clearing Bids or all Auction Rate Securities were subject to Hold Orders, the Auction Agent shall pay to the Broker-Dealer from moneys received from the Trustee, not later than 12:00

p.m., eastern time, on the next succeeding Business Day after such Auction, an amount equal to the product of (a) a fraction the numerator of which is the number of days in the Auction Period to which the Auction relates and the denominator of which

is 360 times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the aggregate principal amount of Auction Rate Securities placed by the Broker-Dealer in such Auction that were (A) the subject of Submitted Bids of Existing Holders submitted by the Broker-Dealer and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by the Broker-Dealer and purchased as a result of such submission, plus (ii) the aggregate principal amount of Auction Rate Securities subject to valid Hold Orders submitted to the Auction Agent by the Broker-Dealer, plus (iii) the aggregate principal amount of Auction Rate Securities that were covered by Hold Orders deemed to have been submitted by Existing Holders that were acquired by such Existing Holders through the Broker-Dealer. For purposes of clause (c)(iii) above, if any Existing Holder who acquired Auction Rate Securities through the Broker-Dealer transfers those Auction Rate Securities to another person other than pursuant to an Auction, then the Broker-Dealer shall continue to be the Broker-Dealer through which the Auction Rate Securities so transferred were acquired; provided, however, that if the transfer was effected by, or if the transferee is a Broker-Dealer other than the Broker-Dealer, then such other Broker-Dealer shall be the Broker-Dealer through which such Auction Rate Securities were acquired.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf the Broker-Dealer has submitted a Bid or Sell Order for Auction Rate Securities that was accepted in whole or in part fails to instruct its Agent Member to deliver the Auction Rate Securities subject to such Bid or Sell Order against payment therefor, the Broker-Dealer shall instruct such Agent Member to deliver such Auction Rate Securities against payment therefor and the Broker-Dealer may deliver to the Potential Holder on whose behalf the Broker-Dealer submitted a Bid that was accepted in whole or in part, a principal amount of the Auction Rate Securities that is less than the principal amount of the Auction Rate Securities specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section, any delivery or non-delivery of Auction Rate Securities that represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to enforcement of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee, nor the Corporation shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or its respective Agent Member to deliver Auction Rate Securities or to pay for Auction Rate Securities sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to the fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

- (a) The Auction Agent is acting hereunder solely as agent for the Corporation and owes no fiduciary duties to any person by reason of this Broker-Dealer Agreement.
- (b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Broker-Dealer Agreement, and no implied covenants or obligations shall be read into this Broker-Dealer Agreement against the Auction Agent by reason of anything set forth in the Official Statement, any other offering material employed in connection with the offering and sale of the Auction Rate Securities, or otherwise.
- (c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken or omitted or for any error of judgment made by it in the performance of its duties under this Broker-Dealer Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

- (a) The Auction Agent may rely and shall be protected in acting or refraining from acting upon any communication authorized by this Broker-Dealer Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Broker-Dealer Agreement which the Auction Agent believes in good faith to have been given by the Trustee, a Broker-Dealer or the Corporation. The Auction Agent may record telephone communications with the Broker-Dealers.
- (b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.
- (d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any willful misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agent Agreement or the Auction Rate Securities or any Official Statement or other offering material used in connection with the offer and sale of the Auction Rate Securities.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Broker-Dealer Agreement at any time upon five days' prior notice to the other party. This Broker-Dealer Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Securities pursuant to Section 2.01(d) of the Indenture, upon the successful Conversion of all Auction Rate Securities to other than an Auction Rate, or upon termination of the Auction Agent Agreement.

SECTION 4.02. AGENT MEMBER. The Broker-Dealer is, and shall remain for the term of this Broker-Dealer Agreement, a member of, or Agent Member in, the Securities Depository (or an affiliate of such a member or Agent Member).

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Broker-Dealer Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to the Broker-Dealer:	J.P. Morgan Securities Inc. 270 Park Avenue, 10th Floor New York, New York 10017 Telephone: (212) 834-7182 Facsimile: (212) 834-6737 Attention: Kevin C. O'Connor
If to the Broker-Dealer:	UFS Securities, L.L.C. 6801 South 27th Street Lincoln, Nebraska 68512 Attention: Mark E. Portz Telephone: (402) 484-9326 Facsimile: (402) 484-9331
If to the Auction Agent:	Deutsche Bank Trust Company Americas 100 Plaza One, 6th Floor Jersey City, New Jersey 07311 Telephone: (201) 593-6878 Facsimile: (201) 593-6447 Attention: Corporate Trust & Agency Services

If to the Trustee: Banknorth, National Association
2300 St. George Road
P.O. Box 1350
Williston, Vermont 05495
Telephone: (802) 879-2050
Facsimile: (802) 879-2216
Attention: Corporate Trust Department

If to the Corporation: MELMAC LLC
Two City Center
Portland, Maine 04101
Telephone: (207) 791-3600
Facsimile: (207) 773-4159

with a copy to: MELMAC LLC
c/o Nelnet, Inc.
S. 13th Street, Suite 301
Lincoln, Nebraska 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Vice President

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of the Broker-Dealer by a Broker-Dealer Officer and on behalf of the Auction Agent by an Authorized Officer of the Auction Agent. The Broker-Dealer may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Broker-Dealer Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are not other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Broker-Dealer Agreement, express or implied, shall give to any person, other than the Auction Agent and the Broker-Dealer and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Broker-Dealer Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Broker-Dealer Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the parties hereto. This Broker-Dealer Agreement may not be amended without first obtaining the prior written consent of the Corporation.

(b) Failure of either party to this Broker-Dealer Agreement to exercise any right or remedy hereunder in the event of a breach of this Broker-Dealer Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Broker-Dealer Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of both of the Broker-Dealer and the Auction Agent.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Broker-healer Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or sections hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Broker-Dealer Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Broker-Dealer Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said State.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers and effective as of October 15, 2002.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Robert P. Sandt Jr.

Name Robert P. Sandt Jr.

Title Vice President

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

**UFS SECURITIES, L.L.C., as Co-
Broker-Dealer**

By /s/ Mark E. Portz

Mark E. Portz, Vice President

Acknowledged and Agreed to:

MELMAC LLC

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

If not otherwise defined herein, capitalized terms used herein shall have the meanings given such terms in Article I of the Indenture. These Settlement Procedures shall apply separately for each subseries of the Auction Rate Securities.

(a) Not later than 3:00 p.m. on each Rate Determination Date, the Auction Agent shall notify by telephone each Broker-Dealer that participated in the Auction held on such Rate Determination Date and submitted an Order on behalf of an Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted Bids or Sell Orders on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Securities, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Securities, if any, to be purchased by such Potential Holder;

(v) if the aggregate amount of Auction Rate Securities to be sold by all Existing Holders on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Auction Rate Securities to be purchased by all Potential Holders on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more Buyer's Broker-Dealers (and the name of the Agent Member, if any, of each such Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Securities and the principal amount of Auction Rate Securities to be purchased from one or more Existing Holders on whose behalf such Seller's Broker-Dealer acted by one or more Potential Holders on whose behalf each of such Buyer's Broker-Dealers acted;

(vi) if the principal amount of Auction Rate Securities to be purchased by all Potential Holders on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Securities to be sold by all Existing Holders on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Agent Member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Securities and the principal amount of Auction Rate Securities to be sold to one or more

Potential Holders on whose behalf such Buyer's Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Rate Determination Date for the next succeeding Auction.

(b) On each Rate Determination Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Rate Determination Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Holder on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Agent Member to pay such Buyer's Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of Auction Rate Securities to be purchased pursuant to such Bid against receipt of such Auction Rate Securities;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Seller's Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Agent Member to deliver to such Seller's Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of Auction Rate Securities to be sold pursuant to such Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Rate Determination Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Rate Determination Date for such subseries of the Auction Rate Securities.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it in connection with such Auction pursuant to

paragraph (b)(ii) above, and any Auction Rate Securities received by it in connection with such Auction pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Rate Determination Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Rate Determination Date shall instruct its Agent Members as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not an Agent Member of the Securities Depository shall instruct its Agent Member to (A) pay through the Securities Depository to the Agent Member of the Existing Holder delivering Auction Rate Securities to such Broker-Dealer following such Auction pursuant to (b)(ii) above, the amount necessary, including accrued interest, if any, to purchase such Auction Rate Securities against receipt of such Auction Rate Securities, and (B) deliver such Auction Rate Securities through the Securities Depository to a Buyer's Broker-Dealer (or its Agent Member) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not an Agent Member in the Securities Depository shall instruct its Agent Member to (A) pay through the Securities Depository to Seller's Broker-Dealer (or its Agent Member) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase Auction Rate Securities to be purchased pursuant to (b)(iii) above against receipt of such Auction Rate Securities, and (B) deliver such Auction Rate Securities through the Securities Depository to the Agent Member of the purchaser against payment therefor.

(e) On the Business Day following each Rate Determination Date:

(i) each Agent Member for a Bidder in the Auction on such Rate Determination Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Agent Member shall instruct the Securities Depository to execute the transactions described in (d)(ii) above for such Auction, and the Securities Depository shall execute such transactions: and

(iii) each Buyer's Broker-Dealer or its Agent Member shall instruct the Securities Depository to execute the transactions described in (d)(iii) above for such Auction, and the Securities Depository shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Securities in an Auction fails to deliver such Auction Rate Securities (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Securities that is less than the principal amount of Auction Rate Securities that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Securities to be so delivered shall be determined solely by such Broker-Dealer (but only in denominations of \$100,000 or any integral multiples thereof). Delivery of such lesser principal amount of Auction Rate Securities shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or non-delivery of Auction Rate Securities which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the provisions of the Auction Agent Agreement and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Holder, Existing Holder or their respective Broker-Dealer or Agent Member to take delivery of or deliver, as the case may be, the principal amount of Auction Rate Securities purchased or sold pursuant to an Auction or otherwise.

EXHIBIT B

ORDER FORM

Rate Determination Date _____

The undersigned Broker-Dealer submits the following orders on behalf of the Bidder(s) indicated below:

BIDS BY EXISTING HOLDERS

	EXISTING HOLDERS	PRINCIPAL AMOUNT OF BONDS (\$100,000 OR MULTIPLES)	BID RATE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

* Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

BIDS BY EXISTING HOLDERS

	POTENTIAL HOLDERS*	PRINCIPAL AMOUNT OF BONDS (\$100,000 OR MULTIPLES)	BID RATE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____
11.	_____	_____	_____
12.	_____	_____	_____
13.	_____	_____	_____
14.	_____	_____	_____
15.	_____	_____	_____

BONDS:

1. If one or more Orders covering in the aggregate more than the outstanding principal amount of Auction Rate Securities held by any Existing Holder are submitted, such Orders shall be considered valid in the order of priority set forth in the Auction Procedures.
2. A Hold or Sell Order may be placed only by an Existing Holder covering a principal account of Auction Rate Securities of such subseries not greater than the principal amount currently held by such Existing Holder.
3. Potential Holders may only make Bids, each of which must specify a rate. If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate specified.
4. Bids may contain no more than three figures to the right of the decimal point (.001 of 1%).
5. An order must be submitted in principal amounts of \$100,000 or integral multiples thereof.

* Potential Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

NAME OF BROKER-DEALER: _____

AUTHORIZED SIGNATURE: _____

TOTAL NUMBER OF ORDERS ON THIS ORDER FORM: _____

Submit to: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447

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EXHIBIT C

NOTICE OF TRANSFER

(To be used only for transfers made other than pursuant to an Auction)

We are (check one)

_____ the Existing Holder indicated below*; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Agent Member for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ (must be in units of \$100,000) of Auction Rate Securities of such subseries to _____.

[EXISTING HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

[NAME OF AGENT MEMBER]

By _____
Name _____
Title _____

* Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER OR MAKE PAYMENT

Complete either I. or II.

I. We are a Broker-Dealer for Holder* _____ (the "Purchaser"), which purchased \$ _____ (must be in units of \$100,000) of Auction in the Auction held on _____ from the seller of such Auction Rate Securities.

II. We are a Broker-Dealer for Holder* _____ (the "Seller"), which sold \$ _____ (must be in units of \$100,000) of Auction in the Auction held on _____ to the purchaser of such Auction Rate Securities.

We hereby notify you that (check one):

_____ the Seller failed to deliver such Auction Rate Securities to the Purchaser; or

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Securities.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

BROKER-DEALER AGREEMENT

among

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent

Relating to:

\$100,000,000
MELMAC LLC
Senior Student Loan Revenue Bonds
Series 1996A-1 and -1996A-2
("Auction Rate Securities(SM)")

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 (this "Broker-Dealer Agreement"), is by and between DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company and together with its successor and assigns, the "Auction Agent"), pursuant to authority granted to it in the Auction Agent Agreement, defined below, acting not in its individual capacity, but solely as agent for MELMAC LLC (as assignee of the Maine Educational Loan Marketing Corporation) (the "Corporation"), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C (together with their successors and assigns, collectively the "Broker-Dealer").

RECITALS:

WHEREAS, the Corporation has issued its \$100,000,000 Senior Student Loan Revenue Bonds, Series 1996A-1 and 1996A-2 (the "Series 1996A Bonds"), under an Amended and Restated Indenture of Trust, dated as of January 1, 1999 (the "Indenture"), between the Corporation and Banknorth, National Association (formerly known as Peoples Heritage Bank), as trustee (the "Trustee"); and

WHEREAS, the Indenture provides that the interest rate for the Auction Rate Securities(sm) for each Interest Period after the Initial Period shall equal the Auction Rate determined pursuant to the Auction Procedures set forth in the Indenture; and

WHEREAS, pursuant to Section 2.10(b) of the Indenture and Section 2.10 of the Auction Agent Agreement, dated as of May 1, 1996 (the "Auction Agent Agreement"), among the Trustee, the Auction Agent and the Corporation, the Corporation has directed the Auction Agent to execute and deliver this Broker-Dealer Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Corporation and the Broker-Dealer agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Indenture.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures, defined below, the following terms shall have the following meanings, unless the context otherwise requires:

"Applicable Auction Rates" means the rate per annum at which interest accrues on a subseries of the Auction Rate Securities during the related Interest Period.

"Auction Rate" means the Auction Rate as defined in the Indenture.

"Auction Rate Securities" means the Series 1996A Bonds bearing interest at an Auction Rate.

"Authorized Officer" means, with respect to the Auction Agent, each Senior Vice President, Vice President, Assistant Vice President, Trust Officer, Assistant Manager of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to the Broker-Dealer.

"Broker-Dealer Officer" means each officer or employee of the Broker-Dealer designated as a "Broker-Dealer Officer" for purposes of this Broker-Dealer Agreement in a communication to the Auction Agent.

"Beneficial Owner" means a beneficial owner of any of the Auction Rate Securities.

"Notice of Failure to Deliver or Make Payment" means a notice substantially in the form of Exhibit D hereto.

"Notice of Transfer" means a notice substantially in the form of Exhibit C hereto.

"Order Form" means the form to be submitted by any Broker-Dealer on or prior to any Rate Determination Date substantially in the form of Exhibit B hereto.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicate another or different meaning or intent, the following rules shall apply to the construction of this Broker-Dealer Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Broker-Dealer Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Broker-Dealer Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Rate Determination Date, except for a Rate Determination Date which is also an Auction Period Conversion Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate for each subseries of the Auction Rate Securities for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(c) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Broker-Dealer Agreement to the same extent as if such provisions were fully set forth herein.

(c) The Broker-Dealer and other broker-dealers, as defined in the Indenture, may participate in Auctions for their own accounts.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 9:30 a.m. on each Rate Determination Date for each subseries of the Auction Rate Securities, the Auction Agent shall advise the Broker-Dealer by telephone of the All Hold Rate, the Maximum Rate and the "AA" Composite Commercial Paper Rate or the Index, as the case may be, used in determining such rates.

(b) In the event the Rate Determination Date for any Auction shall be changed after the Auction Agent has given notice of such Rate Determination Date pursuant to paragraph (a)(vii) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to the Broker-Dealer not later than the earlier of 9:15 a.m. on the new Rate Determination Date and 9:15 a.m. on the old Rate Determination Date. Thereafter, the Broker-Dealer shall use its best efforts to promptly notify its customers who are Existing Holders of such change in the Rate Determination Date.

(c) From time to time upon request of the Auction Agent, the Broker-Dealer shall provide the Auction Agent with a statement of the aggregate amount of each subseries of the Auction Rate Securities held by the Broker-Dealer as an Existing Holder.

(d) The Auction Agent shall send by facsimile or other means a copy of any Notice of Auction Rate Securities Outstanding, in substantially the form of Exhibit D to the Auction Agent Agreement, received from the Trustee to the Broker-Dealer in accordance with Section 4.03 hereof.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each subseries of the Auction Rate Securities in accordance with the schedule set forth below. Such schedule may be changed by the Auction Agent with the consent of the Trustee and the Market Agent, which consents shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to the Broker-Dealer. Such notice shall be given prior to the close of business on the Business Day next preceding the first Rate Determination Date on which any such change shall be effective.

By 9:00 a.m.	The Market Agent provides the Auction Agent with the Index.
By 9:30 a.m.	The Auction Agent advises the Trustee and the Broker-Dealers of the Maximum Rate, the All Hold Rate and the "AA" Composite Commercial Paper Rate or the Index, as the case may be, to be used in determining the Auction Rate under the Auction Procedures, the Indenture and the Auction Agent Agreement.
9:30 a.m.-1:00 p.m.	The Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.03(b)(i) of the Indenture. The Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	The Auction Agent makes determinations pursuant to Section 2.03(c)(i) of the Indenture.
By approximately 3:00 p.m.	The Auction Agent advises the Trustee of the results of the Auction as provided in Section 2.03(c)(ii) of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and the principal amount of Auction Rate Securities is allocated as provided in Section 2.03(d) of the Indenture. The Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) The Broker-Dealer agrees to maintain a list of Potential Holders and to contact the Potential Holders of such list on or prior to each Rate Determination Date for the purposes of participating in the Auction on such Rate Determination Date.

(c) The Broker-Dealer shall submit Orders to the Auction Agent in writing by delivering an Order Form. The Broker-Dealer shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holders on whose behalf the Broker-Dealer is submitting an Order and shall not net or aggregate the Orders of

different Potential Holders or Existing Holders on whose behalf the Broker-Dealer is submitting Orders.

(d) The Broker-Dealer shall deliver to the Auction Agent (i) a Notice of Transfer with respect to any transfer of Auction Rate Securities made through the Broker-Dealer by an Existing Holder to another person other than pursuant to an Auction, and (ii) a Notice of Failure to Deliver or Make Payment with respect to the failure of any Auction Rate Securities to be transferred to or payment to be made by any person that purchased or sold Auction Rate Securities through the Broker-Dealer pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the related Rate Determination Date.

(e) If the Broker-Dealer is an affiliate of the Corporation, it must submit at the next Auction therefor a Sell Order covering all Auction Rate Securities held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(e).

(f) The Broker-Dealer agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Rate Determination Date, the Auction Agent shall notify the Broker-Dealer by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by the Broker-Dealer, the Auction Agent shall as soon as practical on the Business Day next succeeding such Rate Determination Date if previously requested by the Broker-Dealer notify the Broker-Dealer in writing of the disposition of all Orders submitted by the Broker-Dealer in the Auction held on such Rate Determination Date.

(b) The Broker-Dealer shall notify each Existing Holder or Potential Holder on whose behalf the Broker-Dealer has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required by the Broker-Dealer pursuant to the Settlement Procedures. The Broker-Dealer, as the sole, initial Broker-Dealer (as defined in the Indenture), shall also notify the Corporation, in writing of the Auction Rate within a reasonable time (not in excess of two Business Days) after the determination thereof.

(c) The Auction Agent shall deliver to the Broker-Dealer after receipt all notices and certificates that the Auction Agent is required to deliver to the Broker-Dealer pursuant to Article II of the Auction Agent Agreement at the times and in the manner set forth in the Auction Agent Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO THE BROKER-DEALER. With respect to each Auction for which there were Sufficient Clearing Bids or all Auction Rate Securities were subject to Hold Orders, the Auction Agent shall pay to the Broker-Dealer from moneys received

from the Trustee, not later than 12:00 p.m., eastern time, on the next succeeding Business Day after such Auction, an amount equal to the product of

(i) a fraction the numerator of which is the number of days in the Auction Period to which the Auction relates and the denominator of which is 360; times

(ii) the Broker-Dealer Fee Rate; times (iii) the sum of (A) the aggregate principal amount of Auction Rate Securities placed by the Broker-Dealer in such Auction that were (1) the subject of Submitted Bids of Existing Holders submitted by the Broker-Dealer and continued to be held as a result of such submission, and (2) the subject of Submitted Bids of Potential Holders submitted by the Broker-Dealer and purchased as a result of such submission; plus (B) the aggregate principal amount of Auction Rate Securities subject to valid Hold Orders submitted to the Auction Agent by the Broker-Dealer; plus (C) the aggregate principal amount of Auction Rate Securities that were covered by Hold Orders deemed to have been submitted by Existing Holders that were acquired by such Existing Holders through the Broker-Dealer. For purposes of clause (iii)(C) above, if any Existing Holder who acquired Auction Rate Securities through the Broker-Dealer transfers those Auction Rate Securities to another person other than pursuant to an Auction, then the Broker-Dealer shall continue to be the Broker-Dealer through which the Auction Rate Securities so transferred were acquired; provided, however, that if the transfer was effected by, or if the transferee is a Broker-Dealer other than the Broker-Dealer, then such other Broker-Dealer shall be the Broker-Dealer through which such Auction Rate Securities were acquired.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf the Broker-Dealer has submitted a Bid or Sell Order for Auction Rate Securities that was accepted in whole or in part fails to instruct its Agent Member to deliver the Auction Rate Securities subject to such Bid or Sell Order against payment therefor, the Broker-Dealer shall instruct such Agent Member to deliver such Auction Rate Securities against payment therefor and the Broker-Dealer may deliver to the Potential Holder on whose behalf the Broker-Dealer submitted a Bid that was accepted in whole or in part, a principal amount of the Auction Rate Securities that is less than the principal amount of the Auction Rate Securities specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section, any delivery or non-delivery of Auction Rate Securities that represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to enforcement of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee, nor the Corporation shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or its respective Agent Member to deliver Auction Rate Securities or to pay for Auction Rate Securities sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to the fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

- (a) The Auction Agent is acting hereunder solely as agent for the Corporation and owes no fiduciary duties to any person by reason of this Broker-Dealer Agreement.
- (b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Broker-Dealer Agreement, and no implied covenants or obligations shall be read into this Broker-Dealer Agreement against the Auction Agent by reason of anything set forth in the Official Statement, any other offering material employed in connection with the offering and sale of the Auction Rate Securities, or otherwise.
- (c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken or omitted or for any error of judgment made by it in the performance of its duties under this Broker-Dealer Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

- (a) The Auction Agent may rely and shall be protected in acting or refraining from acting upon any communication authorized by this Broker-Dealer Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Broker-Dealer Agreement which the Auction Agent believes in good faith to have been given by the Trustee, a Broker-Dealer or the Corporation. The Auction Agent may record telephone communications with the Broker-Dealers.
- (b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.
- (d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any willful misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agent Agreement or the Auction Rate Securities or any Official Statement or other offering material used in connection with the offer and sale of the Auction Rate Securities.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Broker-Dealer Agreement at any time upon five days' prior notice to the other party. This Broker-Dealer Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Securities pursuant to Section 2.25(d) of the Indenture, upon the successful Conversion of all Auction Rate Securities to other than an Auction Rate, or upon termination of the Auction Agent Agreement.

SECTION 4.02. AGENT MEMBER. The Broker-Dealer is, and shall remain for the term of this Broker-Dealer Agreement, a member of, or Agent Member in, the Securities Depository (or an affiliate of such a member or Agent Member).

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Broker-Dealer Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to the Broker-Dealer: J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Telephone: (212) 834-7182
Facsimile: (212) 834-6737
Attention: Kevin C. O' Connor

If the Broker-Dealer: UFS Securities, L.L.C.
121 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Telecopy: (402) 484-9331

If to the Auction Agent: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447
Attention: Corporate Trust & Agency Services

If to the Trustee: Banknorth, National Association
2300 St. George Road
P.O. Box 1350
Williston, Vermont 05495
Telephone: (802) 879-2050
Facsimile: (802) 879-2216
Attention: Corporate Trust Department

If to the Corporation: MELMAC LLC
Two City Center
Portland, Maine 04101
Telephone: (207) 791-3600
Facsimile: (207) 773-4159

with a copy to: MELMAC LLC
c/o Nelnet, Inc.
121 S. 13th Street, Suite 301
Lincoln, Nebraska 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Vice President

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of the Broker-Dealer by a Broker-Dealer Officer and on behalf of the Auction Agent by an Authorized Officer of the Auction Agent. The Broker-Dealer may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Broker-Dealer Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are not other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Broker-Dealer Agreement, express or implied, shall give to any person, other than the Auction Agent and the Broker-Dealer and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Broker-Dealer Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Broker-Dealer Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the parties hereto. This Broker-Dealer Agreement may not be amended without first obtaining the prior written consent of the Corporation.

(b) Failure of either party to this Broker-Dealer Agreement to exercise any right or remedy hereunder in the event of a breach of this Broker-Dealer Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Broker-Dealer Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of both of the Broker-Dealer and the Auction Agent.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Broker-Dealer Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or sections hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Broker-Dealer Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Broker-Dealer Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said State.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers and effective as of October 15, 2002.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Robert P. Sandt Jr.

Name Robert P. Sandt Jr.

Title Vice President

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker- Dealer

By /s/ Mark E. Portz

Mark E. Portz, Vice President

Acknowledged and Agreed to:

MELMAC LLC

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

If not otherwise defined herein, capitalized terms used herein shall have the meanings given such terms in Article I of the Indenture. These Settlement Procedures shall apply separately for each subseries of the Auction Rate Securities.

(a) Not later than 3:00 p.m. on each Rate Determination Date, the Auction Agent shall notify by telephone each Broker-Dealer that participated in the Auction held on such Rate Determination Date and submitted an Order on behalf of an Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted Bids or Sell Orders on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Securities, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Securities, if any, to be purchased by such Potential Holder;

(v) if the aggregate amount of Auction Rate Securities to be sold by all Existing Holders on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Auction Rate Securities to be purchased by all Potential Holders on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more Buyer's Broker-Dealers (and the name of the Agent Member, if any, of each such Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Securities and the principal amount of Auction Rate Securities to be purchased from one or more Existing Holders on whose behalf such Seller's Broker-Dealer acted by one or more Potential Holders on whose behalf each of such Buyer's Broker-Dealers acted;

(vi) if the principal amount of Auction Rate Securities to be purchased by all Potential Holders on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Securities to be sold by all Existing Holders on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Agent Member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Securities and the principal amount of Auction Rate Securities to be sold to one or more

Potential Holders on whose behalf such Buyer's Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Rate Determination Date for the next succeeding Auction.

(b) On each Rate Determination Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Rate Determination Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Holder on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Agent Member to pay such Buyer's Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of Auction Rate Securities to be purchased pursuant to such Bid against receipt of such Auction Rate Securities;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Seller's Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Agent Member to deliver to such Seller's Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of Auction Rate Securities to be sold pursuant to such Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Rate Determination Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Rate Determination Date for such subseries of the Auction Rate Securities.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it in connection with such Auction pursuant to

paragraph (b)(ii) above, and any Auction Rate Securities received by it in connection with such Auction pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Rate Determination Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Rate Determination Date shall instruct its Agent Members as provided in paragraph (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not an Agent Member of the Securities Depository shall instruct its Agent Member to (A) pay through the Securities Depository to the Agent Member of the Existing Holder delivering Auction Rate Securities to such Broker-Dealer following such Auction pursuant to paragraph (b)(ii) above, the amount necessary, including accrued interest, if any, to purchase such Auction Rate Securities against receipt of such Auction Rate Securities, and (B) deliver such Auction Rate Securities through the Securities Depository to a Buyer's Broker-Dealer (or its Agent Member) identified to such Seller's Broker-Dealer pursuant to paragraph (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not an Agent Member in the Securities Depository shall instruct its Agent Member to (A) pay through the Securities Depository to Seller's Broker-Dealer (or its Agent Member) identified following such Auction pursuant to paragraph (a)(vi) above the amount necessary, including accrued interest, if any, to purchase Auction Rate Securities to be purchased pursuant to paragraph (b)(iii) above against receipt of such Auction Rate Securities, and (B) deliver such Auction Rate Securities through the Securities Depository to the Agent Member of the purchaser against payment therefor.

(e) On the Business Day following each Rate Determination Date:

(i) each Agent Member for a Bidder in the Auction on such Rate Determination Date referred to in paragraph (d)(i) above shall instruct the Securities Depository to execute the transactions described under paragraph (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Agent Member shall instruct the Securities Depository to execute the transactions described in paragraph (d)(ii) above for such Auction, and the Securities Depository shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Agent Member shall instruct the Securities Depository to execute the transactions described in paragraph (d)(iii) above for such Auction, and the Securities Depository shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Securities in an Auction fails to deliver such Auction Rate Securities (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Securities that is less than the principal amount of Auction Rate Securities that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Securities to be so delivered shall be determined solely by such Broker-Dealer (but only in denominations of \$100,000 or any integral multiples thereof). Delivery of such lesser principal amount of Auction Rate Securities shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Securities which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent Agreement and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Holder, Existing Holder or their respective Broker-Dealer or Agent Member to take delivery of or deliver, as the case may be, the principal amount of Auction Rate Securities purchased or sold pursuant to an Auction or otherwise.

EXHIBIT B

ORDER FORM

\$ _____

MELMAC LLC

Senior Student Loan Revenue Bonds
Series 1996A [-1] [-2]

[Rate Determination Date]

The undersigned Broker-Dealer submits the following orders on behalf of the Bidder(s) indicated below:

BIDS BY EXISTING HOLDERS

	EXISTING HOLDER*	PRINCIPAL AMOUNT OF BONDS (\$100,000 OR MULTIPLES)	BID RATE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

*Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

\$ _____

MELMAC LLC

Senior Student Loan Revenue Bonds
Series 1996A [-1] [-2]

BIDS BY EXISTING HOLDERS

	POTENTIAL HOLDER*	PRINCIPAL AMOUNT OF BONDS (\$100,000 OR MULTIPLES)	BID RATE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____
11.	_____	_____	_____
12.	_____	_____	_____
13.	_____	_____	_____
14.	_____	_____	_____
15.	_____	_____	_____

Bonds:

1. If one or more Orders covering in the aggregate more than the outstanding principal amount of Auction Rate Securities held by any Existing Holder are submitted, such Orders shall be considered valid in the order of priority set forth in the Auction Procedures.

*Potential Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

2. A Hold or Sell Order may be placed only by an Existing Holder covering a principal account of Auction Rate Securities of such subseries not greater than the principal amount currently held by such Existing Holder.

3. Potential Holders may only make Bids, each of which must specify a rate. If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate specified.

4. Bids may contain no more than three figures to the right of the decimal point (.001 of 1%).

5. An order must be submitted in principal amounts of \$100,000 or integral multiples thereof.

NAME OF BROKER-DEALER: _____

AUTHORIZED SIGNATURE: _____

TOTAL NUMBER OF ORDERS ON THIS ORDER FORM: _____

Submit to: Deutsche Bank Trust Company Americas 100 Plaza One, 6th Floor
Jersey City, New Jersey 07311 Telephone: (201) 593-6878
Facsimile: (201) 593-6447

EXHIBIT C

NOTICE OF TRANSFER

\$ _____
MELMAC LLC

Senior Student Loan Revenue Bonds
Series 1996A [-1] [-2]

(To be used only for transfers made other than pursuant to an Auction)

We are (check one):

- _____ the Existing Holder indicated below*;
- _____ the Broker-Dealer for such Existing Holder; or
- _____ the Agent Member for such Existing Holder.

We hereby notify you that such Existing Holder has transferred \$ _____ (must be in units of \$100,000) of Auction Rate Securities of such subseries to _____.

*Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

[EXISTING HOLDER]

By _____ Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____ Name _____
Title _____

[NAME OF AGENT MEMBER]

By _____ Name _____
Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER OR MAKE PAYMENT

\$ _____

MELMAC LLC

Senior Student Loan Revenue Bonds
Series 1996A [-1] [-2]

Complete Either I. or II.

I. We are a Broker-Dealer for Holder* _____ (the "Purchaser"), which purchased \$_____ (must be in units of \$100,000) of Auction in the Auction held on _____ from the seller of such Auction Rate Securities.

II. We are a Broker-Dealer for Holder* _____ (the "Seller"), which sold \$_____ (must be in units of \$100,000) of Auction in the Auction held on _____ to the purchaser of such Auction Rate Securities.

We hereby notify you that (check one):

_____ the Seller failed to deliver such Auction Rate Securities to the Purchaser; or

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Securities.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$37,500,000 Subordinate Class 2001B-1 Auction Rate Notes \$37,500,000 Subordinate Class 2001B-2 Auction Rate Notes

Dated as of October 15, 2002

ARTICLE I

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EXHIBIT A	SETTLEMENT PROCEDURES
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THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), DEUTSCHE BANK TRUST COMPANY AMERICAS, (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2001B Supplemental Indenture of Trust dated as of September 1, 2001 (the "2001B Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

NELNET-2 previously issued \$37,500,000 of its Taxable Student Loan Asset-Backed Notes, Subordinate Class 2001B-1, maturing June 1, 2035, as Auction Rate Notes and \$37,500,000 of its Taxable Student Loan Asset-Backed Notes, Subordinate Class 2001B-2, maturing June 1, 2035, as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01 TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02 TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2001B Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2001B Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2001B Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be

unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2001B Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2001B Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2001B Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes

through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2001B Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be

responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2001B Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: (212) 834-7182
Telecopy: (212) 834-6737

If to BD, addressed:

UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Telecopy: (402) 484-9331

If to the Auction Agent, addressed: Deutsche Bank Trust Company
Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust &
Agency Services
Telephone: (201) 593-6878
Telecopy: (201) 593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

/s/ Linda Reale
By _____

Linda Reale
Name _____

VP
Title _____

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

/s/ Kevin C. O'Connor
By _____
Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker-Dealer

/s/ Mark E. Portz
By _____
Mark E. Portz, Vice President

**NELNET STUDENT LOAN CORPORATION-2,
as Issuer**

/s/ Terry J. Heimes
By _____
Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

[\$37,500,000 Subordinate Class 2001B-1 Auction Rate Notes]

[\$37,500,000 Subordinate Class 2001B-2 Auction Rate Notes]

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes
[\$37,500,000 Subordinate Class 2001B-1 Auction Rate Notes]
[\$37,500,000 Subordinate Class 2001B-2 Auction Rate Notes]

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

[NAME OF BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes
[\$37,500,000 Subordinate Class 2001B-1 Auction Rate Notes]
[\$37,500,000 Subordinate Class 2001B-2 Auction Rate Notes]

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

by and among

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent

Relating to:

\$100,000,000
MELMAC LLC
Senior Student Loan Revenue Bonds
Series 1997A-1 and A-2
("Auction Rate Securities(SM)")

and

\$80,300,000
MELMAC LLC
Senior Student Loan Revenue Bonds
Series 1999A-1 and A-2
("Auction Rate Securities(SM)")

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT dated as of October 15, 2002 (this "Broker Dealer Agreement"), is by and among DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company and together with its successors and assigns, the "Auction Agent"), pursuant to authority granted to it in the Auction Agent Agreement, defined below, acting not in its individual capacity, but solely as agent for MELMAC LLC (as assignee of the Maine Educational Loan Marketing Corporation) (the "Corporation"), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successor and assigns, collectively the "Broker-Dealer").

RECITALS:

WHEREAS, the Corporation previously issued \$100,000,000 aggregate principal amount of its Senior Student Loan Revenue Bonds, Series 1997A-1 and A-2 (together, the "Series 1997A Bonds") and \$80,300,000 aggregate principal amount of its Senior Student Loan Revenue Bonds, Series 1999A-1 and A-2 (together, the "Series 1999A-1/A-2 Bonds"), each Series bearing interest at a Variable Rate. The Series 1997A Bonds and the Series 1999A-1/A-2 Bonds were each issued under the Constitution and laws of the State of Maine and the Amended and Restated Indenture of Trust, dated as of January 1, 1999, which amended, supplemented and restated the Amended and Restated Indenture of Trust dated as of July 1, 1997, which amended, supplemented and restated the Amended and Restated Indenture of Trust, dated as of May 1, 1996, which amended, supplemented and restated the Indenture of Trust, dated as of May 1, 1994, between the Corporation and the Trustee, as trustee, as further amended and supplemented (collectively, the "Indenture"). The Series 1997A Bonds and the Series 1999A-1/A-2 Bonds were initially issued as Variable Rate Securities under the Indenture. On November 17, 1999, the Series 1997A Bonds and the Series 1999A-1/A-2 Bonds were converted to Auction Rate Securities in accordance with the provisions of the Indenture. Pursuant to Section 2.10(b) of the Indenture, the Broker-Dealer has been appointed to act in the capacities set forth in this Broker-Dealer Agreement; and

WHEREAS, the Indenture provides that the interest rate for the Auction Rate Securities for each Interest Period after the Initial Period shall equal the Auction Rate determined pursuant to the Auction Procedures set forth in the Indenture; and

WHEREAS, pursuant to Section 2.10(b) of the Indenture and Section 2.10 of the Auction Agent Agreement, dated as of November 1, 1999 (the "Auction Agent Agreement"), among the Trustee, the Auction Agent and the Corporation, the Corporation has directed the Auction Agent to execute and deliver this Broker-Dealer Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby

acknowledged, the Auction Agent, as agent of the Corporation and the Broker-Dealer agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Indenture.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures, defined below, the following terms shall have the following meanings, unless the context otherwise requires:

"Applicable Auction Rates" means the rate per annum at which interest accrues on a subseries of the Auction Rate Securities during the related Interest Period.

"Auction Rate" means the Auction Rate as defined in the Indenture.

"Auction Rate Securities" means, collectively, the Series 1997A Bonds bearing interest at an Auction Rate and the Series 1999A-1/A-2 Bonds bearing interest at an Auction Rate.

"Authorized Officer" means, with respect to the Auction Agent, each Senior Vice President, Vice President, Assistant Vice President, Trust Officer, Assistant Manager of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to the Broker-Dealer.

"Broker-Dealer Officer" means each officer or employee of the Broker-Dealer designated as a "Broker-Dealer Officer" for purposes of this Broker-Dealer Agreement in a communication to the Auction Agent.

"Beneficial Owner" means a beneficial owner of any of the Auction Rate Securities.

"Notice of Failure to Deliver or Make Payment" means a notice substantially in the form of Exhibit D hereto.

"Notice of Transfer" means a notice substantially in the form of Exhibit C hereto.

"Order Form" means the form to be submitted by any Broker-Dealer on or prior to any Rate Determination Date substantially in the form of Exhibit B hereto.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicate another or different meaning or intent, the following rules shall apply to the construction of this Broker-Dealer Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Broker-Dealer Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Broker-Dealer Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Rate Determination Date, except for a Rate Determination Date which is also an Auction Period Conversion Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate for each subseries of the Auction Rate Securities for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."
- (b) Without prejudice to Section 3.01(c) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Broker-Dealer Agreement to the same extent as if such provisions were fully set forth herein.
- (c) The Broker-Dealer and other broker-dealers, as defined in the Indenture, may participate in Auctions for their own accounts.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

- (a) Not later than 9:30 a.m. on each Rate Determination Date for each subseries of the Auction Rate Securities, the Auction Agent shall advise the Broker-Dealer by telephone of the All Hold Rate, the Maximum Rate and the "AA" Composite Commercial Paper Rate or the Index, as the case may be, used in determining such rates.

(b) In the event the Rate Determination Date for any Auction shall be changed after the Auction Agent has given notice of such Rate Determination Date pursuant to paragraph (a)(vii) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to the Broker-Dealer not later than the earlier of 9:15 a.m. on the new Rate Determination Date and 9:15 a.m. on the old Rate Determination Date. Thereafter, the Broker-Dealer shall use its best efforts to promptly notify its customers who are Existing Holders of such change in the Rate Determination Date.

(c) From time to time upon request of the Auction Agent, the Broker-Dealer shall provide the Auction Agent with a statement of the aggregate amount of each subseries of the Auction Rate Securities held by the Broker-Dealer as an Existing Holder.

(d) The Auction Agent shall send by telecopy or other means a copy of any Notice of Auction Rate Securities Outstanding, in substantially the form of Exhibit D to the Auction Agent Agreement, received from the Trustee to the Broker-Dealer in accordance with Section 4.03 hereof.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each subseries of the Auction Rate Securities in accordance with the schedule set forth below. Such schedule may be changed by the Auction Agent with the consent of the Trustee and the Market Agent, which consents shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to the Broker-Dealer. Such notice shall be given prior to the close of business on the Business Day next preceding the first Rate Determination Date on which any such change shall be effective.

By 9:00 a.m.	The Market Agent provides the Auction Agent with the Index.
By 9:30 a.m.	The Auction Agent advises the Trustee and the Broker-Dealers of the Maximum Rate, the All Hold Rate and the "AA" Composite Commercial Paper Rate or the Index, as the case may be, to be used in determining the Auction Rate under the Auction Procedures, the Indenture and the Auction Agent Agreement.
9:30 a.m.-12:30 p.m.	The Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.03(b)(i) of the Indenture. The Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	The Auction Agent makes determinations pursuant to Section 2.03(c)(i) of the Indenture.
By approximately 3:00 p.m.	The Auction Agent advises the Trustee of the results of the Auction as provided in Section 2.03(c)(ii) of the Indenture. Submitted Bids and Submitted Sell Orders are accepted and

rejected in whole or in part and the principal amount of Auction Rate Securities is allocated as provided in Section 2.03(d) of the Indenture. The Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) The Broker-Dealer agrees to maintain a list of Potential Holders and to contact the Potential Holders of such list on or prior to each Rate Determination Date for the purposes of participating in the Auction on such Rate Determination Date.

(c) The Broker-Dealer shall submit Orders to the Auction Agent in writing by delivering an Order Form. The Broker-Dealer shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holders on whose behalf the Broker-Dealer is submitting an Order and shall not net or aggregate the Orders of different Potential Holders or Existing Holders on whose behalf the Broker-Dealer is submitting Orders.

(d) The Broker-Dealer shall deliver to the Auction Agent

(i) a Notice of Transfer with respect to any transfer of Auction Rate Securities made through the Broker-Dealer by an Existing Holder to another person other than pursuant to an Auction, and (ii) a Notice of Failure to Deliver or Make Payment with respect to the failure of any Auction Rate Securities to be transferred to or payment to be made by any person that purchased or sold Auction Rate Securities through the Broker-Dealer pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the related Rate Determination Date.

(e) If the Broker-Dealer is an affiliate of the Corporation, it must submit at the next Auction therefor a Sell Order covering all Auction Rate Securities held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(e).

(f) The Broker-Dealer agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Rate Determination Date, the Auction Agent shall notify the Broker-Dealer by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by the Broker-Dealer, the Auction Agent shall as soon as practical on the Business Day next succeeding such Rate Determination Date if previously requested by the Broker-Dealer notify the Broker-Dealer in writing of the disposition of all Orders submitted by the Broker-Dealer in the Auction held on such Rate Determination Date.

(b) The Broker-Dealer shall notify each Existing Holder or Potential Holder on whose behalf the Broker-Dealer has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required by the Broker-Dealer pursuant to the Settlement Procedures. The Broker-Dealer, as the sole, initial Broker-Dealer (as defined in the Indenture), shall also notify the Corporation, in writing of the Auction Rate within a reasonable time (not in excess of two Business Days) after the determination thereof.

(c) The Auction Agent shall deliver to the Broker-Dealer after receipt all notices and certificates that the Auction Agent is required to deliver to the Broker-Dealer pursuant to Article II of the Auction Agent Agreement at the times and in the manner set forth in the Auction Agent Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO THE BROKER-DEALER. With respect to each Auction for which there were Sufficient Clearing Bids or all Auction Rate Securities were subject to Hold Orders, the Auction Agent shall pay to the Broker-Dealer from moneys received from the Trustee, not later than 12:00 p.m., eastern time, on the next succeeding Business Day after such Auction, an amount equal to the product of (a) a fraction the numerator of which is the number of days in the Auction Period to which the Auction relates and the denominator of which is 360; times (b) the Broker-Dealer Fee Rate; times (c) the sum of (i) the aggregate principal amount of Auction Rate Securities placed by the Broker-Dealer in such Auction that were (A) the subject of Submitted Bids of Existing Holders submitted by the Broker-Dealer and continued to be held as a result of such submission, and (B) the subject of Submitted Bids of Potential Holders submitted by the Broker-Dealer and purchased as a result of such submission; plus (ii) the aggregate principal amount of Auction Rate Securities subject to valid Hold Orders submitted to the Auction Agent by the Broker-Dealer; plus (iii) the aggregate principal amount of Auction Rate Securities that were covered by Hold Orders deemed to have been submitted by Existing Holders that were acquired by such Existing Holders through the Broker-Dealer. For purposes of clause (c)(iii) above, if any Existing Holder who acquired Auction Rate Securities through the Broker-Dealer transfers those Auction Rate Securities to another person other than pursuant to an Auction, then the Broker-Dealer shall continue to be the Broker-Dealer through which the Auction Rate Securities so transferred were acquired; provided, however, that if the transfer was effected by, or if the transferee is a Broker-Dealer other than the Broker-Dealer, then such other Broker-Dealer shall be the Broker-Dealer through which such Auction Rate Securities were acquired.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf the Broker-Dealer has submitted a Bid or Sell Order for Auction Rate Securities that was accepted in whole or in part fails to instruct its Agent Member to deliver the Auction Rate Securities subject to such Bid or Sell Order against payment therefor, the Broker-Dealer shall instruct such Agent Member to deliver such Auction Rate Securities against payment therefor and the Broker-Dealer may deliver to the Potential Holder on whose behalf the Broker-Dealer submitted a Bid that was accepted in whole or in part, a principal amount of the Auction Rate Securities that is less than the principal amount of the Auction Rate Securities specified in such Bid

to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section, any delivery or non-delivery of Auction Rate Securities that represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to enforcement of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee, nor the Corporation shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or its respective Agent Member to deliver Auction Rate Securities or to pay for Auction Rate Securities sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to the fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting hereunder solely as agent for the Corporation and owes no fiduciary duties to any person by reason of this Broker-Dealer Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Broker-Dealer Agreement, and no implied covenants or obligations shall be read into this Broker-Dealer Agreement against the Auction Agent by reason of anything set forth in the Official Statement, any other offering material employed in connection with the offering and sale of the Auction Rate Securities, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken or omitted or for any error of judgment made by it in the performance of its duties under this Broker-Dealer Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may rely and shall be protected in acting or refraining from acting upon any communication authorized by this Broker-Dealer Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Broker-Dealer Agreement which the Auction Agent believes in good faith to have been given by the Trustee, a Broker-Dealer or the Corporation. The Auction Agent may record telephone communications with the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any willful misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agent Agreement or the Auction Rate Securities or any Official Statement or other offering material used in connection with the offer and sale of the Auction Rate Securities.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Broker-Dealer Agreement at any time upon five days' prior notice to the other party. This Broker-Dealer Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Securities pursuant to Section 2.32(d) or 2.40(d) of the Indenture, upon the successful Conversion of all Auction Rate Securities to other than an Auction Rate, or upon termination of the Auction Agent Agreement.

SECTION 4.02. AGENT MEMBER. The Broker-Dealer is, and shall remain for the term of this Broker-Dealer Agreement, a member of, or Agent Member in, the Securities Depository (or an affiliate of such a member or Agent Member).

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Broker-Dealer Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to the Broker-Dealer: J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Telephone: (212) 834-7182
Facsimile: (212) 834-6737
Attention: Kevin C. O'Connor

If to the Broker-Dealer: UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Telephone: (402) 484-9326
Facsimile: (402) 484-9331
Attention: Mark E. Portz

If to the Auction Agent: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447
Attention: Corporate Trust & Agency
Services

If to the Trustee: Banknorth, National Association
2300 St. George Road, P.O. Box 1350
Williston, Vermont 05495
Telephone: (802) 879-2050
Facsimile: (802) 879-2216
Attention: Corporate Trust Department

If to the Corporation: MELMAC LLC
Two City Center
Portland, Maine 04101
Telephone: (207) 791-3600
Facsimile: (207) 773-4159

with a copy to: MELMAC LLC
c/o Nelnet, Inc.
121 S. 13th Street, Suite 301
Lincoln, Nebraska 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Vice President

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of the Broker-Dealer by a Broker-Dealer Officer and on behalf of the Auction Agent by an Authorized

Officer of the Auction Agent. The Broker-Dealer may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Broker-Dealer Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are not other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Broker-Dealer Agreement, express or implied, shall give to any person, other than the Auction Agent and the Broker-Dealer and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Broker-Dealer Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Broker-Dealer Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the parties hereto. This Broker-Dealer Agreement may not be amended without first obtaining the prior written consent of the Corporation.

(b) Failure of either party to this Broker-Dealer Agreement to exercise any right or remedy hereunder in the event of a breach of this Broker-Dealer Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Broker-Dealer Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of both of the Broker-Dealer and the Auction Agent.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Broker-Dealer Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or sections hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Broker-Dealer Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Broker-Dealer Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in said State.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers and effective as of October 15, 2002.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

*By /s/ Robert P. Sandt Jr.
Name Robert P. Sandt Jr.
Title Vice President*

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

*By /s/ Kevin C. O'Connor
Kevin C. O'Connor, Vice President*

UFS SECURITIES, L.L.C.

*By /s/ Mark E. Portz
Mark E. Portz, Vice President*

Acknowledged and Agreed to:

MELMAC LLC

*By /s/ Terry J. Heimes
Terry J. Heimes, Vice President*

EXHIBIT A

SETTLEMENT PROCEDURES

If not otherwise defined herein, capitalized terms used herein shall have the meanings given such terms in Article I of the Indenture. These Settlement Procedures shall apply separately for each subseries of the Auction Rate Securities.

(a) Not later than 3:00 p.m. on each Rate Determination Date, the Auction Agent shall notify by telephone each Broker-Dealer that participated in the Auction held on such Rate Determination Date and submitted an Order on behalf of an Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted Bids or Sell Orders on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Securities, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Securities, if any, to be purchased by such Potential Holder;

(v) if the aggregate amount of Auction Rate Securities to be sold by all Existing Holders on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Auction Rate Securities to be purchased by all Potential Holders on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more Buyer's Broker-Dealers (and the name of the Agent Member, if any, of each such Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Securities and the principal amount of Auction Rate Securities to be purchased from one or more Existing Holders on whose behalf such Seller's Broker-Dealer acted by one or more Potential Holders on whose behalf each of such Buyer's Broker-Dealers acted;

(vi) if the principal amount of Auction Rate Securities to be purchased by all Potential Holders on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Securities to be sold by all Existing Holders on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Agent Member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Securities and

the principal amount of Auction Rate Securities to be sold to one or more Potential Holders on whose behalf such Buyer's Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Rate Determination Date for the next succeeding Auction.

(b) On each Rate Determination Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Rate Determination Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Holder on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Agent Member to pay such Buyer's Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of Auction Rate Securities to be purchased pursuant to such Bid against receipt of such Auction Rate Securities;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Seller's Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Agent Member to deliver to such Seller's Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of Auction Rate Securities to be sold pursuant to such Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Rate Determination Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Rate Determination Date for such subseries of the Auction Rate Securities.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it in connection with such Auction pursuant to paragraph (b)(ii) above, and any Auction Rate Securities received by it in connection with such Auction pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Rate Determination Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Rate Determination Date shall instruct its Agent Members as provided in (b)(ii) or

(b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not an Agent Member of the Securities Depository shall instruct its Agent Member to (A) pay through the Securities Depository to the Agent Member of the Existing Holder delivering Auction Rate Securities to such Broker-Dealer following such Auction pursuant to (b)(ii) above, the amount necessary, including accrued interest, if any, to purchase such Auction Rate Securities against receipt of such Auction Rate Securities; and (B) deliver such Auction Rate Securities through the Securities Depository to a Buyer's Broker-Dealer (or its Agent Member) identified to such Seller's Broker-Dealer pursuant to

(a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not an Agent Member in the Securities Depository shall instruct its Agent Member to (A) pay through the Securities Depository to Seller's Broker-Dealer (or its Agent Member) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase Auction Rate Securities to be purchased pursuant to (b)(iii) above against receipt of such Auction Rate Securities; and (B) deliver such Auction Rate Securities through the Securities Depository to the Agent Member of the purchaser against payment therefor.

(e) On the Business Day following each Rate Determination Date:

(i) each Agent Member for a Bidder in the Auction on such Rate Determination Date referred to in (d)(i) above shall instruct the Securities Depository to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and the Securities Depository shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Agent Member shall instruct the Securities Depository to execute the transactions described in (d) (ii) above for such Auction, and the Securities Depository shall execute such transactions: and

(iii) each Buyer's Broker-Dealer or its Agent Member shall instruct the Securities Depository to execute the transactions described in (d)(iii) above for such Auction, and the Securities Depository shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Securities in an Auction fails to deliver such Auction Rate Securities (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Securities that is less than the principal amount of Auction Rate Securities that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Securities to be so delivered shall be determined solely by such Broker-Dealer (but only in denominations of \$100,000 or any integral multiples thereof). Delivery of such lesser principal amount of Auction Rate Securities shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or non-delivery of Auction Rate Securities which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the provisions of the Auction Agent Agreement and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Holder, Existing Holder or their respective Broker-Dealer or Agent Member to take delivery of or deliver, as the case may be, the principal amount of Auction Rate Securities purchased or sold pursuant to an Auction or otherwise.

EXHIBIT B

ORDER FORM

MELMAC LLC

Senior Student Loan Revenue Bonds
[Series 1997A [-1] [-2]]
[Series 1999A [-1] [-2]]

Rate Determination Date _____

The undersigned Broker-Dealer submits the following orders on behalf of the Bidder(s) indicated below:

BIDS BY EXISTING HOLDERS

	EXISTING HOLDER	PRINCIPAL AMOUNT OF BONDS (\$100,000 OR MULTIPLES)	BID RATE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

*Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

MELMAC LLC
Senior Student Loan Revenue Bonds
[Series 1997A [-1] [-2]]
[Series 1999A [-1] [-2]]

BIDS BY EXISTING HOLDERS

	POTENTIAL HOLDER*	PRINCIPAL AMOUNT OF BONDS (\$100,000 OR MULTIPLES)	BID RATE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____
11.	_____	_____	_____
12.	_____	_____	_____
13.	_____	_____	_____
14.	_____	_____	_____
15.	_____	_____	_____

Bonds:

1. If one or more Orders covering in the aggregate more than the outstanding principal amount of Auction Rate Securities held by any Existing Holder are submitted, such Orders shall be considered valid in the order of priority set forth in the Auction Procedures.

*Potential Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

2. A Hold or Sell Order may be placed only by an Existing Holder covering a principal account of Auction Rate Securities of such subseries not greater than the principal amount currently held by such Existing Holder.

3. Potential Holders may only make Bids, each of which must specify a rate. If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate specified.

4. Bids may contain no more than three figures to the right of the decimal point (.001 of 1%).

5. An order must be submitted in principal amounts of \$100,000 or integral multiples thereof.

NAME OF BROKER-DEALER: _____

AUTHORIZED SIGNATURE: _____

TOTAL NUMBER OF ORDERS ON THIS ORDER FORM: _____

Submit to: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447

EXHIBIT C

NOTICE OF TRANSFER

MELMAC LLC

Senior Student Loan Revenue Bonds

[Series 1997A [-1] [-2]]

[Series 1999A [-1] [-2]]

(To be used only for transfers made other than pursuant to an Auction)

We are (check one):

- the Existing Holder indicated below*; or
- the Broker-Dealer for such Existing Holder; or
- the Agent Member for such Existing Holder.

We hereby notify you that such Existing Holder has transferred \$_____ (must be in units of \$100,000) of Auction Rate Securities of such subseries to _____.

*Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

[EXISTING HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

[NAME OF AGENT MEMBER]

By _____
Name _____
Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER OR MAKE PAYMENT

MELMAC LLC

Senior Student Loan Revenue Bonds
[Series 1997A [-1] [-2]]
[Series 1999A [-1] [-2]]

Complete Either I. or II.

I. We are a Broker-Dealer for Holder* _____ (the "Purchaser"), which purchased \$_____ (must be in units of \$100,000) of Auction in the Auction held on _____ from the seller of such Auction Rate Securities.

II. We are a Broker-Dealer for Holder* _____ (the "Seller"), which sold \$_____ (must be in units of \$100,000) of Auction in the Auction held on _____ to the purchaser of such Auction Rate Securities.

We hereby notify you that (check one):

_____ the Seller failed to deliver such Auction Rate Securities to the Purchaser; or

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Securities.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

BROKER-DEALER AGREEMENT

among

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent

Relating to:

\$19,700,000
MELMAC LLC
Senior Student Loan Revenue Bonds
(Taxable Auction Rate Securities)

Series 1999A-3

Auction Rate Securities
Maturing December 1, 2029

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT (this "Broker-Dealer Agreement"), dated as of October 15, 2002, is by and between DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company and together with its successors and assigns, the "Auction Agent"), pursuant to authority granted to it in the Auction Agent Agreement, defined below, acting not in its individual capacity, but solely as agent for MELMAC LLC (as assignee of Maine Educational Loan Marketing Corporation) (the "Corporation"), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns, collectively the "Broker-Dealer").

RECITALS

WHEREAS, the Corporation has issued its \$19,700,000 Senior Student Loan Revenue Bonds, Series 1999A-3 (the "Auction Rate Securities"), under an Amended and Restated Indenture of Trust, dated as of January 1, 1999, as amended and supplemented to the date hereof (the "Indenture"), each between the Corporation and Banknorth, National Association (formerly known as Peoples Heritage Bank), as trustee (the "Trustee"); and

WHEREAS, the Indenture provides that the interest rate for each series of the Auction Rate Securities for each Interest Period after the Initial Period shall equal the lesser of the Net Loan Rate and the Auction Rate determined pursuant to the Auction Procedures set forth in the Indenture; and

WHEREAS, pursuant to Section 2.10(b) of the Indenture and Section 2.09 of the Auction Agent Agreement dated as of January 1, 1999 among the Trustee, the Auction Agent and the Corporation (the "Auction Agent Agreement"), the Corporation has directed the Auction Agent to execute and deliver this Broker-Dealer Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Corporation and the Broker-Dealer agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Indenture.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures, defined below, the following terms shall have the following meanings, unless the context otherwise requires:

"Auction Rate" means the Auction Rate as defined in the Indenture.

"Authorized Officer" means, with respect to the Auction Agent, each Managing Director, Vice President, Assistant Vice President, Assistant Secretary, Assistant Treasurer and every other officer of the Auction Agent assigned to its Corporate Trust Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a written communication to the Broker-Dealer.

"Broker-Dealer Officer" means each officer or employee of the Broker-Dealer designated as a "Broker-Dealer Officer" for purposes of this Broker-Dealer Agreement in a written communication to the Auction Agent.

"Beneficial Owner" means a beneficial owner of any of the Auction Rate Securities.

"Notice of Failure to Deliver or Make Payment" means a notice substantially in the form of Exhibit D hereto.

"Notice of Transfer" means a notice substantially in the form of Exhibit C hereto.

"Order Form" means the form to be submitted by any Broker-Dealer on or prior to any Rate Determination Date substantially in the form of Exhibit B hereto.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicate another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Broker-Dealer Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Broker-Dealer Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.
- (e) The rights and duties of the Broker-Dealer and the Auction Agent under this Broker-Dealer Agreement shall apply to each series of the Auction Rate Securities, but separately. References to "Auction Rate Securities," unless the context clearly

contemplates a reference to all Auction Rate Securities, shall refer only to a particular series of Auction Rate Securities as to rights and duties regarding such series.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Rate Determination Date, the provisions of the Auction Procedures shall be followed by the Auction Agent for the purpose of determining the Auction Rate for each Auction Period after the Initial Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Broker-Dealer Agreement to the same extent as if such provisions were fully set forth herein.

(c) The Broker-Dealer agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. The Broker-Dealer understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Section 1.01 of Exhibit CCC to the Indenture may, with the prior written consent of the Market Agent, execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) The Broker-Dealer and other broker-dealers, as defined in the Indenture, may participate in Auctions for their own accounts. However, the Auction Agent may by notice to the Broker-Dealer and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts; provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 9:30 a.m. on each Rate Determination Date for the Auction Rate Securities, the Auction Agent shall advise the Broker-Dealer by telephone of the All Hold Rate, the Maximum Auction Rate, the Net Loan Rate and the Applicable LIBOR Rate, as the case may be, used in determining such rates.

(b) In the event the Rate Determination Date for any Auction shall be changed after the Auction Agent has given notice of such Rate Determination Date pursuant to paragraph (a)(vii) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to the Broker-Dealer not later than the earlier of 9:15 a.m. on the new Rate Determination Date and 9:15 a.m. on the old Rate Determination Date. Thereafter, the Broker-Dealer shall use its best

efforts to promptly notify its customers who are Existing Holders of such change in the Rate Determination Date.

(c) From time to time upon request of the Auction Agent, the Broker-Dealer shall provide the Auction Agent with a statement of the aggregate amount of each series of Auction Rate Securities held by the Broker-Dealer as an Existing Holder. The Broker-Dealer shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Owners and Potential Owners in any Auction, and shall not disclose such information so provided to any person other than the Registrar, the Corporation and the Broker-Dealer unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have been previously adequately indemnified.

(d) The Auction Agent shall send by facsimile or other means a copy of any Notice of Auction Rate Securities Outstanding, in substantially the form of Exhibit D to the Auction Agent Agreement, received from the Trustee to the Broker-Dealer in accordance with Section 4.03 hereof.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Securities in accordance with the schedule set forth below. Pursuant to the Auction Agent Agreement, such schedule may be changed by the Auction Agent with the consent of the Trustee and the Market Agent, which consents are not to be unreasonably withheld or delayed. Notice of such a change must be given prior to the close of business on the Business Day next preceding the first Rate Determination Date on which such change shall be effective. In addition, under the Indenture, the Rate Determination Date may be changed by the Market Agent with the consent of the Corporation. The Market Agent shall give written notice of such change to the Corporation, the Trustee, the Auction Agent and the Depository. Such notice shall be given at least 10 days prior to the day on which such change shall be effective.

By 9:30 a.m.

The Auction Agent advises the Trustee and the Broker-Dealers of the Maximum Auction Rate, the All Hold Rate and the Applicable LIBOR Rate, as the case may be, to be used in determining the Auction Rate under the Auction Procedures, the Indenture and the Auction Agent Agreement.

9:30 a.m.-12:30 p.m.

The Auction Agent assembles information communicated to it by Broker-Dealers provided in Section 2.05(c)(i) of Exhibit CCC to the Indenture. The Submission Deadline is 12:30 p.m., eastern time.

Not earlier than 12:30 p.m.

The Auction Agent makes determinations pursuant to Section 2.05(c)(i) of Exhibit CCC to the Indenture.

By approximately
3:00 p.m.(1) or 4:00 p.m.(2)

The Auction Agent advises the Trustee of the results of the Auction as provided in Section 2.05(c)(ii) of Exhibit CCC to the Second Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and the principal amount of Auction Rate Securities is allocated as provided in Section 2.05(d) of Exhibit CCC to the Indenture. The Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(1) If the Interest Rate is the Auction Rate.

(2) If the Interest Rate is the Net Loan Rate.

(b) The Broker-Dealer agrees to maintain a list of Potential Holders and to contact the Potential Holders on such list on or prior to each Rate Determination Date for the purposes of participating in the Auction on such Rate Determination Date.

(c) The Broker-Dealer shall submit Orders to the Auction Agent in writing by delivering an Order Form. The Broker-Dealer shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holders on whose behalf the Broker-Dealer is submitting an Order and shall not net or aggregate the Orders of different Potential Holders or Existing Holders on whose behalf the Broker-Dealer is submitting Orders.

(d) The Broker-Dealer shall deliver to the Auction Agent (i) a Notice of Transfer with respect to any transfer of Auction Rate Securities made through the Broker-Dealer by an Existing Holder to another person other than pursuant to an Auction; and (ii) a Notice of Failure to Deliver or Make Payment with respect to the failure of any Auction Rate Securities to be transferred to or payment to be made by any person that purchased or sold Auction Rate Securities through the Broker-Dealer pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the related Rate Determination Date.

(e) Any Broker-Dealer that is an affiliate of the Corporation must submit at the next Auction therefor a Sell Order covering all Auction Rate Securities held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(e).

(f) The Broker-Dealer agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Rate Determination Date, the Auction Agent shall notify the Broker-Dealer by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If previously requested by the Broker-Dealer, the Auction Agent shall notify, by 10:30 a.m. on the Business Day immediately following such Rate Determination Date, the Broker-Dealer in writing of the disposition of all Orders submitted by the Broker-Dealer in the Auction held on such Rate Determination Date.

(b) The Broker-Dealer shall notify each Existing Holder or Potential Holder on whose behalf the Broker-Dealer has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required to be taken by the Broker-Dealer pursuant to the Settlement Procedures. Salomon Smith Barney Inc., as the sole Broker-Dealer, shall also notify the Corporation, in writing, of the Interest Rate within a reasonable time (not in excess of two Business Days) after the determination thereof.

(c) Upon receipt, the Auction Agent shall deliver to the Broker-Dealer all notices and certificates that the Auction Agent is required to deliver to the Broker-Dealer pursuant to Article II of the Auction Agent Agreement at the times and in the manner set forth in the Auction Agent Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO THE BROKER-DEALER. With respect to each Auction for which there were Sufficient Clearing Bids or all Auction Rate Securities were subject to Hold Orders, the Broker-Dealer shall be entitled to a fee in an amount equal to the product of (a) a fraction the numerator of which is the number of days in the Auction Period to which the Auction relates and the denominator of which is 360; times (b) the Broker-Dealer Fee Rate; times (c) the sum of (i) the aggregate principal amount of Auction Rate Securities placed by the Broker-Dealer in such Auction that were (A) the subject of Submitted Bids of Existing Holders submitted by the Broker-Dealer and continued to be held as a result of such submission; and (B) the subject of Submitted Bids of Potential Holders submitted by the Broker-Dealer and purchased as a result of such submission; plus (ii) the aggregate principal amount of Auction Rate Securities subject to valid Hold Orders submitted to the Auction Agent by the Broker-Dealer; plus (iii) the aggregate principal amount of Auction Rate Securities that were covered by Hold Orders deemed to have been submitted by Existing Holders that were acquired by such Existing Holders through the Broker-Dealer. Such fees shall be paid to the Broker-Dealer by the Corporation in immediately available funds from amounts in the Operating Fund on the first Business Day following each Rate Determination Date. For purposes of clause (c)(iii) above, if any Existing Holder who acquired Auction Rate Securities through the

Broker-Dealer transfers those Auction Rate Securities to another person other than pursuant to an Auction, then the Broker-Dealer shall continue to be the Broker-Dealer through which the Auction Rate Securities so transferred were acquired; provided, however, that if the transfer was effected by, or if the transferee is a Broker-Dealer other than the Broker-Dealer, then such other Broker-Dealer shall be the Broker-Dealer through which such Auction Rate Securities were acquired. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date.

Notwithstanding anything to the contrary herein or in the Indenture, any obligation of the Corporation created by or arising out of this Broker-Dealer Agreement shall be a limited obligation of the Corporation, payable from the Trust Estate available therefor under and in accordance with the Indenture and from the Operating Fund (as defined in the Indenture), and shall not constitute a charge against the general credit of the Corporation.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf the Broker-Dealer has submitted a Bid or Sell Order for Auction Rate Securities that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Securities subject to such Bid or Sell Order against payment therefor, the Broker-Dealer shall instruct such Participant to deliver such Auction Rate Securities against payment therefor and the Broker-Dealer may deliver to the Potential Holder on whose behalf the Broker-Dealer submitted a Bid that was accepted in whole or in part, a principal amount of the Auction Rate Securities that is less than the principal amount of the Auction Rate Securities specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section, any delivery or nondelivery of Auction Rate Securities that represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to enforcement of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee, nor the Corporation shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or its respective Participant to deliver Auction Rate Securities or to pay for Auction Rate Securities sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to the fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting hereunder solely as agent for the Corporation and owes no fiduciary duties to any person by reason of this Broker-Dealer Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Broker-Dealer Agreement, and no implied covenants or obligations shall be read into this Broker-Dealer Agreement against the Auction Agent by reason of anything set forth in the Offering Memorandum, any other offering material employed in connection with the offering and sale of the Auction Rate Securities, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Broker-Dealer Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may rely and shall be protected in acting or refraining from acting upon any communication authorized by this Broker-Dealer Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Broker-Dealer Agreement which the Auction Agent believes in good faith to have been given by the Trustee, a Broker-Dealer or the Corporation. The Auction Agent may record telephone communications with the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any willful misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the validity, adequacy or accuracy of the recitals in, or the validity, adequacy or accuracy of, this Broker-Dealer Agreement, the Auction Agent Agreement or the Auction Rate Securities.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Broker-Dealer Agreement at any time upon five days' prior notice to the other party. This Broker-Dealer Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Securities pursuant to Section 1.02(c) of Exhibit CCC to the Indenture, upon the successful conversion of all Auction Rate Securities to other than an Auction Rate, or upon termination of the Auction Agent Agreement.

SECTION 4.02. PARTICIPANT. The Broker-Dealer is, and shall remain for the term of this Broker-Dealer Agreement, a member of, or Participant in, the Depository (or an affiliate of such a member or Participant).

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Broker-Dealer Agreement or the Auction Procedures and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to the Broker-Dealer: J.P. Morgan Securities Inc. 270 Park Avenue, 10th Floor New York, New York 10017 Telephone: (212) 834-7182
Facsimile: (212) 834-6737 Attention: Kevin C. O'Connor

If to the Broker-Dealer: UFS Securities, L.L.C.

6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Telecopy: (402) 484-9331

If to the Auction Agent: Deutsche Bank Trust Company Americas 100 Plaza One, 6th Floor Jersey City, New Jersey 07311 Telephone: (201) 593-6878 Facsimile: (201) 593-6447 Attention: Corporate Trust & Agency Services

If to the Trustee: Banknorth, National Association
2300 St. George Road
P.O. Box 1350
Williston, Vermont 05495
Telephone: (802) 879-2050
Facsimile: (802) 879-2216
Attention: Corporate Trust Department

If to the Corporation: MELMAC LLC
Two City Center
Portland, Maine 04101
Telephone: (207) 791-3600
Facsimile: (207) 773-4159

with a copy to: MELMAC LLC
c/o Nelnet, Inc.
121 S. 13th Street, Suite 301
Lincoln, Nebraska 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Vice President

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of the Broker-Dealer by a Broker-Dealer Officer and on behalf of the Auction Agent by an Authorized Officer of the Auction Agent. The Broker-Dealer may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Broker-Dealer Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are not other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Broker-Dealer Agreement, express or implied, shall give to any person, other than the Auction Agent and the Broker-Dealer and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Broker-Dealer Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Broker-Dealer Agreement shall not be deemed or construed to be modified, amended, rescinded, canceled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the parties hereto. This Broker-Dealer Agreement may not be amended without first obtaining the prior written consent of the party to be charged.

(b) Failure of either party to this Broker-Dealer Agreement to exercise any right or remedy hereunder in the event of a breach of this Broker-Dealer Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Broker-Dealer Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of each of the Broker-Dealer and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee and the Corporation without the consent of the Broker-Dealer.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Broker-Dealer Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Broker-Dealer Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Broker-Dealer Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed in such State.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers and effective as of October 15, 2002.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Robert P. Sandt Jr.

Name Robert P. Sandt Jr.

Title Vice President

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker- Dealer

By /s/ Mark E. Portz

Mark E. Portz, Vice President

Acknowledged and Agreed to:

MELMAC LLC

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

If not otherwise defined herein, capitalized terms used herein shall have the meanings given such terms in the Indenture. These Settlement Procedures shall apply separately to each series of Auction Rate Securities.

(a) Not later than 3:00 p.m., Eastern time, if the Interest Rate is the Auction Rate or 4:00 p.m., Eastern time, if the Interest Rate is the Net Loan Rate, on each Rate Determination Date, the Auction Agent shall notify by telephone each Broker-Dealer that participated in the Auction held on such Rate Determination Date and submitted an Order on behalf of an Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted Bids or Sell Orders on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Securities, if any, to be purchased or sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Securities, if any, to be purchased by such Potential Holder;

(v) if the aggregate amount of Auction Rate Securities to be sold by all Existing Holders on whose behalf such Seller's Broker-Dealer submitted Bids or Sell Orders exceeds the aggregate principal amount of Auction Rate Securities to be purchased by all Potential Holders on whose behalf such Buyer's Broker-Dealer submitted a Bid, the name or names of one or more Buyer's Broker-Dealers (and the name of the Participant, if any, of each such Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Securities and the principal amount of Auction Rate Securities to be purchased from one or more Existing Holders on whose behalf such Seller's Broker-Dealer acted by one or more Potential Holders on whose behalf each of such Buyer's Broker-Dealers acted;

(vi) if the principal amount of Auction Rate Securities to be purchased by all Potential Holders on whose behalf such Buyer's Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Securities to be sold by all Existing Holders on whose behalf such Seller's Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the Participant, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Securities and the

principal amount of Auction Rate Securities to be sold to one or more Potential Holders on whose behalf such Buyer's Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted; and

(vii) the Rate Determination Date for the next succeeding Auction.

(b) On each Rate Determination Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Rate Determination Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) in the case of a Broker-Dealer that is a Buyer's Broker-Dealer, advise each Potential Holder on whose behalf such Buyer's Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Potential Holder's Participant to pay to such Buyer's Broker-Dealer (or its Participant) through the Depository the amount necessary to purchase the principal amount of the Auction Rate Securities to be purchased pursuant to such Bid against receipt of such Auction Rate Securities;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Seller's Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Seller's Broker-Dealer (or its Participant) through the Depository the principal amount of Auction Rate Securities to be sold pursuant to such Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Interest Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Rate Determination Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Rate Determination Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it in connection with such Auction pursuant to paragraph (b)(ii) above, and any Auction Rate Securities received by it in connection with such Auction pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any

Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Rate Determination Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Rate Determination Date will instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant of the Depository will instruct its Participant to (A) pay through the Depository to the Participant of the Existing Holder delivering Auction Rate Securities to such Broker-Dealer following such Auction pursuant to paragraph (b)(ii) above the amount necessary to purchase such Auction Rate Securities against receipt of such Auction Rate Securities; and (B) deliver such Auction Rate Securities through the Depository to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to paragraph (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not an Participant in the Depository will instruct its Participant to pay through the Depository to Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to paragraph (a)(vi) above the amount necessary to purchase the Auction Rate Securities to be purchased pursuant to paragraph (b)(ii) above against receipt of such Auction Rate Securities.

(e) On the Business Day following each Rate Determination Date:

(i) each Participant for a Bidder in the Auction on such Rate Determination Date referred to in paragraph (d)(i) above will instruct the Depository to execute the transactions described under paragraph (b)(ii) or paragraph (b)(iii) above for such Auction, and the Depository will execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant will instruct the Depository to execute the transactions described in paragraph (d)(ii) above for such Auction, and the Depository will execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant will instruct the Depository to execute the transactions described in paragraph (d)(iii) above for such Auction, and the Depository will execute such transactions.

(f) If an Existing Holder selling Auction Rate Securities in an Auction fails to deliver such Auction Rate Securities (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Securities that is less than the principal amount of Auction Rate Securities that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Securities to be so delivered will be

determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Securities will constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Securities which will represent any departure from the results of an Auction, as determined by the Auction Agent, will be of no effect unless and until the Auction Agent will have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent Agreement and the Broker-Dealer Agreements. Neither the Trustee nor the Auction Agent will have any responsibility or liability with respect to the failure of a Potential Holder, Existing Holder or their respective Broker-Dealer or Participant to take delivery of or deliver, as the case may be, the principal amount of the Auction Rate Securities or to pay for the Auction Rate Securities purchased or sold pursuant to an Auction or otherwise.

EXHIBIT B

ORDER FORM

\$19,700,000

MELMAC LLC
Senior Student Loan Revenue Bonds
(Taxable Auction Rate Securities)

Series 1999A-3

[Rate Determination Date]

The undersigned Broker-Dealer submits the following orders on behalf of the Bidder(s) indicated below:

BIDS BY EXISTING HOLDERS

	EXISTING HOLDER*	PRINCIPAL AMOUNT OF NOTES (\$50,000 OR INTEGRAL MULTIPLES THEREOF)	BID RATE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

*Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

\$19,700,000

MELMAC LLC
Senior Student Loan Revenue Bonds
(Taxable Auction Rate Securities)

Series 1999A-3

BIDS BY POTENTIAL HOLDERS

	POTENTIAL HOLDER*	PRINCIPAL AMOUNT OF NOTES (\$50,000 OR INTEGRAL MULTIPLES THEREOF)	BID RATE
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____
11.	_____	_____	_____
12.	_____	_____	_____
13.	_____	_____	_____
14.	_____	_____	_____
15.	_____	_____	_____

*Potential Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

1. If one or more Orders covering in the aggregate more than the outstanding principal amount of Auction Rate Securities held by any Existing Holder are submitted, such Orders shall be considered valid in the order of priority set forth in the Auction Procedures.
2. A Hold or Sell Order may be placed only by an Existing Holder covering a principal account of Auction Rate Securities not greater than the principal amount currently held by such Existing Holder.
3. Potential Holders may only make Bids, each of which must specify a rate. If more than one Bid is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate specified.
4. Bids may contain no more than three figures to the right of the decimal point (i.e., .001 of 1%).
5. An order must be submitted in principal amounts of \$50,000 or integral multiples thereof.

NAME OF BROKER-DEALER: _____

AUTHORIZED SIGNATURE: _____

TOTAL NUMBER OF ORDERS ON THIS ORDER FORM: _____

Submit to: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447

EXHIBIT C

NOTICE OF TRANSFER

\$19,700,000

MELMAC LLC
Senior Student Loan Revenue Bonds
(Taxable Auction Rate Securities)

Series 1999A-3

(To be used only for transfers made
other than pursuant to an Auction)

We are (check one):

_____ the Existing Holder indicated below*;

_____ **the Broker-Dealer for such Existing Note Holder; or**

_____ **the Participant for such Existing Note Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ (must be in units of \$50,000 or integral multiples thereof) of Series _____ Notes to _____.

[EXISTING HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

[NAME OF PARTICIPANT]

By _____

Name _____

Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER OR MAKE PAYMENT

\$19,700,000

MELMAC LLC
Senior Student Loan Revenue Bonds
(Taxable Auction Rate Securities)

Series 1999A-3

Complete either I. or II.

I. We are a Broker-Dealer for Holder* _____ (the "Purchaser"), which purchased \$_____ (must be in units of \$50,000 or integral multiples thereof) of _____ in the Auction held on _____ from the seller of such Series _____ Notes.

II. We are a Broker-Dealer for Holder* _____ (the "Seller"), which sold \$_____ (must be in units of \$50,000 or integral multiples thereof) of the Series First Issue in the Auction held on _____ to the purchaser of such Series _____ Notes.

We hereby notify you that (check one):

_____ the Seller failed to deliver such Series _____ Notes to the Purchaser; or

_____ the Purchaser failed to make payment to the Seller upon delivery of such Series _____ Notes.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

* Existing Holders may be described by name or other reference as determined in the sole discretion of the Broker-Dealer.

BROKER-DEALER AGREEMENT

among

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

and

**J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Broker-Dealer**

Relating to:

\$350,000,000
EMT Corp.
Student Loan Asset-Backed Notes
1998 Senior Series A-1
1998 Senior Series A-2
1998 Senior Series A-3
1998 Senior Series A-4
1998 Senior Subordinate Series B

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

BROKER-DEALER AGREEMENT (the "Agreement") dated as of October 15, 2002 between DEUTSCHE BANK TRUST COMPANY AMERICAS (as successor to IBJ Schroder Bank & Trust Company) (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as supplemented and amended by the First Terms Supplement dated as of May 15, 1998 (the "First Terms Supplement" and together with the Trust Agreement, collectively referred to herein as the "Trust Agreement") between Zions First National Bank (as successor to NBD Bank, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement between the Trustee and the Auction Agent hereinafter defined, J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

WHEREAS, the Issuer has issued \$350,000,000 aggregate principal amount of Student Loan Asset Backed Notes consisting of \$82,000,000 aggregate principal amount of 1998 Senior Series A-1, \$80,000,000 aggregate principal amount of 1998 Senior Series A-2, \$80,000,000 aggregate principal amount of 1998 Senior Series A-3, \$80,000,000 aggregate principal amount of 1998 Senior Series A-4 and \$28,000,000 aggregate principal amount of 1998 Senior Subordinate Series B (hereinafter referred to as the "Auction Rate Securities" or the "ARS"). The ARS have been issued pursuant to the Trust Agreement; and

WHEREAS, the Trust Agreement provides that the Series Interest Rate on each Series of the ARS for each Auction Period after the Series Initial Period shall be, except as otherwise provided in the Trust Agreement, equal to the lesser of (a) the Net Loan Rate in effect for such Series Interest Period and (b) the Auction Rate that the Auction Agent advises has resulted on the Auction Date from the implementation of the Auction Procedures. Pursuant to Section 2.9 of the Auction Agency Agreement, the Auction Agent has entered into this Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE TRUST AGREEMENT. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" has the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" means the Auction Agency Agreement dated as of May 15, 1998 between the Trustee and the Auction Agent relating to the ARS.

"Auction Procedures" means the Auction Procedures that are set forth in Article II of the First Terms Supplement.

"Authorized Officer" means, with respect to the Auction Agent, each Managing Director, Vice President, Assistant Vice President, Trust Officer, Assistant Secretary and Assistant Treasurer of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to BD.

"BD Officer" means each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.

"Broker-Dealer Agreement" means this Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Agreement as a whole.
- (d) In case of any conflict between the provisions of this Agreement and the provisions of the First Terms Supplement, the First Terms Supplement shall control.
- (e) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Series Interest Rate for the next Auction Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."
- (b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.
- (c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Section 2.5.6 of the First Terms Supplement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.
- (d) BD and other Broker-Dealers may participate in Auctions for their own accounts, provided that BD or such other Broker-Dealers, as the case may be have executed and deposited with the Auction Agent a Master Purchaser's Letter. However, the Issuer may, by notice to BD and all other Broker-Dealers given no later than 3:00 p.m. on the Business Day next preceding an Auction, prohibit all (but not less than all) Broker-Dealers from submitting Bids for their own account in such Auction and, if so specified in such notice, all future Auctions until such notice is withdrawn, but the Broker-Dealers may continue to submit Hold and Sell orders for their own accounts and Bids on behalf of customers. The Auction Agent shall have no duty or liability with respect to enforcement of this subsection.
- (e) BD is delivering herewith, or has previously delivered, a Master Purchaser's Letter executed by BD and BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD may, in its discretion, collect from each purchaser of ARS from or through BD a Master Purchaser's Letter, whether or not such purchaser is recorded on the Existing Note Holder Registry as an Existing Note Holder, and to otherwise act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under the Trust Agreement.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

- (a) Not later than 9:30 a.m. on each Auction Date for a Series of the ARS, the Auction Agent shall advise BD by telephone of the Applicable LIBOR Rate and the United States Treasury Security Rate and not later than 9:30 a.m. on each Auction Date

for the ARS, the Auction Agent shall advise BD of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earlier of 9:15 a.m. on the new Auction Date and 9:15 a.m. on the old Auction Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Note Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request that BD provide it with a list of the respective customers BD believes are Existing Note Holders of a Series of the ARS and the aggregate principal amounts of ARS of such Series specifically owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Bidders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, the Issuer and BD; provided that the Auction Agent reserves the right to disclose any such information if it is advised by its counsel that such failure would be unlawful.

(d) The Auction Agent is not required to accept the Master Purchaser's Letter of any Potential Note Holder who wishes to submit a Bid for the first time in any Auction or of any Potential Note Holder or Existing Note Holder who wishes to amend its Master Purchaser's Letter unless it is received by the Auction Agent by 3:00 p.m. on the Business Day preceding such Auction. BD shall promptly deliver to the Auction Agent two copies of any Master Purchaser's Letter or any amended Master Purchaser's Letter received from any Potential Note Holder or Existing Note Holder.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each Series of the ARS in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with consent of the Trustee, at the direction of the Issuer, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Market Agent provides Auction Agent with the Applicable LIBOR Rate and the United States Treasury Security Rate.
By 9:30 a.m.	Auction Agent notifies the Trustee and the Broker-Dealers of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate and the Applicable LIBOR Rate and the United States Treasury Security Rate used in determining such rates, as set forth in

Section 2.02(a) hereof.

9:30 a.m.-12:30 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Article II of the First Terms Supplement. Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	Auction Agent makes determinations pursuant to Article II of the First Terms Supplement. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and principal amounts of ARS are allocated as provided in Article II of the First Terms Supplement.
Not later than 3:00 p.m.	Auction Agent advises the Trustee of the Series Interest Rate for the next Auction Period and of results of the Auction as provided in Article II of the First Terms Supplement. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD agrees to maintain a list of Potential Note Holders and to contact the Potential Note Holders on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit a separate Order to the Auction Agent for each Potential Note Holder or Existing Note Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Note Holders or Existing Note Holders on whose behalf BD is submitting Orders.

(d) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARS, made through BD by an Existing Note Holder to another person other than pursuant to an Auction and shall deliver or cause to be delivered the related Master Purchaser's Letter executed by such person if such person has not previously so delivered a Master Purchaser's Letter; and (ii) a written notice, in substantially the form attached hereto as Exhibit D, of the failure of any ARS to be transferred to or by any person that purchased or sold ARS through BD pursuant to an Auction. The Auction Agent is not required to give effect to any notice with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

(f) BD agrees not to sell, assign or dispose of any ARS to any person who has not delivered a signed Master Purchaser's Letter to the Auction Agent.

(g) Prior to or concurrently with the execution and delivery of the Auction Agent Agreement, BD shall provide the Auction Agent with a list of the Existing Note Holders of the ARS who have agreed to purchase such ARS through BD, if any. In order to verify the accuracy and authenticity of the lists of Existing Note Holders so provided,

the Auction Agent may confirm those lists of the Existing Note Holders to the respective Broker-Dealers who provided the original lists within 10 Business Days of the Auction Agent's receipt thereof.

(h) BD has delivered to the Auction Agent or is delivering herewith its executed Master Purchaser's Letter. BD and other Broker-Dealers which have delivered duly executed Master Purchaser's Letters may submit Orders in Auctions for their own accounts; provided, however, that any Broker-Dealer that is an affiliate of the Issuer must submit at the next Auction therefor a Sell Order covering all ARS held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(h).

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. By approximately 10:30 a.m. on the Business Day next succeeding such Auction Date, the Auction Agent shall notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Note Holder or Potential Note Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement an amount for each Series of ARS equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 360 days; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARS during such preceding month of (A) the aggregate principal amount of the ARS placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission, and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with the First Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Note Holders pursuant to the First Terms Supplement that were acquired by

such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of clause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARS through BD transfers those ARS to another person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the First Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Note Holder on whose behalf BD has submitted a Bid or Sell Order for ARS that was accepted in whole or in part fails to instruct its Participant to deliver the ARS subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARS against payment therefor and BD may deliver to the Potential Note Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARS that is less than the principal amount of the ARS specified in such Bid to be purchased by such Potential Note Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARS which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any responsibility or liability with respect to the failure of an Existing Note Holder, a Potential Note Holder or a Participant or any of them to deliver ARS or to pay for ARS sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

- (a) The Auction Agent is acting solely as agent for the Trustee hereunder and has no duties to any other person and owes no fiduciary duties to any person by reason of this Agreement.
- (b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.
- (c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

- (a) The Auction Agent may conclusively rely and shall be protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with the Broker-Dealers.
- (b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.
- (d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agency Agreement or the Bonds.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days' prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARS pursuant to Article II of the Trust Agreement or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN SECURITIES DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Securities Depository; or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days' prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD:	J.P. Morgan Securities Inc. 270 Park Avenue, 10th Floor New York, New York 10017 Telephone: (212) 834-7182 Facsimile: (212) 834-6737 Attention: Kevin C. O'Connor
If to BD:	UFS Securities, L.L.C. 6801 South 27th Street Lincoln, Nebraska 68512 Telephone: (402) 484-9326 Facsimile: (402) 484-9331 Attention: Mark E. Portz
If to the Auction Agent:	Deutsche Bank Trust Company Americas 100 Plaza One, 6th Floor Jersey City, New Jersey 07311 Telephone: (201) 593-6878 Facsimile: (201) 593-6447 Attention: Corporate Trust and Agency Services

If to the Issuer: EMT Corp.
c/o Nelnet, Inc.
121 South 13th Street, Suite 301
Lincoln, Nebraska 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Treasurer

with a copy to: EMT Corp.
8425 Woodfield Crossing Boulevard, Suite 510
Indianapolis, Indiana 46240
Telephone: (317) 469-2254
Facsimile: (317) 469-2088

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of each party hereto. The provisions herein regarding auction procedures may be amended from time to time to conform to industry or market practices solely upon the written consent of the parties hereto and upon written notice of such amendment to the affected Holders of such ARS and no prior written consent of any such Holder shall be required in connection with such amendment.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be

assigned by the Auction Agent to a successor Auction Agent selected by the Trustee at the direction of the Issuer without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

J.P. MORGAN SECURITIES INC.

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C.

By /s/ Mark E. Portz

Mark E. Portz, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the First Terms Supplement to the Trust Agreement.

(a) On each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Note Holder or Potential Note Holder of:

(i) the Series Interest Rate fixed for the next succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Auction Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Note Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Note Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Note Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Note Holder;

(v) if the aggregate principal amount of ARS to be sold by all Existing Note Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of ARS to be purchased by all Potential Note Holders on whose behalf such Broker-Dealer submitted a bid, the name or names of one or more other Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of ARS to be (A) purchased from one or more Existing Note Holders on whose behalf such other Broker-Dealers submitted Bids or Sell Orders, or (B) sold to one or more Potential Note Holders on whose behalf such other Broker-Dealers submitted Bids; and

(vi) the scheduled Auction Date of the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Note Holder or Potential Note Holder is required to:

(i) advise each Existing Note Holder and Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Agent Member, to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary, including accrued interest, if any, to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such principal amount of ARS;

(iii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, or a Sell Order that was accepted, in whole or in part, to instruct such Bidder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of ARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid of the Series Interest Rate for the next succeeding Auction Period;

(v) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order of the scheduled Auction Date of the next succeeding Auction; and

(vi) advise each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the Auction Date of the next succeeding Auction.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARS received by it pursuant to paragraph (b)(iii) above, among the Potential Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders, and any Broker-Dealers identified to it by the Auction Agent pursuant to paragraph (a)(v) above.

(d) On the Business Day immediately succeeding the Auction Date, the Securities Depository will execute the transactions described above, debiting and crediting the accounts of the respective Agent Members as necessary to effect the purchases and sales of ARS as determined in the Auction.

EXHIBIT B

ORDER FORM

(Submit only one Order on this Order Form)

\$350,000,000

EMT CORP.

Student Loan Asset-Backed Notes

1998 Senior Series A-1

1998 Senior Series A-2

1998 Senior Series A-3

1998 Senior Series A-4

1998 Senior Subordinate Series B

Auction Rate Securities

("ARS")

\$ _____ 1998 _____ Series _____

EXHIBIT C

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

\$350,000,000

EMT CORP.

Student Loan Asset-Backed Notes

1998 Senior Series A-1

1998 Senior Series A-2

1998 Senior Series A-3

1998 Senior Series A-4

1998 Senior Subordinate Series B

Auction Rate Securities

("ARS")

We are (check one):

_____ the Existing Note Holder named below;

_____ **the Broker-Dealer for such Existing Note Holder; or**

_____ **the Participant for such Existing Note Holder.**

We hereby notify you that such Existing Note Holder has transferred \$_____ *ARS to _____.

[NAME OF EXISTING NOTE HOLDER]

By _____

Name _____

Title _____

[NAME OF BROKER-DEALER]

By _____

Name _____

Title _____

* ARS may only be transferred in units of \$50,000.

[NAME OF PARTICIPANT]

By _____

Name _____

Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER

(To be used only for failure to deliver ARS sold pursuant to an Auction)

\$350,000,000
EMT Corp.
Student Loan Asset-Backed Notes
1998 Senior Series A-1
1998 Senior Series A-2
1998 Senior Series A-3
1998 Senior Series A-4
1998 Senior Subordinate Series B

Auction Rate Securities
("ARS")

Complete either I. or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARS in the Auction held on _____ from the seller of such ARS.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____ of the ARS in the Auction held on _____, to the purchaser of such ARS.

We hereby notify you that (check one):

_____ the seller failed to deliver such ARS to the Purchaser; or

_____ the purchaser failed to make payment to the Seller upon delivery of such ARS.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARS may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

between

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

and

**BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer**

Relating to:

\$175,000,000

EMT Corp.

Student Loan Asset-Backed Notes

1999 Senior Series A-7

1999 Senior Series A-8

1999 Senior Series A-9

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

BROKER-DEALER AGREEMENT (the "Agreement") dated as of October 15, 2002 between DEUTSCHE BANK TRUST COMPANY AMERICAS (successor to IBJ Whitehall Bank & Trust Company) (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as amended and supplemented to September 1, 1999, by the Third Terms Supplement dated as of September 1, 1999 (the "Third Terms Supplement" and the Trust Agreement, as so amended and supplemented, referred to herein as the "Trust Agreement") between Zions First National Bank (successor to Bank One Trust Company, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 1999 between the Trustee and the Auction Agent hereinafter defined, and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

WHEREAS, the Issuer has issued \$175,000,000 aggregate principal amount of Student Loan Asset-Backed Notes consisting of \$60,000,000 aggregate principal amount of 1999 Senior Series A-7, \$60,000,000 aggregate principal amount of 1999 Senior Series A-8 and \$55,000,000 aggregate principal amount of 1999 Senior Series A-9 (hereinafter referred to as the "Auction Rate Certificates" or the "ARCs"). The ARCs have been issued pursuant to the Trust Agreement; and

WHEREAS, the Trust Agreement provides that the Series Interest Rate on each Series of the ARCs for each Auction Period after the Series Initial Period shall be, except as otherwise provided in the Trust Agreement, equal to the lesser of (a) the Net Loan Rate in effect for such Series Interest Period, and (b) the Auction Rate that the Auction Agent advises has resulted on the Auction Date from the implementation of the Auction Procedures. Pursuant to Section 2.9(a) or (b) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE TRUST AGREEMENT. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" has the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" means the Auction Agency Agreement dated as of September 1, 1999 between the Trustee and the Auction Agent relating to the ARCs.

"Auction Procedures" means the Auction Procedures that are set forth in Article II of the Third Terms Supplement.

"Authorized Officer" means, with respect to the Auction Agent, each Managing Director, Vice President, Assistant Vice President, Trust Officer, Assistant Secretary and Assistant Treasurer of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to BD.

"BD Officer" means each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.

"Broker-Dealer Agreement" means this Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Agreement as a whole.

(d) In case of any conflict between the provisions of this Agreement and the provisions of the Third Terms Supplement, the Third Terms Supplement shall control.

(e) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Series Interest Rate for the next Auction Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."
- (b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.
- (c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Section 2.5.6 of the Third Terms Supplement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.
- (d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Issuer may, by notice to BD and all other Broker-Dealers given no later than 3:00 p.m. on the Business Day next preceding an Auction, prohibit all (but not less than all) Broker-Dealers from submitting Bids for their own account in such Auction and, if so specified in such notice, all future Auctions until such notice is withdrawn, but the Broker-Dealers may continue to submit Hold and Sell orders for their own accounts and Bids on behalf of customers. The Auction Agent shall have no duty or liability with respect to enforcement of this subsection.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

- (a) Not later than 9:30 a.m. on each Auction Date for a Series of the ARCs, the Auction Agent shall advise BD by telephone of the Applicable LIBOR Rate and the United States Treasury Security Rate and not later than 9:30 a.m. on each Auction Date for the ARCs, the Auction Agent shall advise BD of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate.
- (b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in paragraph (a) (vi) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earlier of 9:15 a.m. on the new Auction Date and 9:15 a.m. on the old Auction Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Note Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request that BD provide it with a list of the respective customers BD believes are Existing Note Holders of a Series of the ARCs and the aggregate principal amounts of ARCs of such Series specifically owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Bidders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, the Issuer and BD; provided that the Auction Agent reserves the right to disclose any such information if it is advised by its counsel that such failure would be unlawful.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each Series of the ARCs in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with consent of the Trustee, at the direction of the Issuer, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Market Agent provides Auction Agent with the Applicable LIBOR Rate and the United States Treasury Security Rate.
By 9:30 a.m.	Auction Agent notifies the Trustee and the Broker-Dealers of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate and the Applicable LIBOR Rate and the United States Treasury Security Rate used in determining such rates, as set forth in Section 2.02(a) hereof.
9:30 a.m.-1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Article II of the Third Terms Supplement. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Article II of the Third Terms Supplement. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and principal amounts of ARCs are allocated as provided in Article II of the Third Terms Supplement.
Not later than 3:00 p.m.	Auction Agent advises the Trustee of the Series Interest Rate for the next Auction Period and of results of the Auction as provided in Article II of the Third Terms Supplement. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD agrees to maintain a list of Potential Note Holders and to contact the Potential Note Holders on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit a separate Order to the Auction Agent for each Potential Note Holder or Existing Note Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Note Holders or Existing Note Holders on whose behalf BD is submitting Orders.

(d) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARCs, made through BD by an Existing Note Holder to another person other than pursuant to an Auction; and (ii) a written notice, in substantially the form attached hereto as Exhibit D, of the failure of any ARCs to be transferred to or by any person that purchased or sold ARCs through BD pursuant to an Auction. The Auction Agent is not required to give effect to any notice with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

(f) [Reserved.]

(g) Prior to or concurrently with the execution and delivery of the Auction Agent Agreement, BD shall provide the Auction Agent with a list of the Existing Note Holders of the ARCs who have agreed to purchase such ARCs through BD, if any. In order to verify the accuracy and authenticity of the lists of Existing Note Holders so provided, the Auction Agent may confirm those lists of the Existing Note Holders to the respective Broker-Dealers who provided the original lists within 10 Business Days of the Auction Agent's receipt thereof.

(h) BD and other Broker-Dealers may submit Orders in Auctions for their own accounts; provided, however, that any Broker-Dealer that is an affiliate of the Issuer must submit at the next Auction therefor a Sell Order covering all ARCs held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(h).

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. By approximately 10:30 a.m. on the Business Day next succeeding such Auction Date, the Auction Agent shall notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Note Holder or Potential Note Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement

Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement, an amount for each Series of ARCs equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 365/366 days, as applicable; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARCs during such preceding month of (A) the aggregate principal amount of the ARCs placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission; and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARCS subject to valid Hold Orders (determined in accordance with the Third Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARCs deemed to be subject to Hold Orders by Existing Note Holders pursuant to the Third Terms Supplement that were acquired by such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of clause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARCs through BD transfers those ARCs to another person other than pursuant to an Auction, then the Broker-Dealer for the ARCs so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARCs. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Third Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee Rate shall be effective on

the Auction Date next succeeding such change. The initial Broker-Dealer Fee Rate shall be 0.25% per annum.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Note Holder on whose behalf BD has submitted a Bid or Sell Order for ARCs that was accepted in whole or in part fails to instruct its Participant to deliver the ARCs subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARCs against payment therefor and BD may deliver to the Potential Note Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARCs that is less than the principal amount of the ARCs specified in such Bid to be purchased by such Potential Note Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or nondelivery of ARCs which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any responsibility or liability with respect to the failure of an Existing Note Holder, a Potential Note Holder or a Participant or any of them to deliver ARCs or to pay for ARCs sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and has no duties to any other person and owes no fiduciary duties to any person by reason of this Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agency Agreement or the Bonds.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days' prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARCs pursuant to Article II of the Trust Agreement or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN SECURITIES DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Securities Depository; or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days' prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including

facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD: Banc of America Securities LLC
NC1-005-12-03
121 West Trade Street, 12th Floor
Charlotte, North Carolina 28255
Telephone: (704) 386-4520
Facsimile: (704) 386-1193
Attention: Short Term Underwriting
and Trading

If to the Auction Agent: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447
Attention: Auction Rate Securities

If to the Issuer: EMT Corp.
c/o Nelnet, Inc.
121 S. 13th Street, Suite 301
Lincoln, NE 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Treasurer

With copies to:
EMT Corp.
8425 Woodfield Crossing Blvd.
Suite 510
Indianapolis, Indiana 46240
Telephone: (317) 469-2088
Facsimile: (317) 469-2254

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of each party hereto. The provisions herein regarding auction procedures may be amended from time to time to conform to industry or market practices solely upon the written consent of the parties hereto and upon written notice of such amendment to the affected Holders of such ARCs and no prior written consent of any such Holder shall be required in connection with such amendment.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee at the direction of the Issuer without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

BANC OF AMERICA SECURITIES LLC

By /s/ Christopher G. Cronk

Christopher G. Cronk, Principal

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Third Terms Supplement to the Trust Agreement.

(a) On each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Note Holder or Potential Note Holder of:

(i) the Series Interest Rate fixed for the next succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Auction Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Note Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARCs, if any, to be sold by such Existing Note Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Note Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARCs, if any, to be purchased by such Potential Note Holder;

(v) if the aggregate principal amount of ARCs to be sold by all Existing Note Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of ARCs to be purchased by all Potential Note Holders on whose behalf such Broker-Dealer submitted a bid, the name or names of one or more other Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of ARCs to be (A) purchased from one or more Existing Note Holders on whose behalf such other Broker-Dealers submitted Bids or Sell Orders, or (B) sold to one or more Potential Note Holders on whose behalf such other Broker-Dealers submitted Bids; and

(vi) the scheduled Auction Date of the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Note Holder or Potential Note Holder is required to:

(i) advise each Existing Note Holder and Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Agent Member, to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary, including accrued interest, if any, to purchase the principal amount of ARCs to be purchased pursuant to such Bid against receipt of such principal amount of ARCs;

(iii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, or a Sell Order that was accepted, in whole or in part, to instruct such Bidder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of ARCs to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid of the Series Interest Rate for the next succeeding Auction Period;

(v) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order of the scheduled Auction Date of the next succeeding Auction; and

(vi) advise each Potential Note Holder on whose behalf such Broker-Dealer Submitted a Bid that was accepted, in whole or in part, of the Auction Date of the next succeeding Auction.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARCs received by it pursuant to paragraph (b)(iii) above, among the Potential Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders, and any Broker-Dealers identified to it by the Auction Agent pursuant to paragraph (a)(v) above.

(d) On the Business Day immediately succeeding the Auction Date, the Securities Depository will execute the transactions described above, debiting and crediting the accounts of the respective Agent Members as necessary to effect the purchases and sales of ARCs as determined in the Auction.

EXHIBIT B

ORDER FORM

(Submit only one Order on this Order Form)

\$175,000,000

EMT Corp.

Student Loan Asset-Backed Notes

1999 Senior Series A-7

1999 Senior Series A-8

1999 Senior Series A-9

Auction Rate Certificates

("ARCs")

\$ _____ **1999** _____ **Series** _____

EXHIBIT C

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

\$175,000,000
EMT Corp.
Student Loan Asset-Backed Notes
1999 Senior Series A-7
1999 Senior Series A-8
1999 Senior Series A-9

Auction Rate Certificates
("ARCs")

We are (check one):

_____ the Existing Note Holder named below;

_____ **the Broker-Dealer for such Existing Note Holder; or**

_____ **the Participant for such Existing Note Holder.**

We hereby notify you that such Existing Note Holder has transferred \$_____ * ARCs to _____.

[NAME OF EXISTING NOTE HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARCs may only be transferred in units of \$50,000.

[NAME OF PARTICIPANT]

By _____

Name _____

Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER

(To be used only for failure to deliver ARCs sold pursuant to an Auction)

\$175,000,000
EMT Corp.
Student Loan Asset-Backed Notes
1999 Senior Series A-7
1999 Senior Series A-8
1999 Senior Series A-9

Auction Rate Certificates
("ARCs")

Complete either I. or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____ * of the ARCs in the Auction held on _____ from the seller of such ARCs.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____ of the ARCs in the Auction held on _____, to the purchaser of such ARCs.

We hereby notify you that (check one):

_____ the seller failed to deliver such ARCs to the Purchaser; or

_____ the purchaser failed to make payment to the Seller upon delivery of such ARCs.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARCs may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

and

**J.P. MORAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers**

Relating to:

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes \$70,000,000--2000 Senior Series A-10 \$70,000,000--2000 Senior Series A-11 \$70,000,000--2000 Senior Series A-12 \$15,000,000--2000 Senior Subordinate Series B-2

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

BROKER-DEALER AGREEMENT (the "Agreement") dated as of October 15, 2002 between DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as amended and supplemented to April 1, 2000, by the Fourth Terms Supplement dated as of April 1, 2000 (the "Fourth Terms Supplement" and the Trust Agreement, as so amended and supplemented, referred to herein as the "Trust Agreement") between Zions First National Bank (successor to Bank One Trust Company, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement between the Trustee and the Auction Agent hereinafter defined, J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

WHEREAS, the Issuer has issued \$375,000,000 aggregate principal amount of its Student Loan Asset-Backed Auction Rate Notes consisting of \$70,000,000-- 2000 Senior Series A-10, \$70,000,000--2000 Senior Series A-11, \$70,000,000-- 2000 Senior Series A-12, \$50,000,000--2000 Senior Series A-13, \$50,000,000-- 2000 Senior Series A-14, \$50,000,000--2000 Senior Series A-15 and \$15,000,000 --2000 Senior Subordinate Series B-2, of which the BD will act as Broker-Dealer with respect to the Series A-10, A-11, A-12 and B-2 Notes (such Series A-10, A-11, A-12 and B-2 Notes hereinafter referred to as the "Auction Rate Notes" or the "ARN"). The ARN have been issued pursuant to the Trust Agreement; and

WHEREAS, the Trust Agreement provides that the Series Interest Rate on each Series of the ARN for each Auction Period after the Series Initial Period shall be, except as otherwise provided in the Trust Agreement, equal to the lesser of (a) the Net Loan Rate in effect for such Series Interest Period, and
(b) the Auction Rate that the Auction Agent advises has resulted on the Auction Date from the implementation of the Auction Procedures. Pursuant to Section 2.9 of the Auction Agency Agreement, the Auction Agent has entered into this Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE TRUST AGREEMENT. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" has the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" means the Auction Agency Agreement dated as of April 1, 2000 between the Trustee and the Auction Agent relating to the ARN.

"Auction Procedures" means the Auction Procedures that are set forth in Article II of the Fourth Terms Supplement.

"Authorized Officer" means, with respect to the Auction Agent, each Managing Director, Vice President, Assistant Vice President and Associate of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to BD.

"BD Officer" means each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.

"Broker-Dealer Agreement" means this Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Agreement as a whole.
- (d) In case of any conflict between the provisions of this Agreement and the provisions of the Fourth Terms Supplement, the Fourth Terms Supplement shall control.
- (e) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Series Interest Rate for the next Auction Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."
- (b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.
- (c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Section 2.5.6 of the Fourth Terms Supplement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.
- (d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Issuer may, by notice to BD and all other Broker-Dealers given no later than 3:00 p.m. on the Business Day next preceding an Auction, prohibit all (but not less than all) Broker-Dealers from submitting Bids for their own account in such Auction and, if so specified in such notice, all future Auctions until such notice is withdrawn, but the Broker-Dealers may continue to submit Hold and Sell orders for their own accounts and Bids on behalf of customers. The Auction Agent shall have no duty or liability with respect to enforcement of this subsection.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

- (a) Not later than 9:30 a.m. on each Auction Date for a Series of the ARN, the Auction Agent shall advise BD by telephone of the Applicable LIBOR Rate and the United States Treasury Security Rate and not later than 9:30 a.m. on each Auction Date for the ARN, the Auction Agent shall advise BD of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate.
- (b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in paragraph (a) (vi) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earlier of 9:15 a.m. on the new Auction Date and 9:15 a.m. on the old Auction Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Note Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request that BD provide it with a list of the respective customers BD believes are Existing Note Holders of a Series of the ARN and the aggregate principal amounts of ARN of such Series specifically owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Bidders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, the Issuer and BD; provided that the Auction Agent reserves the right to disclose any such information if it is advised by its counsel that such failure would be unlawful.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each Series of the ARN in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with consent of the Trustee, at the direction of the Issuer, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Market Agent provides Auction Agent with the Applicable LIBOR Rate and the United States Treasury Security Rate.
By 9:30 a.m.	Auction Agent notifies the Trustee and the Broker-Dealers of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate and the Applicable LIBOR Rate and the United States Treasury Security Rate used in determining such rates, as set forth in Section 2.02(a) hereof.
9:30 a.m.-1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Article II of the Fourth Terms Supplement. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Article II of the Fourth Terms Supplement. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and principal amounts of ARN are allocated as provided in Article II of the Fourth Terms Supplement.
Not later than 3:00 p.m.	Auction Agent advises the Trustee of the Series Interest Rate for the next Auction Period and of results of the Auction as provided in Article II of the Fourth Terms Supplement. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD agrees to maintain a list of Potential Note Holders and to contact the Potential Note Holders on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit a separate Order to the Auction Agent for each Potential Note Holder or Existing Note Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Note Holders or Existing Note Holders on whose behalf BD is submitting Orders.

(d) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARN, made through BD by an Existing Note Holder to another person other than pursuant to an Auction; and (ii) a written notice, in substantially the form attached hereto as Exhibit D, of the failure of any ARN to be transferred to or by any person that purchased or sold ARN through BD pursuant to an Auction. The Auction Agent is not required to give effect to any notice with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

(f) [Reserved.]

(g) Prior to or concurrently with the execution and delivery of the Auction Agent Agreement, BD shall provide the Auction Agent with a list of the Existing Note Holders of the ARN who have agreed to purchase such ARN through BD, if any. In order to verify the accuracy and authenticity of the lists of Existing Note Holders so provided, the Auction Agent may confirm those lists of the Existing Note Holders to the respective Broker-Dealers who provided the original lists within 10 Business Days of the Auction Agent's receipt thereof.

(h) BD and other Broker-Dealers may submit Orders in Auctions for their own accounts; provided, however, that any Broker-Dealer that is an affiliate of the Issuer must submit at the next Auction therefor a Sell Order covering all ARN held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(h).

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. By approximately 10:30 a.m. on the Business Day next succeeding such Auction Date, the Auction Agent shall notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Note Holder or Potential Note Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement

Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement, an amount for each Series of ARN equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 365/366 days, as applicable; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARN during such preceding month of (A) the aggregate principal amount of the ARN placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission, and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARN subject to valid Hold Orders (determined in accordance with the Fourth Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARN deemed to be subject to Hold Orders by Existing Note Holders pursuant to the Fourth Terms Supplement that were acquired by such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of clause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARN through BD transfers those ARN to another person other than pursuant to an Auction, then the Broker-Dealer for the ARN so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARN. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Fourth Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee Rate shall be effective on

the Auction Date next succeeding such change. The initial Broker-Dealer Fee Rate shall be 0.25% per annum.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Note Holder on whose behalf BD has submitted a Bid or Sell Order for ARN that was accepted in whole or in part fails to instruct its Participant to deliver the ARN subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARN against payment therefor and BD may deliver to the Potential Note Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARN that is less than the principal amount of the ARN specified in such Bid to be purchased by such Potential Note Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARN which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any responsibility or liability with respect to the failure of an Existing Note Holder, a Potential Note Holder or a Participant or any of them to deliver ARN or to pay for ARN sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and has no duties to any other person and owes no fiduciary duties to any person by reason of this Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agency Agreement or the Bonds.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days' prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARN pursuant to Article II of the Trust Agreement or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN SECURITIES DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Securities Depository; or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days' prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including

facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD: J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Telephone: (212) 834-7182
Facsimile: (212) 834-6737
Attention: Kevin C. O'Connor

If to BD: UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Telephone: (402) 484-9326
Facsimile: (402) 484-9331
Attention: Mark E. Portz

If to the Auction Agent: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447
Attention: Corporate Trust & Agency Services

If the Issuer: EMT Corp.
c/o Nelnet, Inc.
121 South 13th Street, Suite 301
Lincoln, Nebraska 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Treasurer

with a copy to: EMT Corp.
8425 Woodfield Crossing Boulevard
Suite 501
Indianapolis, Indiana 46240
Telephone: (317) 469-2254
Facsimile: (317) 469-2088

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations,

endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of each party hereto. The provisions herein regarding auction procedures may be amended from time to time to conform to industry or market practices solely upon the written consent of the parties hereto and upon written notice of such amendment to the affected Holders of such ARN and no prior written consent of any such Holder shall be required in connection with such amendment.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee at the direction of the Issuer without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, As Auction Agent**

By */s/ Linda Reale*

Name *Linda Reale*

Title *VP*

J.P. MORGAN SECURITIES INC.

**By Kevin C. O'Connor
Kevin C. O'Connor, Vice President**

UFS SECURITIES, L.L.C.

By */s/ Mark E. Portz*

Mark E. Portz, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Fourth Terms Supplement to the Trust Agreement, except that "ARN" refers only to the covered Series of Notes specified at the beginning of this Agreement.

(a) On each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Note Holder or Potential Note Holder of:

(i) the Series Interest Rate fixed for the next succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Auction Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Note Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARN, if any, to be sold by such Existing Note Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Note Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARN, if any, to be purchased by such Potential Note Holder;

(v) if the aggregate principal amount of ARN to be sold by all Existing Note Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of ARN to be purchased by all Potential Note Holders on whose behalf such Broker-Dealer submitted a bid, the name or names of one or more other Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of ARN to be (A) purchased from one or more Existing Note Holders on whose behalf such other Broker-Dealers submitted Bids or Sell Orders, or (B) sold to one or more Potential Note Holders on whose behalf such other Broker-Dealers submitted Bids; and

(vi) the scheduled Auction Date of the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Note Holder or Potential Note Holder is required to:

(i) advise each Existing Note Holder and Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Agent Member, to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary, including accrued interest, if any, to purchase the principal amount of ARN to be purchased pursuant to such Bid against receipt of such principal amount of ARN;

(iii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, or a Sell Order that was accepted, in whole or in part, to instruct such Bidder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of ARN to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid of the Series Interest Rate for the next succeeding Auction Period;

(v) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order of the scheduled Auction Date of the next succeeding Auction; and

(vi) advise each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the Auction Date of the next succeeding Auction.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARN received by it pursuant to paragraph (b)(iii) above, among the Potential Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders, and any Broker-Dealers identified to it by the Auction Agent pursuant to paragraph (a)(v) above.

(d) On the Business Day immediately succeeding the Auction Date, the Securities Depository will execute the transactions described above, debiting and crediting the accounts of the respective Agent Members as necessary to effect the purchases and sales of ARN as determined in the Auction.

EXHIBIT B

ORDER FORM

(Submit only one Order on this Order Form)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000 Senior Series A-10 2000 Senior Series A-11 2000 Senior Series A-12 2000 Senior Subordinate Series B-2

("ARN")

\$ _____ **2000** _____ **Series** _____

EXHIBIT C

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000 Senior Series A-10 2000 Senior Series A-11 2000 Senior Series A-12 2000 Senior Subordinate Series B-2

("ARN")

We are (check one):

_____ the Existing Note Holder named below; or

_____ **the Broker-Dealer for such Existing Note Holder; or**

_____ **the Participant for such Existing Note Holder.**

We hereby notify you that such Existing Note Holder has transferred \$_____ * ARN to _____.

[NAME OF EXISTING NOTE HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARN may only be transferred in units of \$50,000.

[NAME OF PARTICIPANT]

By _____

Name _____

Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER

(To be used only for failure to deliver ARN sold pursuant to an Auction)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000 Senior Series A-10 2000 Senior Series A-11 2000 Senior Series A-12 2000 Senior Subordinate Series B-2

("ARN")

Complete either I. or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____ * of the ARN in the Auction held on _____ from the seller of such ARN.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____ of the ARN in the Auction held on _____, to the purchaser of such ARN.

We hereby notify you that (check one):

_____ the seller failed to deliver such ARN to the Purchaser; or

_____ the purchaser failed to make payment to the Seller upon delivery of such ARN.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARN may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

between

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

and

**BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer**

Relating to:

EMT Corp.
\$50,000,000 -- 2000 Senior Series A-13
\$50,000,000 -- 2000 Senior Series A-14

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

BROKER-DEALER AGREEMENT (the "Agreement") dated as of October 15, 2002 between DEUTSCHE BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as amended and supplemented to April 1, 2000, by the Fourth Terms Supplement dated as of April 1, 2000 (the "Fourth Terms Supplement" and the Trust Agreement, as so amended and supplemented, referred to herein as the "Trust Agreement") between Zions First National Bank (successor to Bank One Trust Company, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement between the Trustee and the Auction Agent hereinafter defined, and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

WHEREAS, the Issuer has issued \$375,000,000 aggregate principal amount of its Student Loan Asset-Backed Auction Rate Notes consisting of \$70,000,000 -- 2000 Senior Series A-10, \$70,000,000 -- 2000 Senior Series A-11, \$70,000,000 -- 2000 Senior Series A-12, \$50,000,000 -- 2000 Senior Series A-13, \$50,000,000 -- 2000 Senior Series A-14, \$50,000,000 -- 2000 Senior Series A-15 and \$15,000,000 -- 2000 Senior Subordinate Series B-2, of which the BD will act as Broker-Dealer with respect to the Series A-13 and Series A-14 Notes (such Series A-13 and A-14 Notes hereinafter referred to as the "Auction Rate Notes" or the "ARN"). The ARN have been issued pursuant to the Trust Agreement; and

WHEREAS, the Trust Agreement provides that the Series Interest Rate on each Series of the ARN for each Auction Period after the Series Initial Period shall be, except as otherwise provided in the Trust Agreement, equal to the lesser of (a) the Net Loan Rate in effect for such Series Interest Period, and (b) the Auction Rate that the Auction Agent advises has resulted on the Auction Date from the implementation of the Auction Procedures. Pursuant to Section 2.9(a) or (b) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE TRUST AGREEMENT. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" has the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" means the Auction Agency Agreement dated as of April 1, 2000 between the Trustee and the Auction Agent relating to the ARN.

"Auction Procedures" means the Auction Procedures that are set forth in Article II of the Fourth Terms Supplement.

"Authorized Officer" means, with respect to the Auction Agent, each Managing Director, Vice President, Assistant Vice President and Associate of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to BD.

"BD Officer" means each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.

"Broker-Dealer Agreement" means this Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Agreement as a whole.

(d) In case of any conflict between the provisions of this Agreement and the provisions of the Fourth Terms Supplement, the Fourth Terms Supplement shall control.

(e) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Series Interest Rate for the next Auction Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."
- (b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.
- (c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Section 2.5.6 of the Fourth Terms Supplement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.
- (d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Issuer may, by notice to BD and all other Broker-Dealers given no later than 3:00 p.m. on the Business Day next preceding an Auction, prohibit all (but not less than all) Broker-Dealers from submitting Bids for their own account in such Auction and, if so specified in such notice, all future Auctions until such notice is withdrawn, but the Broker-Dealers may continue to submit Hold and Sell orders for their own accounts and Bids on behalf of customers. The Auction Agent shall have no duty or liability with respect to enforcement of this subsection.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

- (a) Not later than 9:30 a.m. on each Auction Date for a Series of the ARN, the Auction Agent shall advise BD by telephone of the Applicable LIBOR Rate and the United States Treasury Security Rate and not later than 9:30 a.m. on each Auction Date for the ARN, the Auction Agent shall advise BD of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate.
- (b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in paragraph (a) (vi) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earlier of 9:15 a.m. on the new Auction Date and 9:15 a.m. on the old Auction Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Note Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request that BD provide it with a list of the respective customers BD believes are Existing Note Holders of a Series of the ARN and the aggregate principal amounts of ARN of such Series specifically owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Bidders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, the Issuer and BD; provided that the Auction Agent reserves the right to disclose any such information if it is advised by its counsel that such failure would be unlawful.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each Series of the ARN in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with consent of the Trustee, at the direction of the Issuer, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Market Agent provides Auction Agent with the Applicable LIBOR Rate and the United States Treasury Security Rate.
By 9:30 a.m.	Auction Agent notifies the Trustee and the Broker-Dealers of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate and the Applicable LIBOR Rate and the United States Treasury Security Rate used in determining such rates, as set forth in Section 2.02(a) hereof.
9:30 a.m.-1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Article II of the Fourth Terms Supplement. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Article II of the Fourth Terms Supplement. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and principal amounts of ARN are allocated as provided in Article II of the Fourth Terms Supplement.
Not later than 3:00 p.m.	Auction Agent advises the Trustee of the Series Interest Rate for the next Auction Period and of results of the Auction as provided in Article II of the Fourth Terms Supplement. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD agrees to maintain a list of Potential Note Holders and to contact the Potential Note Holders on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit a separate Order to the Auction Agent for each Potential Note Holder or Existing Note Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Note Holders or Existing Note Holders on whose behalf BD is submitting Orders.

(d) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARN, made through BD by an Existing Note Holder to another person other than pursuant to an Auction; and (ii) a written notice, in substantially the form attached hereto as Exhibit D, of the failure of any ARN to be transferred to or by any person that purchased or sold ARN through BD pursuant to an Auction. The Auction Agent is not required to give effect to any notice with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

(f) [Reserved.]

(g) Prior to or concurrently with the execution and delivery of the Auction Agent Agreement, BD shall provide the Auction Agent with a list of the Existing Note Holders of the ARN who have agreed to purchase such ARN through BD, if any. In order to verify the accuracy and authenticity of the lists of Existing Note Holders so provided, the Auction Agent may confirm those lists of the Existing Note Holders to the respective Broker-Dealers who provided the original lists within 10 Business Days of the Auction Agent's receipt thereof.

(h) BD and other Broker-Dealers may submit Orders in Auctions for their own accounts; provided, however, that any Broker-Dealer that is an affiliate of the Issuer must submit at the next Auction therefor a Sell Order covering all ARN held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(h).

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. By approximately 10:30 a.m. on the Business Day next succeeding such Auction Date, the Auction Agent shall notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Note Holder or Potential Note Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement

Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement, an amount for each Series of ARN equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 365/366 days, as applicable; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARN during such preceding month of (A) the aggregate principal amount of the ARN placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission, and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARN subject to valid Hold Orders (determined in accordance with the Fourth Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARN deemed to be subject to Hold Orders by Existing Note Holders pursuant to the Fourth Terms Supplement that were acquired by such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of clause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARN through BD transfers those ARN to another person other than pursuant to an Auction, then the Broker-Dealer for the ARN so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARN. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Fourth Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee Rate shall be effective on

the Auction Date next succeeding such change. The initial Broker-Dealer Fee Rate shall be 0.25% per annum.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Note Holder on whose behalf BD has submitted a Bid or Sell Order for ARN that was accepted in whole or in part fails to instruct its Participant to deliver the ARN subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARN against payment therefor and BD may deliver to the Potential Note Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARN that is less than the principal amount of the ARN specified in such Bid to be purchased by such Potential Note Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARN which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any responsibility or liability with respect to the failure of an Existing Note Holder, a Potential Note Holder or a Participant or any of them to deliver ARN or to pay for ARN sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and has no duties to any other person and owes no fiduciary duties to any person by reason of this Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agency Agreement or the Bonds.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days' prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARN pursuant to Article II of the Trust Agreement or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN SECURITIES DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Securities Depository; or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days' prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including

facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD: Banc of America Securities LLC NC1-005-12-03

121 West Trade Street, 12th Floor
Charlotte, North Carolina 28255
Telephone: (704) 386-4520
Facsimile: (704) 386-1193
Attention: Short Term Underwriting and Trading

If to the Auction Agent: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447
Attention: Auction Rate Securities

If to the Issuer: EMT Corp.
c/o Nelnet, Inc.
121 S. 13th Street, Suite 301
Lincoln, Nebraska 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Treasurer

with a copy to: EMT Corp.
8425 Woodfield Crossing Blvd., Suite 510
Indianapolis, Indiana 46240
Telephone: (317) 469-2254
Facsimile: (317) 469-2088

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of each party hereto. The provisions herein regarding auction procedures may be amended from time to time to conform to industry or market practices solely upon the written consent of the parties hereto and upon written notice of such amendment to the affected Holders of such ARN and no prior written consent of any such Holder shall be required in connection with such amendment.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee at the direction of the Issuer without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

BANC OF AMERICA SECURITIES LLC

By /s/ Christopher G. Cronk

Christopher G. Cronk, Principal

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Fourth Terms Supplement to the Trust Agreement, except that "ARN" refers only to the covered Series of Notes specified at the beginning of this Agreement.

(a) On each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Note Holder or Potential Note Holder of:

(i) the Series Interest Rate fixed for the next succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Auction Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Note Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARN, if any, to be sold by such Existing Note Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Note Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARN, if any, to be purchased by such Potential Note Holder;

(v) if the aggregate principal amount of ARN to be sold by all Existing Note Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of ARN to be purchased by all Potential Note Holders on whose behalf such Broker-Dealer submitted a bid, the name or names of one or more other Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of ARN to be (A) purchased from one or more Existing Note Holders on whose behalf such other Broker-Dealers submitted Bids or Sell Orders, or (B) sold to one or more Potential Note Holders on whose behalf such other Broker-Dealers submitted Bids; and

(vi) the scheduled Auction Date of the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Note Holder or Potential Note Holder is required to:

(i) advise each Existing Note Holder and Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order whether such Bid or Sell Order was accepted or rejected, in whole or in part,

(ii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Agent Member, to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary, including accrued interest, if any, to purchase the principal amount of ARN to be purchased pursuant to such Bid against receipt of such principal amount of ARN;

(iii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, or a Sell Order that was accepted, in whole or in part, to instruct such Bidder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of ARN to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid of the Series Interest Rate for the next succeeding Auction Period;

(v) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order of the scheduled Auction Date of the next succeeding Auction; and

(vi) advise each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the Auction Date of the next succeeding Auction.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARN received by it pursuant to paragraph (b)(iii) above, among the Potential Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders, and any Broker-Dealers identified to it by the Auction Agent pursuant to paragraph (a)(v) above.

(d) On the Business Day immediately succeeding the Auction Date, the Securities Depository will execute the transactions described above, debiting and crediting the accounts of the respective Agent Members as necessary to effect the purchases and sales of ARN as determined in the Auction.

EXHIBIT B

ORDER FORM

(Submit only one Order on this Order Form)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000 Senior Series A-13 2000 Senior Series A-14

("ARN")

\$ _____ 2000 _____ Series _____

EXHIBIT C

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000 Senior Series A-13 2000 Senior Series A-14

("ARN")

We are (check one):

_____ the Existing Note Holder named below;

_____ **the Broker-Dealer for such Existing Note Holder; or**

_____ **the Participant for such Existing Note Holder.**

We hereby notify you that such Existing Note Holder has transferred \$_____ * ARN to _____.

[NAME OF EXISTING NOTE HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARN may only be transferred in units of \$50,000.

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER

(To be used only for failure to deliver ARN sold pursuant to an Auction)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000 Senior Series A-13 2000 Senior Series A-14

("ARN")

Complete either I. or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARN in the Auction held on _____ from the seller of such ARN.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____ of the ARN in the Auction held on _____, to the purchaser of such ARN.

We hereby notify you that (check one):

_____ the seller failed to deliver such ARN to the Purchaser; or

_____ the purchaser failed to make payment to the Seller upon delivery of such ARN.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARN may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

and

**J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers**

Relating to:

EMT Corp.

\$98,000,000--2000-I Senior Series A-16

\$98,000,000--2000-I Senior Series A-17

\$98,000,000--2000-I Senior Series A-18

\$98,000,000--2000-I Senior Series A-19

\$98,000,000--2000-I Senior Series A-20

\$48,000,000--2000-I Senior Subordinate Series B-3

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

BROKER-DEALER AGREEMENT (the "Agreement") dated as of October 15, 2002 between DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as amended and supplemented to June 1, 2000, by the Fifth Terms Supplement dated as of June 1, 2000 (the "Fifth Terms Supplement" and the Trust Agreement, as so amended and supplemented, referred to herein as the "Trust Agreement") between Zions First National Bank (successor to Bank One Trust Company, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement between the Trustee and the Auction Agent hereinafter defined, J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

WHEREAS, the Issuer has issued \$636,000,000 aggregate principal amount of its Student Loan Asset-Backed Auction Rate Notes consisting of \$98,000,000--2000-I Senior Series A-16, \$98,000,000--2000-I Senior Series A-17, \$98,000,000--2000-I Senior Series A-18, \$98,000,000--2000-I Senior Series A-19, \$98,000,000--2000-I Senior Series A-20, \$49,000,000--2000-I Senior Series A-21, \$49,000,000--2000-I Senior Series A-22 and \$48,000,000--2000-I Senior Subordinate Series B-3, of which the BD will act as Broker-Dealer with respect to the Series A-16, A-17, A-18, A-19, A-20 and B-3 Notes (such Series A-16, A-17, A-18, A-19, A-20 and B-3 Notes hereinafter referred to as the "Auction Rate Notes" or the "ARN"). The ARN have been issued pursuant to the Trust Agreement; and

WHEREAS, the Trust Agreement provides that the Series Interest Rate on each Series of the ARN for each Auction Period after the Series Initial Period shall be, except as otherwise provided in the Trust Agreement, equal to the lesser of (a) the Net Loan Rate in effect for such Series Interest Period, and (b) the Auction Rate that the Auction Agent advises has resulted on the Auction Date from the implementation of the Auction Procedures. Pursuant to Section 2.9 of the Auction Agency Agreement, the Auction Agent has entered into this Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE TRUST AGREEMENT. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" has the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" means the Auction Agency Agreement dated of June 1, 2000 between the Trustee and the Auction Agent relating to the ARN.

"Auction Procedures" means the Auction Procedures that are set forth Article II of the Fifth Terms Supplement.

"Authorized Officer" means, with respect to the Auction Agent, each Managing Director, Vice President, Assistant Vice President and Associate of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to BD.

"BD Officer" means each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.

"Broker-Dealer Agreement" means this Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Agreement as a whole.

(d) In case of any conflict between the provisions of this Agreement and the provisions of the Fifth Terms Supplement, the Fifth Terms Supplement shall control.

(e) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Series Interest Rate for the next Auction Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."
- (b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.
- (c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Section 2.5.6 of the Fifth Terms Supplement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.
- (d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Issuer may, by notice to BD and all other Broker-Dealers given no later than 3:00 p.m. on the Business Day next preceding an Auction, prohibit all (but not less than all) Broker-Dealers from submitting Bids for their own account in such Auction and, if so specified in such notice, all future Auctions until such notice is withdrawn, but the Broker-Dealers may continue to submit Hold and Sell orders for their own accounts and Bids on behalf of customers. The Auction Agent shall have no duty or liability with respect to enforcement of this subsection.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

- (a) Not later than 9:30 a.m. on each Auction Date for a Series of the ARN, the Auction Agent shall advise BD by telephone of the Applicable LIBOR Rate and the United States Treasury Security Rate and not later than 9:30 a.m. on each Auction Date for the ARN, the Auction Agent shall advise BD of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate.
- (b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in paragraph (a) (vi) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earlier of 9:15 a.m. on the new Auction Date and 9:15 a.m. on the old Auction Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Note Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request that BD provide it with a list of the respective customers BD believes are Existing Note Holders of a Series of the ARN and the aggregate principal amounts of ARN of such Series specifically owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Bidders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, the Issuer and BD; provided that the Auction Agent reserves the right to disclose any such information if it is advised by its counsel that such failure would be unlawful.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each Series of the ARN in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with consent of the Trustee, at the direction of the Issuer, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Market Agent provides Auction Agent with the Applicable LIBOR Rate and the United States Treasury Security Rate.
By 9:30 a.m.	Auction Agent notifies the Trustee and the Broker-Dealers of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate and the Applicable LIBOR Rate and the United States Treasury Security Rate used in determining such rates, as set forth in Section 2.02(a) hereof.
9:30 a.m.-1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Article II of the Fifth Terms Supplement. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Article II of the Fifth Terms Supplement. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and principal amounts of ARN are allocated as provided in Article II of the Fifth Terms Supplement.
Not later than 3:00 p.m.	Auction Agent advises the Trustee of the Series Interest Rate for the next Auction Period and of results of the Auction as provided in Article II of the Fifth Terms Supplement. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD agrees to maintain a list of Potential Note Holders and to contact the Potential Note Holders on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit a separate Order to the Auction Agent for each Potential Note Holder or Existing Note Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Note Holders or Existing Note Holders on whose behalf BD is submitting Orders.

(d) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARN, made through BD by an Existing Note Holder to another person other than pursuant to an Auction; and (ii) a written notice, in substantially the form attached hereto as Exhibit D, of the failure of any ARN to be transferred to or by any person that purchased or sold ARN through BD pursuant to an Auction. The Auction Agent is not required to give effect to any notice with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

(f) [Reserved.]

(g) Prior to or concurrently with the execution and delivery of the Auction Agent Agreement, BD shall provide the Auction Agent with a list of the Existing Note Holders of the ARN who have agreed to purchase such ARN through BD, if any. In order to verify the accuracy and authenticity of the lists of Existing Note Holders so provided, the Auction Agent may confirm those lists of the Existing Note Holders to the respective Broker-Dealers who provided the original lists within 10 Business Days of the Auction Agent's receipt thereof.

(h) BD and other Broker-Dealers may submit Orders in Auctions for their own accounts; provided, however, that any Broker-Dealer that is an affiliate of the Issuer must submit at the next Auction therefor a Sell Order covering all ARN held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(h).

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. By approximately 10:30 a.m. on the Business Day next succeeding such Auction Date, the Auction Agent shall notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Note Holder or Potential Note Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement

Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement, an amount for each Series of ARN equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 365/366 days, as applicable; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARN during such preceding month of (A) the aggregate principal amount of the ARN placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission, and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARN subject to valid Hold Orders (determined in accordance with the Fifth Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARN deemed to be subject to Hold Orders by Existing Note Holders pursuant to the Fifth Terms Supplement that were acquired by such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of clause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARN through BD transfers those ARN to another person other than pursuant to an Auction, then the Broker-Dealer for the ARN so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARN. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Fifth Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee Rate shall be effective on

the Auction Date next succeeding such change. The initial Broker-Dealer Fee Rate shall be 0.25% per annum.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Note Holder on whose behalf BD has submitted a Bid or Sell Order for ARN that was accepted in whole or in part fails to instruct its Participant to deliver the ARN subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARN against payment therefor and BD may deliver to the Potential Note Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARN that is less than the principal amount of the ARN specified in such Bid to be purchased by such Potential Note Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARN which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any responsibility or liability with respect to the failure of an Existing Note Holder, a Potential Note Holder or a Participant or any of them to deliver ARN or to pay for ARN sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and has no duties to any other person and owes no fiduciary duties to any person by reason of this Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agency Agreement or the Bonds.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days' prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARN pursuant to Article II of the Trust Agreement or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN SECURITIES DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Securities Depository; or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days' prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including

facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD: J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Telephone: (212) 834-7182
Facsimile: (212) 834-6737
Attention: Kevin C. O'Connor

If to BD: UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Telephone: (402) 484-9326
Facsimile: (402) 484-9331
Attention: Mark E. Portz

If to the Auction Agent: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Telephone: (201) 593-6878
Facsimile: (201) 593-6447
Attention: Corporate Trust & Agency
Services

If to the Issuer: EMT Corp.
c/o Nelnet, Inc.
121 South 13th Street, Suite 301
Lincoln, Nebraska 68508
Telephone: (402) 458-2303
Facsimile: (402) 458-2399
Attention: Treasurer

with a copy to: EMT Corp.
8425 Woodfield Crossing Boulevard
Suite 501
Indianapolis, Indiana 46240
Telephone: (317) 469-2254
Facsimile: (317) 469-2088

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations,

endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of each party hereto. The provisions herein regarding auction procedures may be amended from time to time to conform to industry or market practices solely upon the written consent of the parties hereto and upon written notice of such amendment to the affected Holders of such ARN and no prior written consent of any such Holder shall be required in connection with such amendment.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee at the direction of the Issuer without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Fifth Terms Supplement to the Trust Agreement, except that "ARN" refers only to the covered Series of Notes specified at the beginning of this Agreement.

(a) On each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Note Holder or Potential Note Holder of:

(i) the Series Interest Rate fixed for the next succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Auction Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Note Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARN, if any, to be sold by such Existing Note Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Note Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARN, if any, to be purchased by such Potential Note Holder;

(v) if the aggregate principal amount of ARN to be sold by all Existing Note Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of ARN to be purchased by all Potential Note Holders on whose behalf such Broker-Dealer submitted a bid, the name or names of one or more other Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of ARN to be (A) purchased from one or more Existing Note Holders on whose behalf such other Broker-Dealers submitted Bids or Sell Orders, or (B) sold to one or more Potential Note Holders on whose behalf such other Broker-Dealers submitted Bids; and

(vi) the scheduled Auction Date of the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Note Holder or Potential Note Holder is required to:

(i) advise each Existing Note Holder and Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Agent Member, to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary, including accrued interest, if any, to purchase the principal amount of ARN to be purchased pursuant to such Bid against receipt of such principal amount of ARN;

(iii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, or a Sell Order that was accepted, in whole or in part, to instruct such Bidder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of ARN to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid of the Series Interest Rate for the next succeeding Auction Period;

(v) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order of the scheduled Auction Date of the next succeeding Auction; and

(vi) advise each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the Auction Date of the next succeeding Auction.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARN received by it pursuant to paragraph (b)(iii) above, among the Potential Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders, and any Broker-Dealers identified to it by the Auction Agent pursuant to paragraph (a)(v) above.

(d) On the Business Day immediately succeeding the Auction Date, the Securities Depository will execute the transactions described above, debiting and crediting the accounts of the respective Agent Members as necessary to effect the purchases and sales of ARN as determined in the Auction.

EXHIBIT B

ORDER FORM

(Submit only one Order on this Order Form)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000-I Senior Series A-16 2000-I Senior Series A-17 2000-I Senior Series A-18 2000-I Senior Series A-19 2000-I Senior Series A-20 2000-I Senior Subordinate Series B-3

("ARN")

\$ _____ **2000** _____ **Series** _____

EXHIBIT C

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000-I Senior Series A-16 2000-I Senior Series A-17 2000-I Senior Series A-18 2000-I Senior Series A-19 2000-I Senior Series A-20 2000-I Senior Subordinate Series B-3

("ARN")

We are (check one):

_____ the Existing Note Holder named below; or

_____ **the Broker-Dealer for such Existing Note Holder; or**

_____ **the Participant for such Existing Note Holder.**

We hereby notify you that such Existing Note Holder has transferred \$_____ * ARN to _____.

[NAME OF EXISTING NOTE HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARN may only be transferred in units of \$50,000.

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER

(To be used only for failure to deliver ARN sold pursuant to an Auction)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000-I Senior Series A-16 2000-I Senior Series A-17 2000-I Senior Series A-18 2000-I Senior Series A-19 2000-I Senior Series A-20 2000-I Senior Subordinate Series B-3

("ARN")

Complete either I. or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARN in the Auction held on _____ from the seller of such ARN.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____ of the ARN in the Auction held on _____, to the purchaser of such ARN.

We hereby notify you that (check one):

_____ the seller failed to deliver such ARN to the Purchaser; or

_____ the purchaser failed to make payment to the Seller upon delivery of such ARN.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARN may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

between

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

and

**BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer**

Relating to:

EMT Corp.

Student Loan Asset Backed Auction Rate Notes \$49,000,000--2000-I Senior Series A-21 \$49,000,000--2000-I Senior Series A-22

Dated as of October 15, 2002

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BROKER-DEALER AGREEMENT

BROKER-DEALER AGREEMENT (the "Agreement") dated as of October 15 2002 between DEUTSCHE BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as amended and supplemented to June 1, 2000, by the Fifth Terms Supplement dated as of June 1, 2000 (the "Fifth Terms Supplement" and the Trust Agreement, as so amended and supplemented, referred to herein as the "Trust Agreement") between Zions First National Bank (successor to Bank One Trust Company, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement between the Trustee and the Auction Agent hereinafter defined, and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

WHEREAS, the Issuer has issued \$636,000,000 aggregate principal amount of its Student Loan Asset-Backed Auction Rate Notes consisting of \$98,000,000--2000-I Senior Series A-16, \$98,000,000--2000-I Senior Series A-17, \$98,000,000--2000-I Senior Series A-18, \$98,000,000--2000-I Senior Series A-19, \$98,000,000--2000-I Senior Series A-20, \$49,000,000--2000-I Senior Series A-21, \$49,000,000--2000-I Senior Series A-22 and \$48,000,000--2000-I Senior Subordinate Series B-3, of which the BD will act as Broker-Dealer with respect to the Series A-21 and Series A-22 Notes (such Series A-21 and Series A-22 Notes hereinafter referred to as the "Auction Rate Notes" or the "ARN"). The ARN have been issued pursuant to the Trust Agreement; and

WHEREAS, the Trust Agreement provides that the Series Interest Rate on each Series of the ARN for each Auction Period after the Series Initial Period shall be, except as otherwise provided in the Trust Agreement, equal to the lesser of (a) the Net Loan Rate in effect for such Series Interest Period and (b) the Auction Rate that the Auction Agent advises has resulted on the Auction Date from the implementation of the Auction Procedures. Pursuant to Section 2.09(a) or (b) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE TRUST AGREEMENT. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" has the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" means the Auction Agency Agreement dated as of June 1, 2000 between the Trustee and the Auction Agent relating to the ARN.

"Auction Procedures" means the Auction Procedures that are set forth in Article 11 of the Fifth Terms Supplement.

"Authorized Officer" means, with respect to the Auction Agent, each Managing Director, Vice President, Assistant Vice President and Associate of the Auction Agent and every other officer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an "Authorized Officer" for purposes of this Agreement in a communication to BD.

"BD Officer" means each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement in a communication to the Auction Agent.

"Broker-Dealer Agreement" means this Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Agreement as a whole.

(d) In case of any conflict between the provisions of this Agreement and the provisions of the Fifth Terms Supplement, the Fifth Terms Supplement shall control.

(e) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Series Interest Rate for the next Auction Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."
- (b) All of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.
- (c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Section 2.5.6 of the Fifth Terms Supplement may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.
- (d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Issuer may, by notice to BD and all other Broker-Dealers given no later than 3:00 p.m. on the Business Day next preceding an Auction, prohibit all (but not less than all) Broker-Dealers from submitting Bids for their own account in such Auction and, if so specified in such notice, all future Auctions until such notice is withdrawn, but the Broker-Dealers may continue to submit Hold and Sell orders for their own accounts and Bids on behalf of customers. The Auction Agent shall have no duty or liability with respect to enforcement of this subsection.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

- (a) Not later than 9:30 a.m. on each Auction Date for a Series of the ARN, the Auction Agent shall advise BD by telephone of the Applicable LIBOR Rate and the United States Treasury Security Rate and not later than 9:30 a.m. on each Auction Date for the ARN, the Auction Agent shall advise BD of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate.
- (b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in paragraph (a) (vi) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earlier of 9:15 a.m. on the new Auction Date and 9:15 a.m. on the old Auction Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Note Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request that BD provide it with a list of the respective customers BD believes are Existing Note Holders of a Series of the ARN and the aggregate principal amounts of ARN of such Series specifically owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Bidders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, the Issuer and BD; provided that the Auction Agent reserves the right to disclose any such information if it is advised by its counsel that such failure would be unlawful.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each Series of the ARN in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with consent of the Trustee, at the direction of the Issuer, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give written notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Market Agent provides Auction Agent with the Applicable LIBOR Rate and the United States Treasury Security Rate.
By 9:30 a.m.	Auction Agent notifies the Trustee and the Broker-Dealers of the Net Loan Rate, the All Hold Rate and the Maximum Auction Rate and the Applicable LIBOR Rate and the United States Treasury Security Rate used in determining such rates, as set forth in Section 2.02(a) hereof.
9:30 a.m.-1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Article II of the Fifth Terms Supplement. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Article II of the Fifth Terms Supplement. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and principal amounts of ARN are allocated as provided in Article II of the Fifth Terms Supplement.
Not later than 3:00 p.m.	Auction Agent advises the Trustee of the Series Interest Rate for the next Auction Period and of results of the Auction as provided in Article II of the Fifth Terms Supplement. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD agrees to maintain a list of Potential Note Holders and to contact the Potential Note Holders on such list on or prior to each Auction Date for the purpose of participating in the Auction on such Auction Date.

(c) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit a separate Order to the Auction Agent for each Potential Note Holder or Existing Note Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Note Holders or Existing Note Holders on whose behalf BD is submitting Orders.

(d) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARN, made through BD by an Existing Note Holder to another person other than pursuant to an Auction; and (ii) a written notice, in substantially the form attached hereto as Exhibit D, of the failure of any ARN to be transferred to or by any person that purchased or sold ARN through BD pursuant to an Auction. The Auction Agent is not required to give effect to any notice with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(e) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

(f) [Reserved.]

(g) Prior to or concurrently with the execution and delivery of the Auction Agent Agreement, BD shall provide the Auction Agent with a list of the Existing Note Holders of the ARN who have agreed to purchase such ARN through BD, if any. In order to verify the accuracy and authenticity of the lists of Existing Note Holders so provided, the Auction Agent may confirm those lists of the Existing Note Holders to the respective Broker-Dealers who provided the original lists within 10 Business Days of the Auction Agent's receipt thereof.

(h) BD and other Broker-Dealers may submit Orders in Auctions for their own accounts; provided, however, that any Broker-Dealer that is an affiliate of the Issuer must submit at the next Auction therefor a Sell Order covering all ARN held for its own account. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.03(h).

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. By approximately 10:30 a.m. on the Business Day next succeeding such Auction Date, the Auction Agent shall notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Note Holder or Potential Note Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement

Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement, an amount for each Series of ARN equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 365/366 days, as applicable; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARN during such preceding month of (A) the aggregate principal amount of the ARN placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARN subject to valid Hold Orders (determined in accordance with the Fifth Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARN deemed to be subject to Hold Orders by Existing Note Holders pursuant to the Fifth Terms Supplement that were acquired by such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of subclause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARN through BD transfers those ARN to another person other than pursuant to an Auction, then the Broker-Dealer for the ARN so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARN. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Fifth Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee Rate shall be effective on

the Auction Date next succeeding such change. The initial Broker-Dealer Fee Rate shall be 0.25% per annum.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Note Holder on whose behalf BD has submitted a Bid or Sell Order for ARN that was accepted in whole or in part fails to instruct its Participant to deliver the ARN subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARN against payment therefor and BD may deliver to the Potential Note Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARN that is less than the principal amount of the ARN specified in such Bid to be purchased by such Potential Note Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARN which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(d) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any responsibility or liability with respect to the failure of an Existing Note Holder, a Potential Note Holder or a Participant or any of them to deliver ARN or to pay for ARN sold or purchased pursuant to the Auction Procedures or otherwise. The Auction Agent shall have no responsibility for any adjustment to fees paid pursuant to Section 2.05 hereof as a result of any failure described in this Section 2.06(b).

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and has no duties to any other person and owes no fiduciary duties to any person by reason of this Agreement.

(b) The Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Auction Agent.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining the pertinent facts.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with the Broker-Dealers.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys and shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed by it with due care hereunder.

SECTION 3.03. THE AUCTION AGENT'S DISCLAIMER. The Auction Agent makes no representation as to the correctness of the recitals in, or the validity or adequacy of, this Broker-Dealer Agreement, the Auction Agency Agreement or the Bonds.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days' prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARN pursuant to Article II of the Trust Agreement or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN SECURITIES DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Securities Depository; or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days' prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including

facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD:	Banc of America Securities LLC NC1-005-12-03 121 West Trade Street, 12th Floor Charlotte, North Carolina 28255 Telephone: (704) 386-4520 Facsimile: (704) 386-1193 Attention: Short Term Underwriting and Trading
If to the Auction Agent:	Deutsche Bank Trust Company Americas 100 Plaza One, 6th Floor Jersey City, New Jersey 07311 Telephone: (201) 593-6878 Facsimile: (201) 593-6447 Attention: Auction Rate Securities
If to the Issuer:	EMT Corp. c/o Nelnet, Inc. 121 S. 13th Street, Suite 301 Lincoln, Nebraska 68508 Telephone: (402) 458-2303 Facsimile: (402) 458-2399 Attention: Treasurer
with a copy to:	EMT Corp. 8425 Woodfield Crossing Blvd., Suite 510 Indianapolis, Indiana 46240 Telephone: (317) 469-2254 Facsimile: (317) 469-2088

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT; WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of each party hereto. The provisions herein regarding auction procedures may be amended from time to time to conform to industry or market practices solely upon the written consent of the parties hereto and upon written notice of such amendment to the affected Holders of such ARN and no prior written consent of any such Holder shall be required in connection with such amendment.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee at the direction of the Issuer without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

ARTICLE V

GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

BANC OF AMERICA SECURITIES LLC

By /s/ Christopher G. Cronk

Christopher G. Cronk, Principal

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Fifth Terms Supplement to the Trust Agreement, except that "ARN" refers only to the covered Series of Notes specified at the beginning of this Agreement.

(a) On each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Note Holder or Potential Note Holder of:

(i) the Series Interest Rate fixed for the next succeeding Auction Period;

(ii) whether Sufficient Clearing Bids existed for the determination of the Auction Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Note Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARN, if any, to be sold by such Existing Note Holder;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Note Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARN, if any, to be purchased by such Potential Note Holder;

(v) if the aggregate principal amount of ARN to be sold by all Existing Note Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of ARN to be purchased by all Potential Note Holders on whose behalf such Broker-Dealer submitted a bid, the name or names of one or more other Broker-Dealers (and the Agent Member, if any, of each such other Broker-Dealer) and the principal amount of ARN to be (A) purchased from one or more Existing Note Holders on whose behalf such other Broker-Dealers submitted Bids or Sell Orders, or (B) sold to one or more Potential Note Holders on whose behalf such other Broker-Dealers submitted Bids; and

(vi) the scheduled Auction Date of the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Note Holder or Potential Note Holder is required to:

(i) advise each Existing Note Holder and Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Agent Member, to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary, including accrued interest, if any, to purchase the principal amount of ARN to be purchased pursuant to such Bid against receipt of such principal amount of ARN;

(iii) instruct each Existing Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, or a Sell Order that was accepted, in whole or in part, to instruct such Bidder's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of ARN to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid of the Series Interest Rate for the next succeeding Auction Period;

(v) advise each Existing Note Holder on whose behalf such Broker-Dealer submitted an Order of the scheduled Auction Date of the next succeeding Auction; and

(vi) advise each Potential Note Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the Auction Date of the next succeeding Auction.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARN received by it pursuant to paragraph (b)(iii) above, among the Potential Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Note Holders, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders, and any Broker-Dealers identified to it by the Auction Agent pursuant to paragraph (a)(v) above.

(d) On the Business Day immediately succeeding the Auction Date, the Securities Depository will execute the transactions described above, debiting and crediting the accounts of the respective Agent Members as necessary to effect the purchases and sales of ARN as determined in the Auction.

EXHIBIT B

ORDER FORM

(Submit only one Order on this Order Form)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000-I Senior Series A-21 2000-I Senior Series A-22

("ARN")

\$ _____ 2000 _____ Series _____

EXHIBIT C

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000-I Senior Series A-21 2000-I Senior Series A-22

("ARN")

We are (check one):

_____ the Existing Note Holder named below;

_____ **the Broker-Dealer for such Existing Note Holder; or**

_____ **the Participant for such Existing Note Holder.**

We hereby notify you that such Existing Note Holder has transferred \$ _____ *ARN to _____.

[NAME OF EXISTING NOTE HOLDER]

By _____

Name _____

Title _____

[NAME OF BROKER-DEALER]

By _____

Name _____

Title _____

*-----

ARN may only be transferred in units of \$50,000.

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER

(To be used, only for failure to deliver ARN sold pursuant to an Auction)

EMT Corp.

Student Loan Asset-Backed Auction Rate Notes 2000-I Senior Series A-21 2000-I Senior Series A-22

("ARN")

Complete either I. or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARN in the Auction held on _____ from the seller of such ARN.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____ of the ARN in the Auction held on _____, to the purchaser of such ARN.

We hereby notify you that (check one):

_____ The seller failed to deliver such ARN to the Purchaser.

_____ The purchaser failed to make payment to the Seller upon delivery of such ARN.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

* ARN may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$48,300,000 Senior Auction Rate Class 1996A-2 Auction Rate Securities(sm)

(ARS(sm))

Dated as of November 1, 2002

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TRANSFER FORM
NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of November 1, 2002 among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("NELNET-1"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under the Second Amended and Restated Indenture of Trust dated as of November 1, 1996 (the "Indenture"), by and between NELNET-1 and the Trustee pursuant to authority granted to it in the Amended and Restated Auction Agency Agreement dated as of November 1, 1996, among NELNET-1, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

NELNET-1 has issued \$48,300,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-2, as Auction Rate Securities(sm) (the "ARS(sm)").

The Indenture provides that the interest rate on the ARS for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.9 of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-1, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Amended and Restated Auction Agency Agreement dated as of June 15, 1996, among NELNET-1, the Trustee and the Auction Agent relating to the ARS.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any ARS.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Applicable ARS Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the Indenture may, with the prior written consent of the Market Agent, execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the ARS, the Auction Agent shall advise BD by telephone of the All-Hold Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of ARS specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of ARS and the aggregate principal amount of ARS beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-1 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would

expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the ARS in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR.
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate and the applicable Maximum Rate, as set forth in Section 2.3(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 12:30 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the Indenture. Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and ARS are allocated as provided in Section 2.02 of Appendix A to the Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in

writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARS, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any ARS to be transferred to or by any person that purchased or sold ARS through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the

Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix A to the Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-1, at NELNET-1's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-1 and the Auction Agent, the prevailing rate, NELNET-1 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for ARS that was accepted in whole or in part fails to instruct its Participant to deliver the ARS subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARS against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARS that is less than the principal amount of the ARS specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARS which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-1 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver ARS or to pay for ARS sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the ARS, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment

made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.1(d) thereof), the ARS, or any Private Placement Memorandum or other offering material used in connection with the offer and sale of the ARS.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the ARS pursuant to Section 2.02(c) of Appendix A to the Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a

Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: (212) 834-7182
Facsimile: (212) 834-6737

UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Facsimile: (402) 484-9331

If to the Auction Agent, addressed:

Deutsche Bank Trust Company
Americas 100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust &
Agency Services
Telephone: 201-593-6878
Facsimile: 201-593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

- (a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.
- (b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.
- (c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Robert P. Sandt, Jr.

Name Robert P. Sandt, Jr.

Title Vice President

**J.P. MORGAN SECURITIES, INC., as
Co-Broker-Dealer**

By /s/ Kevin C. O'Connor

 Kevin C. O'Connor, Vice President

**UFS SECURITIES, L.L.C., as
Co-Broker-Dealer**

By /s/ Mark E. Portz

 Mark E. Portz, Vice President

**NELNET STUDENT LOAN CORPORATION-1, as
Issuer**

By /s/ Terry J. Heimes

 Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARS and the principal amount of ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted;

(vi) if the principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARS and the principal amount of ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARS Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such principal amount of ARS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARS received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering ARS to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARS against receipt of such ARS, and (B) deliver such ARS through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARS to be purchased pursuant to (b)(ii) above against receipt of such ARS, and (B) deliver such ARS through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling ARS in an Auction fails to deliver such ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARS that is less than the principal amount of ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or

nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$48,300,000 Senior Class 1996A-2 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes \$48,300,000 Senior Class 1996A-2 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$_____ * ARS to _____.

[NAME OF EXISTING HOLDER]

[NAME OF BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver
ARS sold pursuant to an Auction)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$48,300,000 Senior Class 1996A-2 Auction Rate Securities

Auction Rate Securities Maturing July 1, 2014

("ARS")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARS in the Auction held on _____ from the seller of such ARS.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the ARS in the Auction held on _____ to the purchaser of such ARS.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such ARS to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such
ARS

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

BROKER-DEALER AGREEMENT

by and among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 1998A-10 Auction Rate Securities(sm) (ARS(sm)) \$100,000,000 Senior Class 1998A-11 Auction Rate Securities
(sm) (ARS(sm)) \$100,000,000 Senior Class 1998A-12 Auction Rate Securities(sm) (ARS(sm))

Dated as of November 1, 2002

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BROKER-DEALER AGREEMENT

THIS BROKER-DEALER AGREEMENT dated as of November 1, 2002 by and among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("Nelnet"), DEUTSCHE BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under a Second Amended and Restated Indenture of Trust dated as of November 1, 1996, as amended (the "Amended Indenture") and the Series 1998 Supplemental Indenture of Trust dated as of December 15, 1998 (the "1998 Supplemental Indenture," and together with the Amended Indenture, the "Indenture"), each by and between Nelnet and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of December 15, 1998, among Nelnet, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

WHEREAS, Nelnet has previously issued (a) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1998A-10, maturing on October 1, 2032, as Auction Rate Securities(sm), (b) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1998A-11, maturing November 1, 2032, as Auction Rate Securities(sm), (c) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1998A-12, maturing December 1, 2032, as Auction Rate Securities(sm) (the "ARS(sm)"); and

WHEREAS, the Indenture provides that the interest rate on the ARS for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09 of the Auction Agency Agreement, the Auction Agent has entered into this Agreement; and

WHEREAS, the Auction Procedures require the participation of one or more Broker-Dealers;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Nelnet, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" has the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" means the Auction Agency Agreement dated as of December 15, 1998, among Nelnet, the Trustee and the Auction Agent relating to the ARS.

"Auction Procedures" means the Auction Procedures that are set forth in Appendix A to the 1998 Supplemental Indenture.

"Authorized Officer" means each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" means each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" means this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" means the beneficial owner of any ARS.

"Settlement Procedures" means the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto" and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Applicable ARS Rate

for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 1998 Supplemental Indenture may, with the prior written consent of the Market Agent, execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under this Broker-Dealer Agreement. BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 1998 Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the ARS, the Auction Agent shall advise BD by telephone of the All-Hold Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of ARS specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of ARS and the aggregate principal amount of ARS beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such

information so provided to any person other than the Trustee, Nelnet and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the ARS in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 12:30 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 1998 Supplemental Indenture. Submission Deadline is 12:30 p.m.
Not earlier than 12:30 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 1998 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and ARS are allocated as provided in Section 2.02 of Appendix A to the 1998 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 1998 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of ARS, made through BD by an

Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any ARS to be transferred to or by any person that purchased or sold ARS through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Section 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360; times (b) the Broker-Dealer Fee Rate; times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission; (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix A to the 1998 Supplemental Indenture) submitted to the Auction Agent by BD; and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 1998 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of clause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than

BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise Nelnet, at Nelnet's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of Nelnet and the Auction Agent, the prevailing rate, Nelnet shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for ARS that was accepted in whole or in part fails to instruct its Participant to deliver the ARS subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such ARS against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the ARS that is less than the principal amount of the ARS specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06(a), any delivery or non-delivery of ARS which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor Nelnet shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver ARS or to pay for ARS sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 1998 Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against

the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the ARS, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the ARS, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the ARS.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days' prior notice to the other party. This Agreement shall automatically terminate upon the

delivery of certificates representing the ARS pursuant to Section 2.02(c) of Appendix A to the 1998 Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository; or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days' prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures; and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD:	J.P. Morgan Securities Inc. 270 Park Avenue, 10th Floor New York, New York 10017 Attention: Kevin C. O'Connor Telephone: (212) 834-7182 Facsimile: (212) 834-6737
If to BD:	UFS Securities, L.L.C. 6801 South 27th Street Lincoln, Nebraska 68512 Attention: Mark E. Portz Telephone: (402) 484-9326 Facsimile: (402) 484-9331
If to the Auction Agent:	Deutsche Bank Trust Company Americas 100 Plaza One, 6th Floor Jersey City, New Jersey 07311 Attention: Corporate Trust & Agency Services Telephone: (201) 593-6878 Facsimile: (201) 593-5447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations,

endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Robert P. Sandt Jr.

Name Robert P. Sandt Jr.

Title Vice President

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

**UFS SECURITIES, L.L.C., as Co-
Broker-Dealer**

By /s/ Mark E. Portz

Mark E. Portz, Vice President

**NELNET STUDENT LOAN
CORPORATION-1, as Issuer**

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of ARS, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of ARS and the principal amount of ARS to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted;

(vi) if the principal amount of ARS to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of ARS to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of ARS and the principal amount of ARS to be sold to one or more Potential Holders on whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable ARS Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of ARS to be purchased pursuant to such Bid against receipt of such principal amount of ARS;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of ARS to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any ARS received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in paragraph (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering ARS to such Broker-Dealer following such Auction pursuant to paragraph (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such ARS against receipt of such ARS; and (B) deliver such ARS through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to paragraph (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to paragraph (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the ARS to be purchased pursuant to paragraph (b)(ii) above against receipt of such ARS; and (B) deliver such ARS through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in paragraph (d)(i) above shall instruct DTC to execute the transactions described under paragraph (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in paragraph (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in paragraph (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling ARS in an Auction fails to deliver such ARS (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of ARS that is less than the principal amount of ARS that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of ARS to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of ARS shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or non-delivery of ARS which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect

unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

[\$100,000,000 Senior Class 1998A-10 Auction Rate Securities]

[\$100,000,000 Senior Class 1998A-11 Auction Rate Securities]

[\$100,000,000 Senior Class 1998A-12 Auction Rate Securities]

Auction Rate Securities Maturing _____ 1, 2032

("ARS")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-1 Taxable Student Loan Asset-Backed Notes
[\$100,000,000 Senior Class 1998A-10 Auction Rate Securities]
[\$100,000,000 Senior Class 1998A-11 Auction Rate Securities]
[\$100,000,000 Senior Class 1998A-12 Auction Rate Securities]

Auction Rate Securities Maturing _____ 1, 2032

("ARS")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * ARS to _____.

*ARS may only be transferred in units of \$100,000.

[NAME OF EXISTING HOLDER]

By _____
Name _____
Title _____

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver
ARS sold pursuant to an Auction)

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

[\$100,000,000 Senior Class 1998A-10 Auction Rate Securities]
[\$100,000,000 Senior Class 1998A-11 Auction Rate Securities]
[\$100,000,000 Senior Class 1998A-12 Auction Rate Securities]

Auction Rate Securities Maturing _____ 1, 2032

("ARS")

Complete either I. or II.

I. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the ARS in the Auction held on _____ from the seller of such ARS.

II. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the ARS in the Auction held on _____ to the purchaser of such ARS.

We hereby notify you that (check one):

_____ the Seller failed to deliver such ARS to the Purchaser; or

_____ the Purchaser failed to make payment to the Seller upon delivery of such ARS.

[NAME OF BROKER-DEALER]

By _____
Name _____
Title _____

*ARS may only be transferred in units of \$100,000.

EXHIBIT 10.126

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-7 Auction Rate Notes

Dated as of November 1, 2002

EXHIBIT B-2
EXHIBIT C

TRANSFER FORM
NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of November 1, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), DEUTSCHE BANK TRUST COMPANY AMERICAS, (formerly known as Bankers Trust Company), a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2001B Supplemental Indenture of Trust dated as of September 1, 2001 (the "2001B Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

NELNET-2 has issued \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2001A-7, maturing on June 1, 2035, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2001B Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2001B Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2001B Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability,

claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME EVENT

By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2000 Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2000 Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of the Auction Rate for the next Interest Period as provided in Appendix A to the 2000 Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in

writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through

BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2001B Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2001B Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be

BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2001B Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2001B Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: (212) 834-7182
Facsimile: (212) 834-6736

If to BD, addressed: UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Facsimile: (402) 484-9331

If to Auction Agent, addressed: Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust & Agency
Services
Telephone: (201) 593-6878
Facsimile: (201) 593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a

BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

/s/ Robert P. Sandt Jr.
By _____

Robert P. Sandt Jr.
Name _____

Vice President Title _____

**J.P. MORGAN SECURITIES INC., as
Co-Broker-Dealer**

/s/ Kevin C. O'Connor
By _____
Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker- Dealer

/s/ Mark E. Portz
By _____
Mark E. Portz, Vice President

**NELNET STUDENT LOAN
CORPORATION-2, as Issuer**

/s/ Terry J. Heimes
By _____
Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2001A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

[BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

* Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$100,000,000 Senior Class 2001A-7 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

[BROKER-DEALER]

By _____
Name _____
Title _____

* Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2001A-2 Auction Rate Notes

Dated as of November 1, 2002

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EXHIBIT A SETTLEMENT PROCEDURES
EXHIBIT B-1 ORDER FORM

THIS BROKER-DEALER AGREEMENT dated as of November 1, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company), a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2001B Supplemental Indenture of Trust dated as of September 1, 2001 (the "2001B Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

NELNET-2 has issued \$50,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2001A-2, maturing on June 1, 2035, as Auction Rate Notes (the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2001B Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2001B Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2001B Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability,

claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2001B Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2001B Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2001B Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through

BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2001B Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2001B Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be

BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2001B Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2001B Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: (212) 834-7182
Telecopy: (212) 834-7182

UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Telecopy: (402) 484-9331

If to the Auction Agent, addressed:

Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust & Agency Services
Telephone: (201) 593-6878
Telecopy: (201) 593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a

BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

/s/ Robert P. Sandt Jr.
By _____

Robert P. Sandt Jr.
Name _____

Vice President Title _____

**J.P. MORGAN SECURITIES INC., as Co-
Broker-Dealer**

/s/ Kevin C. O'Connor
By _____
Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker-Dealer

/s/ Mark E. Portz
By _____
Mark E. Portz, Vice President

NELNET STUDENT LOAN CORPORATION-2, as Issuer

/s/ Terry J. Heimes
By _____
Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$50,000,000 Senior Class 2001A-2 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Senior Class 2001A-2 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

_____ the Existing Holder named below; or

_____ **the Broker-Dealer for such Existing Holder; or**

_____ **the Participant for such Existing Holder.**

We hereby notify you that such Existing Holder has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

[BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes \$50,000,000 Senior Class 2001A-2 Auction Rate Notes

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

[BROKER-DEALER]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

J.P. MORGAN SECURITIES INC.,
and
UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2002A-5 Auction Rate Notes \$82,000,000 Senior Class 2002A-7 Auction Rate Notes

Dated as of November 1, 2002

EXHIBIT B-2
EXHIBIT C

TRANSFER FORM
NOTICE OF A FAILURE TO DELIVER

THIS BROKER-DEALER AGREEMENT dated as of November 1, 2002 among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company), a New York banking corporation (together with its successors and assigns, the "Auction Agent") not in its individual capacity but solely as agent of Zions First National Bank, as trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2002A Supplemental Indenture of Trust dated as of March 1, 2002 (the "2002A Supplemental Indenture," and together with the Original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of March 1, 2002, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

NELNET-2 will issue (a) \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-5, maturing on June 1, 2035, as Auction Rate Notes, and (b) \$82,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2002A-7, as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of March 1, 2002, among NELNET-2, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Appendix A to the 2002A Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Vice President, Assistant Vice President, Secretary, Assistant Secretary and Assistant Treasurer of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Holder" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate Notes

Rate for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in the 2002A Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assumes the obligations of, and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the 2002A Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (vi) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Holders of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Holder and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Holders and Potential Holders in any Auction, and shall not disclose any such information so provided to any person other than

the Trustee, NELNET-2 and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Broker-Dealers of the applicable All-Hold Rate, the Net Loan Rate, the Applicable LIBOR Rate and the applicable Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02 of Appendix A to the 2002A Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02 of Appendix A to the 2002A Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02 of Appendix A to the 2002A Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Appendix A to the 2002A Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Holder or Existing Holder on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Holders or Existing Holders on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Holder to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date, the Auction Agent shall notify BD by telephone of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Holder or Potential Holder on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article 2 of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2002A Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2002A Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes

through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .25 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Holder on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Holder on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Holder. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) Neither the Auction Agent, the Trustee nor NELNET-2 shall have any responsibility or liability with respect to the failure of an Existing Holder, a Potential Holder or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the 2002A Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. The Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.02(c) of Appendix A to the 2002A Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: (212) 834-7182
Facsimile: (212) 834-6736

If to BD, addressed:

UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Facsimile: (402) 484-9331

If to Auction Agent, addressed:

Deutsche Bank Trust Company Americas
100 Plaza One, 6th Floor
Jersey City, New Jersey 07311
Attention: Corporate Trust & Agency Services
Telephone: (201) 593-6878
Facsimile: (201) 593-6447

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a

BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Robert P. Sandt Jr.

Name Robert P. Sandt Jr.

Title Vice President

**J.P. MORGAN SECURITIES INC., as
Co-Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

UFS SECURITIES, L.L.C., as Co-Broker- Dealer

By /s/ Mark E. Portz

Mark E. Portz, Vice President

**NELNET STUDENT LOAN
CORPORATION-2, as Issuer**

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date, the Auction Agent is required to notify by telephone the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Holder or Potential Holder of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Holder, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Holder;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Holder, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Holder;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Holders on whose behalf such Broker-Dealer acted by one or more Potential Holders on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Holders on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Holders on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Holders on

whose behalf such Broker-Dealer acted by one or more Existing Holders on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Rate Notes Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Holder or Potential Holder shall:

(i) advise each Existing Holder and Potential Holder on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Holder on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Holder's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order and each Potential Holder on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Holder on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Holder on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Holders, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Holders, if any, on whose behalf such Broker-Dealer Submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Holder and Existing Holder with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Holder delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Holder selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Holder on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Holder. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B-1

ORDER FORM

(Submit only one Order on this Order Form)

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

[\$100,000,000 Senior Class 2002A-5 Auction Rate Notes]

[\$82,000,000 Senior Class 2002A-7 Auction Rate Notes]

Maturing June 1, 2035
("Auction Rate Notes")

EXHIBIT B-2

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes
[\$100,000,000 Senior Class 2002A-5 Auction Rate Notes]
[\$82,000,000 Senior Class 2002A-7 Auction Rate Notes]

Maturing June 1, 2035
("Auction Rate Notes")

We are (check one):

- the Existing Holder named below; or
- the Broker-Dealer for such Existing Holder; or
- the Participant for such Existing Holder.

We hereby notify you that such Existing Holder has transferred

\$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING HOLDER]

[BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT C

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

NELNET Student Loan Corporation-2 Taxable Student Loan Asset-Backed Notes
[\$100,000,000 Senior Class 2002A-5 Auction Rate Notes]
[\$82,000,000 Senior Class 2002A-7 Auction Rate Notes]

Maturing June 1, 2035
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

[BROKER-DEALER]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

between

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

and

BANC OF AMERICA SECURITIES LLC,
as **Broker-Dealer**

Relating to

Nelnet Education Loan Funding, Inc.
Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2003A-2 Auction Rate Notes \$100,000,000 Senior Class 2003A-4 Auction Rate Notes \$75,000,000 Senior Class
2003A-6 Auction Rate Notes \$75,000,000 Senior Class 2003A-8 Auction Rate Notes \$75,000,000 Senior Class 2003A-10 Auction Rate Notes
\$75,000,000 Senior Class 2003A-12 Auction Rate Notes \$15,000,000 Subordinate Class 2003B-2 Auction Rate Notes

Dated as of June 1, 2003

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EXHIBIT A	SETTLEMENT PROCEDURES
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EXHIBIT D	NOTICE OF A FAILURE TO DELIVER

DEUTSCHE BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "Trustee") under an Indenture of Trust, dated as of June 1, 2003 (the "Original Indenture"), among Nelnet Education Loan Funding, Inc. (the "Issuer"), the Trustee and Wells Fargo Bank Minnesota, National Association, as eligible lender trustee, and the Series 2003-1 Supplemental Indenture of Trust, dated as of June 1, 2003 (the "Supplemental Indenture," and together with the Original Indenture, the "Indenture"), between the Issuer and the Trustee, pursuant to authority granted to it in the Auction Agency Agreement dated as of June 1, 2003, among the Issuer, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

The Issuer will issue (a) \$100,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-2 as Auction Rate Notes, (b) \$100,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-4 as Auction Rate Notes, (c) \$75,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-6 as Auction Rate Notes, (d) \$75,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-8 as Auction Rate Notes, (e) \$75,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-10 as Auction Rate Notes, (f) \$75,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-12 as Auction Rate Notes, and (g) \$15,000,000 of its Student Loan Asset-Backed Notes, Subordinate Class 2003B-2 as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01. TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02. TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement, dated as of June 1, 2003, among the Issuer, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Section 2.02 of Appendix A to the Supplemental Indenture.

"Authorized Officer" shall mean each Managing Director, Director and Associate of the Auction Agent assigned to its Corporate Trust and Agency Group and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Owner" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03. RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

- (a) Words importing the singular number shall include the plural number and vice versa.
- (b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.
- (c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.
- (d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

- (a) On each Auction Date for a class of Auction Rate Notes, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of

determining the Auction Rate for such class for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Article I of Appendix A to the Supplemental Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the Supplemental Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (viii) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Owners of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Owner and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Owners and Potential Owners in any Auction, and shall not disclose any such information so provided to any person other than

the Trustee, the Issuer and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each class of the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date for that class of Auction Rate Notes on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Trustee and the Broker-Dealers of the All-Hold Rate, the Applicable LIBOR Rate and the Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02(a)(ii) of Appendix A to the Supplemental Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02(a)(iii) of Appendix A to the Supplemental Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02(a)(iv) and (v) of Appendix A to the Supplemental Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Section 2.02(a)(iii)(B) of Appendix A to the Supplemental Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Owner or Existing Owner on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Owners or Existing Owners on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Owner to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date for a class of Auction Rate Notes, the Auction Agent shall notify BD by telephone or other electronic communication acceptable to the parties of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Owner or Potential Owner on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article II of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the preceding Interest Period in an amount equal to the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Owners submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Owners submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Section 2.02 (a)(iii)(A) of Appendix A to the Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Owners pursuant to Section 2.02(a)(ii)(C) of Appendix A to the Supplemental Indenture that

were acquired by such Existing Owners through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Owner who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be 0.25% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Issuer, at the Issuer's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of the Issuer and the Auction Agent, the prevailing rate, the Issuer shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Owner on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Owner on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Owner. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any responsibility or liability with respect to the failure of an Existing Owner, a Potential Owner or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

- (a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement. The parties acknowledge that the Trustee has no responsibility or liability for the Auction Agent's performance or conduct under this Agreement.
- (b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the Supplemental Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.
- (c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

- (a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication or other electronic communication acceptable to the parties authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. To the extent permitted by law, the Auction Agent may record telephone communications with such Persons.
- (b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.
- (c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.01(d) of the Supplemental Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and

(b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed:

Banc of America Securities LLC
121 West Trade Street, 12th Floor
Charlotte, North Carolina 28255
Attention: Education Finance Group
Telephone: (704) 386-4520
Telecopy: (704) 386-1193

If to the Auction Agent,
addressed:

Deutsche Bank Trust Company Americas
60 Wall Street - 27th Floor
New York, New York 10005
Attention: Corporate Trust & Agency Services
Telephone: (212) 250-6647
Telecopy: (212) 797-8600

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 4.11. NO PETITION. BD will not at any time institute against the Issuer any bankruptcy proceeding under any United States federal or State bankruptcy or similar law in connection with any obligations of the Issuer under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC, as
Broker-Dealer**

By /s/ Christopher G. Cronk

Christopher G. Cronk, Managing Director

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date for a class of Auction Rate Notes, the Auction Agent is required to notify by telephone or other electronic communication acceptable to the parties the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Owners on whose behalf such Broker-Dealer acted by one or more Potential Owners on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal

amount of Auction Rate Notes to be sold to one or more Potential Owners on whose behalf such Broker-Dealer acted by one or more Existing Owners on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Note Interest Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in

such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Owner delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under (b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Owner selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Owner. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by

such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B

ORDER FORM

(Submit only one Order on this Order Form)

Nelnet Education Loan Funding, Inc.
Student Loan Asset-Backed Notes

[\$100,000,000 Senior Class 2003A-2 Auction Rate Notes]
[\$100,000,000 Senior Class 2003A-4 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-6 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-8 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-10 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-12 Auction Rate Notes]
[\$15,000,000 Subordinate Class 2003B-2 Auction Rate Notes]

Maturing July 1, 2043
("Auction Rate Notes")

EXHIBIT C

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

Nelnet Education Loan Funding, Inc. Student Loan Asset-Backed Notes
[\$100,000,000 Senior Class 2003A-2 Auction Rate Notes]
[\$100,000,000 Senior Class 2003A-4 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-6 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-8 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-10 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-12 Auction Rate Notes]
[\$15,000,000 Subordinate Class 2003B-2 Auction Rate Notes]

Maturing July 1, 2043
("Auction Rate Notes")

We are (check one):

_____ the Existing Owner named below; or

_____ **the Broker-Dealer for such Existing Owner; or**

_____ **the Participant for such Existing Owner.**

We hereby notify you that such Existing Owner has transferred \$_____ * Auction Rate Notes to _____.

[NAME OF EXISTING OWNER]

BANC OF AMERICA SECURITIES LLC

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

Nelnet Education Loan Funding, Inc. Student Loan Asset-Backed Notes
[\$100,000,000 Senior Class 2003A-2 Auction Rate Notes]
[\$100,000,000 Senior Class 2003A-4 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-6 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-8 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-10 Auction Rate Notes]
[\$75,000,000 Senior Class 2003A-12 Auction Rate Notes]
[\$15,000,000 Subordinate Class 2003B-2 Auction Rate Notes]

Maturing July 1, 2043
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.
2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

BANC OF AMERICA SECURITIES LLC

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

and

J.P. MORGAN SECURITIES INC.,

and

UFS SECURITIES, L.L.C.,
as Co-Broker-Dealers

Relating to

Nelnet Student Loan Trust 2003-2
Student Loan Asset-Backed Notes

\$95,000,000 Senior Class A-5 Auction Rate Notes \$95,000,000 Senior Class A-6 Auction Rate Notes \$25,885,000 Subordinate Class B
Auction Rate Notes

Dated as of July 1, 2003

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EXHIBIT A	SETTLEMENT PROCEDURES
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EXHIBIT D	NOTICE OF A FAILURE TO DELIVER

BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as indenture trustee (the "Trustee") under an Indenture of Trust, dated as of July 1, 2003 (the "Indenture"), between Nelnet Student Loan Trust 2003-2 (the "Issuer") and the Trustee, pursuant to authority granted to it in the Auction Agency Agreement dated as of July 1, 2003, among the Issuer, the Trustee and the Auction Agent (the "Auction Agency Agreement"), J.P. MORGAN SECURITIES INC. and UFS SECURITIES, L.L.C. (together with their successors and assigns hereinafter collectively referred to as "BD").

The Issuer intends to issue (a) \$95,000,000 of its Student Loan Asset Backed Notes, Senior Class A-5 as "Auction Rate Notes," (b) \$95,000,000 of its Student Loan Asset-Backed Notes, Senior Class A-6 as "Auction Rate Notes," and (c) \$25,885,000 of its Student Loan Asset-Backed Notes, Subordinate Class 2003B as "Auction Rate Notes" (collectively, the "Auction Rate Notes").

The Indenture provides that the interest rate on the Auction Rate Notes for each Interest Period after the Initial Period shall, except under certain conditions, equal the Auction Rate which the Auction Agent advises as the result of implementation of the Auction Procedures. Pursuant to Section 2.09(a) of the Auction Agency Agreement, the Auction Agent has entered into this Agreement.

The Auction Procedures require the participation of one or more Broker-Dealers.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

SECTION 1.01 TERMS DEFINED BY REFERENCE TO THE INDENTURE. Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture and the Auction Agency Agreement.

SECTION 1.02 TERMS DEFINED HEREIN. As used herein and in the Settlement Procedures (as defined below), the following terms shall have the following meanings, unless the context otherwise requires:

"Auction" shall have the meaning specified in Section 2.01 hereof.

"Auction Agency Agreement" shall mean the Auction Agency Agreement, dated as of July 1, 2003, among the Issuer, the Trustee and the Auction Agent relating to the Auction Rate Notes.

"Auction Procedures" shall mean the Auction Procedures that are set forth in Section 2.02 of Appendix A to the Indenture.

"Authorized Officer" shall mean each Managing Director, Director, Vice President, Assistant Vice President and Associate of the Auction Agent assigned to its Corporate Trust & Agency Services and every other officer or employee of the Auction Agent designated as an Authorized Officer for purposes of this Agreement.

"BD Officer" shall mean each officer or employee of BD designated as a "BD Officer" for purposes of this Agreement.

"Broker-Dealer Agreement" shall mean this Broker-Dealer Agreement and any substantially similar agreement between the Auction Agent and a Broker-Dealer.

"Owner" shall mean the beneficial owner of any Auction Rate Notes.

"Settlement Procedures" shall mean the Settlement Procedures attached hereto as Exhibit A.

SECTION 1.03 RULES OF CONSTRUCTION. Unless the context or use indicates another or different meaning or intent, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(c) The words "hereof," "herein," "hereto," and other words of similar import refer to this Agreement as a whole.

(d) All references herein to a particular time of day shall be to New York City time.

ARTICLE II

THE AUCTION

SECTION 2.01. PURPOSE: INCORPORATION BY REFERENCE OF AUCTION PROCEDURES AND SETTLEMENT PROCEDURES.

(a) On each Auction Date for a class of Auction Rate Notes, the provisions of the Auction Procedures will be followed by the Auction Agent for the purpose of determining the Auction Rate for such class for the next Interest Period. Each periodic operation of such procedures is hereinafter referred to as an "Auction."

(b) Without prejudice to Section 3.01(a) hereof, all of the provisions contained in the Auction Procedures and the Settlement Procedures are incorporated herein by reference in their entirety and shall be deemed to be a part of this Agreement to the same extent as if such provisions were fully set forth herein.

(c) BD agrees to act as, and assumes the obligations of and limitations and restrictions placed upon, a Broker-Dealer under this Agreement. BD understands that other persons meeting the requirements specified in the definition of "Broker-Dealer" contained in Article I of Appendix A to the Indenture may execute Broker-Dealer Agreements and participate as Broker-Dealers in Auctions.

(d) BD and other Broker-Dealers may participate in Auctions for their own accounts. However, the Auction Agent may by notice to BD and all other Broker-Dealers prohibit all Broker-Dealers from submitting Bids in Auctions for their own accounts, provided that Broker-Dealers may continue to submit Hold Orders and Sell Orders. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing the requirements of this Section 2.01(d).

(e) BD agrees to act as, and assume the obligations of and limitations and restrictions placed upon, a Broker-Dealer under Appendix A to the Indenture.

SECTION 2.02. PREPARATION FOR EACH AUCTION.

(a) Not later than 10:30 a.m. on each Auction Date for the Auction Rate Notes, the Auction Agent shall advise BD by telephone of the All-Hold Rate, the Applicable LIBOR Rate and the Maximum Rate.

(b) In the event that the Auction Date for any Auction shall be changed after the Auction Agent has given the notice referred to in clause (viii) of paragraph (a) of the Settlement Procedures, the Auction Agent, by such means as the Auction Agent deems practicable, shall give notice of such change to BD not later than the earliest of

(i) 9:15 a.m. on the new Auction Date, (ii) 9:15 a.m. on the old Auction Date and (iii) 9:15 a.m. the next Interest Payment Date. Thereafter, BD shall promptly notify customers of BD that BD believes are Existing Owners of such change in the Auction Date.

(c) The Auction Agent from time to time may request BD to provide it with the aggregate principal amounts of Auction Rate Notes specifically held by each such BD as an Existing Owner and with a list of BD's respective customers that BD believes are beneficial owners of Auction Rate Notes and the aggregate principal amount of Auction Rate Notes beneficially owned by each such customer. BD shall comply with any such request, and the Auction Agent shall keep confidential any such information, including information received as to the identity of Existing Owners and Potential Owners in any Auction, and shall not disclose any such information so provided to any person other than the Trustee, the Issuer and BD, unless the failure to disclose such information would be unlawful or if the failure to do so would expose the Auction Agent to any loss, liability, claim or damage for which the Auction Agent shall not have previously received adequate indemnification satisfactory to it.

SECTION 2.03. AUCTION SCHEDULE: METHOD OF SUBMISSION OF ORDERS.

(a) The Auction Agent shall conduct Auctions for each class of the Auction Rate Notes in accordance with the schedule set forth below. Such schedule may be

changed at any time by the Auction Agent with the consent of the Trustee, which consent shall not be unreasonably withheld or delayed. The Auction Agent shall give notice of any such change to BD. Such notice shall be received prior to the close of business on the Business Day next preceding the first Auction Date for that class of Auction Rate Notes on which any such change shall be effective.

TIME	EVENT
By 9:00 a.m.	Auction Agent obtains One-Month LIBOR
By 10:30 a.m.	Auction Agent advises the Trustee and the Broker-Dealers of the All-Hold Rate, the Applicable LIBOR Rate and the Maximum Rate, as set forth in Section 2.03(b)(i) of the Auction Agency Agreement.
9:30 a.m. - 1:00 p.m.	Auction Agent assembles information communicated to it by Broker-Dealers as provided in Section 2.02(a)(ii) of Appendix A to the Indenture. Submission Deadline is 1:00 p.m.
Not earlier than 1:00 p.m.	Auction Agent makes determinations pursuant to Section 2.02(a)(iii) of Appendix A to the Indenture. Submitted Bids and Submitted Sell Orders are accepted and rejected in whole or in part and Auction Rate Notes are allocated as provided in Section 2.02(a)(iv) and (v) of Appendix A to the Indenture.
By approximately 3:00 p.m. but no later than the close of business	Auction Agent advises the Trustee of results of Auction and of the Auction Rate for the next Interest Period as provided in Section 2.02(a)(iii)(B) of Appendix A to the Indenture. Auction Agent gives notice of Auction results as set forth in Section 2.04(a) hereof.

(b) BD shall submit Orders to the Auction Agent in writing in substantially the form attached hereto as Exhibit B. BD shall submit separate Orders to the Auction Agent for each Potential Owner or Existing Owner on whose behalf BD is submitting an Order and shall not net or aggregate the Orders of Potential Owners or Existing Owners on whose behalf BD is submitting Orders.

(c) BD shall deliver to the Auction Agent (i) a written notice, substantially in the form attached hereto as Exhibit C, of transfers of Auction Rate Notes, made through BD by an Existing Owner to another person other than pursuant to an Auction and (ii) a written notice, substantially in the form attached hereto as Exhibit D, of the failure of any Auction Rate Notes to be transferred to or by any person that purchased or sold Auction Rate Notes through BD pursuant to an Auction. The Auction Agent is not required to accept any notice delivered pursuant to the terms of the foregoing sentence with respect to an Auction unless it is received by the Auction Agent by 3:00 p.m. on the Business Day next preceding the applicable Auction Date.

(d) BD agrees to handle its customers' Orders in accordance with its duties under applicable securities laws and rules.

SECTION 2.04. NOTICES.

(a) On each Auction Date for a class of Auction Rate Notes, the Auction Agent shall notify BD by telephone or other electronic communication acceptable to the parties of the results of the Auction as set forth in paragraph (a) of the Settlement Procedures. If requested by BD, the Auction Agent shall as soon as practicable on the Business Day next succeeding such Auction Date, notify BD in writing, if previously so requested, of the disposition of all Orders submitted by BD in the Auction held on such Auction Date.

(b) BD shall notify each Existing Owner or Potential Owner on whose behalf BD has submitted an Order as set forth in paragraph (b) of the Settlement Procedures and take such other action as is required of BD pursuant to the Settlement Procedures.

(c) The Auction Agent shall deliver to BD after receipt all notices and certificates which the Auction Agent is required to deliver to BD pursuant to Article II of the Auction Agency Agreement at the times and in the manner set forth in the Auction Agency Agreement.

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the preceding Interest Period in an amount equal to the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Owners submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Owners submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Section 2.02 (a)(iii)(A) of Appendix A to the Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Owners pursuant to Section 2.02(a)(ii)(C) of Appendix A to the Indenture that were acquired by such Existing Owners through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Owner who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be 0.25% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Issuer, at the Issuer's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of the Issuer and the Auction Agent, the prevailing rate, the Issuer shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

SECTION 2.06. SETTLEMENT.

(a) If any Existing Owner on whose behalf BD has submitted a Bid or Sell Order for Auction Rate Notes that was accepted in whole or in part fails to instruct its Participant to deliver the Auction Rate Notes subject to such Bid or Sell Order against payment therefor, BD shall instruct such Participant to deliver such Auction Rate Notes against payment therefor and BD may deliver to the Potential Owner on whose behalf BD submitted a Bid that was accepted in whole or in part a principal amount of the Auction Rate Notes that is less than the principal amount of the Auction Rate Notes specified in such Bid to be purchased by such Potential Owner. Notwithstanding the foregoing terms of this Section 2.06 (a), any delivery or non-delivery of Auction Rate Notes which represents any departure from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or non-delivery in accordance with the terms of Section 2.03(c) hereof. The Auction Agent shall have no duty or liability with respect to monitoring or enforcing requirements of this Section 2.06(a).

(b) None of the Auction Agent, the Trustee or the Issuer shall have any responsibility or liability with respect to the failure of an Existing Owner, a Potential Owner or a Participant or any of them to deliver Auction Rate Notes or to pay for Auction Rate Notes sold or purchased pursuant to the Auction Procedures or otherwise.

ARTICLE III

THE AUCTION AGENT

SECTION 3.01. DUTIES AND RESPONSIBILITIES.

(a) The Auction Agent is acting solely as agent for the Trustee hereunder and owes no fiduciary duties to any Person by reason of this Agreement. The parties acknowledge that the Trustee has no responsibility or liability for the Auction Agent's performance or conduct under this Agreement.

(b) Notwithstanding Section 3.01(a) above, the Auction Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, the Auction Agency Agreement and Appendix A to the Indenture, and no implied duties, covenants or obligations shall be read into this Agreement against the Auction Agent by reason of anything set forth in the Prospectus Supplement or any other offering material employed in connection with the offer and sale of the Auction Rate Notes, or otherwise.

(c) In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered, or omitted or for any error of judgment made by it in the performance of its duties under this Agreement. The Auction Agent shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment.

SECTION 3.02. RIGHTS OF THE AUCTION AGENT.

(a) The Auction Agent may conclusively rely and shall be fully protected in acting or refraining from acting upon any communication authorized by this Agreement and upon any written instruction, notice, request, direction, consent, report, certificate, share certificate or other instrument, paper or document believed by it to be genuine. The Auction Agent shall not be liable for acting upon any telephone communication or other electronic communication acceptable to the parties authorized by this Agreement which the Auction Agent believes in good faith to have been given by the Trustee or by a Broker-Dealer or by their designated agents or representatives. To the extent permitted by law, the Auction Agent may record telephone communications with such Persons.

(b) The Auction Agent may consult with counsel of its own choice, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Auction Agent shall not be required to advance, expend or risk its own funds or otherwise incur or become exposed to financial liability in the performance of its duties hereunder.

(d) The Auction Agent may perform its duties and exercise its rights hereunder either directly or by or through agents or attorneys, and shall not be responsible for any misconduct or negligence on the part of, or for the supervision of, any agent or attorney appointed by it with due care hereunder.

(e) The Auction Agent makes no representation as to the adequacy or accuracy of this Broker-Dealer Agreement, the Auction Agency Agreement (except as provided in Section 3.01(d) thereof), the Auction Rate Notes, or any Prospectus Supplement or other offering material used in connection with the offer and sale of the Auction Rate Notes.

ARTICLE IV

MISCELLANEOUS

SECTION 4.01. TERMINATION. Any party may terminate this Agreement at any time upon five days prior notice to the other party. This Agreement shall automatically terminate upon the delivery of certificates representing the Auction Rate Notes pursuant to Section 2.09 of the Indenture, the occurrence of a Payment Default or upon termination of the Auction Agency Agreement.

SECTION 4.02. PARTICIPANT IN DEPOSITORY. Either (a) BD is, and shall remain for the term of this Agreement, a member of, or Participant in, the Depository, or (b) BD may designate a Participant to act on BD's behalf for purposes of this Agreement. If BD wishes to designate a different Participant to act on its behalf, BD shall give the Auction Agent at least two Business Days prior notice thereof.

SECTION 4.03. COMMUNICATIONS. Except for (a) communications authorized to be made by telephone pursuant to this Agreement or the Auction Procedures and (b) communications in connection with the Auctions (other than those expressly required to be in writing), all notices, requests and other communications to any party hereunder shall be in writing (including facsimile or similar writing) and shall be given to such party, addressed to it, at its address or facsimile number set forth below:

If to BD, addressed: J.P. Morgan Securities Inc.
270 Park Avenue, 10th Floor
New York, New York 10017
Attention: Kevin C. O'Connor
Telephone: (212) 834-7182
Telecopy: (212) 834-6736

If to BD, addressed: UFS Securities, L.L.C.
6801 South 27th Street
Lincoln, Nebraska 68512
Attention: Mark E. Portz
Telephone: (402) 484-9326
Facsimile: (402) 484-9331

If to the Auction Agent, addressed: Deutsche Bank Trust Company
Americas
60 Wall Street - 27th Floor
New York, New York 10005
Attention: Corporate Trust
& Agency Services
Telephone: (212) 250-6647
Telecopy: (212) 797-8600

or such other address or facsimile number as such party may hereafter specify for such purpose by notice to the other party. Each such notice, request or communication shall be effective when delivered at the address specified herein. Communications shall be given on behalf of BD by a BD Officer and on behalf of the Auction Agent by an Authorized Officer. BD may record telephone communications with the Auction Agent.

SECTION 4.04. ENTIRE AGREEMENT. This Agreement contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 4.05. BENEFITS. Nothing in this Agreement, express or implied, shall give to any person, other than the Trustee, the Auction Agent and BD and their respective successors and assigns, any benefit of any legal or equitable right, remedy or claim under this Agreement.

SECTION 4.06. AMENDMENT: WAIVER.

(a) This Agreement shall not be deemed or construed to be modified, amended, rescinded, cancelled or waived, in whole or in part, except by a written instrument signed by a duly authorized representative of the party to be charged.

(b) Failure of either party to this Agreement to exercise any right or remedy hereunder in the event of a breach of this Agreement by the other party shall not constitute a waiver of any such right or remedy with respect to any subsequent breach.

(c) The Auction Agent may, but shall have no obligation to, execute and deliver any amendment or modification hereto which affects the Auction Agent's rights, powers or immunities hereunder.

SECTION 4.07. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of each of BD and the Auction Agent. This Agreement may not be assigned by either party hereto absent the prior written consent of the other party; provided, however, that this Agreement may be assigned by the Auction Agent to a successor Auction Agent selected by the Trustee without the consent of BD.

SECTION 4.08. SEVERABILITY. If any clause, provision or section of this Agreement shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 4.09. EXECUTION IN COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 4.10. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 4.11. NO PETITION. BD will not at any time institute against the Issuer any bankruptcy proceeding under any United States federal or State bankruptcy or similar law in connection with any obligations of the Issuer under this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Linda Reale

Linda Reale, Vice President

**J.P. MORGAN SECURITIES INC., as
Broker-Dealer**

By /s/ Kevin C. O'Connor

Kevin C. O'Connor, Vice President

**UFS SECURITIES, L.L.C., as
Co-Broker-Dealer**

By /s/ Mark E. Portz

Mark E. Portz, Vice President

EXHIBIT A

SETTLEMENT PROCEDURES

Capitalized terms used herein shall have the respective meanings specified in the Indenture and the Broker-Dealer Agreement.

(a) Not later than 3:00 p.m. on each Auction Date for a class of Auction Rate Notes, the Auction Agent is required to notify by telephone or other electronic communication acceptable to the parties the Broker-Dealers that participated in the Auction held on such Auction Date and submitted an Order on behalf of any Existing Owner or Potential Owner of:

(i) the Auction Rate fixed for the next Interest Period;

(ii) whether there were Sufficient Clearing Bids in such Auction;

(iii) if such Broker-Dealer (a "Seller's Broker-Dealer") submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer (a "Buyer's Broker-Dealer") submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected, in whole or in part, and the principal amount of Auction Rate Notes, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of Auction Rate Notes to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different than the aggregate principal amount of Auction Rate Notes to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more other Buyer's Broker-Dealers (and the Participant, if any, of each such other Buyer's Broker-Dealer) acting for one or more purchasers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be purchased from one or more Existing Owners on whose behalf such Broker-Dealer acted by one or more Potential Owners on whose behalf each of such other Buyer's Broker-Dealers acted; and

(vi) if the principal amount of Auction Rate Notes to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid exceeds the amount of Auction Rate Notes to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted a Bid or a Sell Order, the name or names of one or more Seller's Broker-Dealers (and the name of the agent member, if any, of each such Seller's Broker-Dealer) acting for one or more sellers of such excess principal amount of Auction Rate Notes and the principal amount of Auction Rate Notes to be sold to one or more Potential Owners on

whose behalf such Broker-Dealer acted by one or more Existing Owners on whose behalf each of such Seller's Broker-Dealers acted;

(vii) unless previously provided, a list of all Applicable Auction Note Interest Rates and related Interest Periods (or portions thereof) since the last Interest Payment Date; and

(viii) the Auction Date for the next succeeding Auction.

(b) On each Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall:

(i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted a Bid or Sell Order in the Auction on such Auction Date whether such Bid or Sell Order was accepted or rejected, in whole or in part;

(ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Bidder's Participant to pay to such Broker-Dealer (or its Participant) through DTC the amount necessary to purchase the principal amount of Auction Rate Notes to be purchased pursuant to such Bid against receipt of such principal amount of Auction Rate Notes;

(iii) in the case of a Broker-Dealer that is a Seller's Broker-Dealer, instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted, in whole or in part, or a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Participant to deliver to such Broker-Dealer (or its Participant) through DTC the principal amount of Auction Rate Notes to be sold pursuant to such Bid or Sell Order against payment therefor;

(iv) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order and each Potential Owner on whose behalf such Broker-Dealer submitted a Bid of the Auction Rate for the next Interest Period;

(v) advise each Existing Owner on whose behalf such Broker-Dealer submitted an Order of the next Auction Date; and

(vi) advise each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, of the next Auction Date.

(c) On the basis of the information provided to it pursuant to paragraph (a) above, each Broker-Dealer that submitted a Bid or Sell Order in an Auction is required to allocate any funds received by it pursuant to paragraph (b)(ii) above, and any Auction Rate Notes received by it pursuant to paragraph (b)(iii) above, among the Potential Owners, if any, on whose behalf such Broker-Dealer submitted Bids, the Existing Owners, if any, on whose behalf such Broker-Dealer submitted Bids or Sell Orders in such Auction, and any Broker-Dealers identified to it by the Auction Agent following such Auction pursuant to paragraph (a)(v) or (a)(vi) above.

(d) On each Auction Date:

(i) each Potential Owner and Existing Owner with an Order in the Auction on such Auction Date shall instruct its Participant as provided in (b)(ii) or (b)(iii) above, as the case may be;

(ii) each Seller's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to the Participant of the Existing Owner delivering Auction Rate Notes to such Broker-Dealer following such Auction pursuant to (b)(iii) above the amount necessary, including accrued interest, if any, to purchase such Auction Rate Notes against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to a Buyer's Broker-Dealer (or its Participant) identified to such Seller's Broker-Dealer pursuant to (a)(v) above against payment therefor; and

(iii) each Buyer's Broker-Dealer that is not a Participant in DTC shall instruct its Participant to (A) pay through DTC to a Seller's Broker-Dealer (or its Participant) identified following such Auction pursuant to (a)(vi) above the amount necessary, including accrued interest, if any, to purchase the Auction Rate Notes to be purchased pursuant to (b)(ii) above against receipt of such Auction Rate Notes, and (B) deliver such Auction Rate Notes through DTC to the Participant of the purchaser thereof against payment therefor.

(e) On the first Business Day of the Interest Period next succeeding each Auction Date:

(i) each Participant for a Bidder in the Auction on such Auction Date referred to in (d)(i) above shall instruct DTC to execute the transactions described under

(b)(ii) or (b)(iii) above for such Auction, and DTC shall execute such transactions;

(ii) each Seller's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(ii) above for such Auction, and DTC shall execute such transactions; and

(iii) each Buyer's Broker-Dealer or its Participant shall instruct DTC to execute the transactions described in (d)(iii) above for such Auction, and DTC shall execute such transactions.

(f) If an Existing Owner selling Auction Rate Notes in an Auction fails to deliver such Auction Rate Notes (by authorized book-entry), a Broker-Dealer may deliver to the Potential Owner on behalf of which it submitted a Bid that was accepted a principal amount of Auction Rate Notes that is less than the principal amount of Auction Rate Notes that otherwise was to be purchased by such Potential Owner. In such event, the principal amount of Auction Rate Notes to be so delivered shall be determined solely by such Broker-Dealer. Delivery of such lesser principal amount of Auction Rate Notes shall constitute good delivery. Notwithstanding the foregoing terms of this paragraph (f), any delivery or nondelivery of Auction Rate Notes which shall represent any departure

from the results of an Auction, as determined by the Auction Agent, shall be of no effect unless and until the Auction Agent shall have been notified of such delivery or nondelivery in accordance with the provisions of the Auction Agent and the Broker-Dealer Agreement.

EXHIBIT B

ORDER FORM

(Submit only one Order on this Order Form)

Nelnet Student Loan Trust 2003-2
Student Loan Asset-Backed Notes

[\$95,000,000 Senior Class A-5 Auction Rate Notes]
[\$95,000,000 Senior Class A-6 Auction Rate Notes]
[\$25,885,000 Subordinate Class B Auction Rate Notes]

Maturing [October 25, 2038] [October 25, 2039]
("Auction Rate Notes")

EXHIBIT C

TRANSFER FORM

(To be used only for transfers made other than pursuant to an Auction)

Nelnet Student Loan Trust 2003-2 Student Loan Asset-Backed Notes
[\$95,000,000 Senior Class A-5 Auction Rate Notes]
[\$95,000,000 Senior Class A-6 Auction Rate Notes]
[\$25,885,000 Subordinate Class B Auction Rate Notes]

Maturing [October 25, 2038] [October 25, 2039]
("Auction Rate Notes")

We are (check one):

_____ the Existing Owner named below; or

_____ **the Broker-Dealer for such Existing Owner; or**

_____ **the Participant for such Existing Owner.**

We hereby notify you that such Existing Owner has transferred \$ _____ * Auction Rate Notes to _____.

[NAME OF EXISTING OWNER]

[BROKER-DEALER]

[NAME OF PARTICIPANT]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

EXHIBIT D

NOTICE OF A FAILURE TO DELIVER

(To be used only for failures to deliver

Auction Rate Notes sold pursuant to an Auction)

Nelnet Student Loan Trust 2003-2 Student Loan Asset-Backed Notes
[\$95,000,000 Senior Class A-5 Auction Rate Notes]
[\$95,000,000 Senior Class A-6 Auction Rate Notes]
[\$25,885,000 Subordinate Class B Auction Rate Notes]

Maturing [October 25, 2038] [October 25, 2039]
("Auction Rate Notes")

COMPLETE EITHER 1 OR 2

1. We are a Broker-Dealer for _____ (the "Purchaser"), which purchased \$ _____* of the Auction Rate Notes in the Auction held on _____ from the seller of such Auction Rate Notes.

2. We are a Broker-Dealer for _____ (the "Seller"), which sold \$ _____* of the Auction Rate Notes in the Auction held on _____ to the purchaser of such Auction Rate Notes.

We hereby notify you that (check one) --

_____ the Seller failed to deliver such Auction Rate Notes to the Purchaser

_____ the Purchaser failed to make payment to the Seller upon delivery of such Auction Rate Notes

[BROKER-DEALER]

By _____
Name _____
Title _____

*Auction Rate Notes may only be transferred in units of \$50,000.

FIRST AMENDMENT TO BROKER-DEALER AGREEMENT

between

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

and

BANC OF AMERICA SECURITIES LLC,
as **Broker-Dealer**

Relating to

Nelnet Education Loan Funding, Inc.
Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2003A-2 Auction Rate Notes \$100,000,000 Senior Class 2003A-4 Auction Rate Notes \$75,000,000 Senior Class
2003A-6 Auction Rate Notes \$75,000,000 Senior Class 2003A-8 Auction Rate Notes \$75,000,000 Senior Class 2003A-10 Auction Rate Notes
\$75,000,000 Senior Class 2003A-12 Auction Rate Notes \$15,000,000 Subordinate Class 2003B-2 Auction Rate Notes

Dated as of October 1, 2003

THIS FIRST AMENDMENT TO BROKER-DEALER AGREEMENT dated as of October 1, 2003 (this "Amendment") between DEUTSCHE BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Wells Fargo Bank Minnesota, National Association, as indenture trustee (the "Trustee") under an Indenture of Trust, dated as of June 1, 2003 (the "Original Indenture"), among Nelnet Education Loan Funding, Inc. (the "Issuer"), the Trustee and Wells Fargo Bank Minnesota, National Association, as eligible lender trustee, and the Series 2003-1 Supplemental Indenture of Trust, dated as of June 1, 2003 (the "Supplemental Indenture," and together with the Original Indenture, the "Indenture"), between the Issuer and the Trustee, pursuant to authority granted to it in the Auction Agency Agreement dated as of June 1, 2003, among the Issuer, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

The Issuer has previously issued (a) \$100,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-2 as Auction Rate Notes, (b) \$100,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-4 as Auction Rate Notes, (c) \$75,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-6 as Auction Rate Notes, (d) \$75,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-8 as Auction Rate Notes, (e) \$75,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-10 as Auction Rate Notes, (f) \$75,000,000 of its Student Loan Asset-Backed Notes, Senior Class 2003A-12 as Auction Rate Notes, and (g) \$15,000,000 of its Student Loan Asset-Backed Notes, Subordinate Class 2003B-2 as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Auction Procedures set forth in the Auction Agency Agreement and the Indenture to satisfy such requirement require the participation of one or more Broker-Dealers and the parties hereto have previously entered into a Broker-Dealer Agreement dated as of June 1, 2003 (the "Original BD Agreement").

Pursuant to Section 4.06 of the Original BD Agreement, the parties hereto hereby desire to amend the Original BD Agreement by execution of this Amendment as described below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

TERMS DEFINED BY REFERENCE

Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture, the Original BD Agreement and the Auction Agency Agreement.

ARTICLE II

AMENDMENTS TO SECTION 2.05 OF THE ORIGINAL BD AGREEMENT

Section 2.05 of the Original BD Agreement is hereby amended and restated in its entirety as follows:

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the preceding Interest Period in an amount equal to the product of

(a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times

(b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Owners submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Owners submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Section 2.02 (a)(iii)(A) of Appendix A to the Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Owners pursuant to Section 2.02(a)(ii)(C) of Appendix A to the Supplemental Indenture that were acquired by such Existing Owners through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Owner who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be 0.125% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Issuer, at the Issuer's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of the Issuer and the Auction Agent, the prevailing rate, the Issuer shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. ENTIRE AGREEMENT. This Amendment contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 3.02. SEVERABILITY. If any clause, provision or section of this Amendment shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 3.03. EXECUTION IN COUNTERPARTS. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.04. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.05. TERMINATION OF THIS AMENDMENT. This Amendment shall expire on October 1, 2004 and each October 1 thereafter unless the fee described in Section 2.05 of this Amendment is extended or modified for a subsequent year by written notification from the Broker-Dealer to the Issuer and the Auction Agent prior to each October 1. Any modification of the fee described in Section 2.05 of this Amendment shall be effective only upon execution of a letter agreement or amendment to the Original Broker-Dealer Agreement executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC
Broker-Dealer**

By /s/ Christopher G. Cronk

 Christopher G. Cronk, Managing
 Director

FIRST AMENDMENT TO BROKER-DEALER AGREEMENT

between

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

Emt Corp.

Student Loan Asset Backed Auction Rate Notes \$49,000,000--2000-I Senior Series A-21 \$49,000,000--2000-I Senior Series A-22

Dated as of October 1, 2003

THIS FIRST AMENDMENT TO BROKER-DEALER AGREEMENT dated as of October 1, 2003 (this "Amendment") between DEUTSCHE BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as amended and supplemented to June 1, 2000, by the Fifth Terms Supplement dated as of June 1, 2000 (the "Fifth Terms Supplement" and the Trust Agreement, as so amended and supplemented, referred to herein as the "Trust Agreement") between Zions First National Bank (successor to Bank One Trust Company, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement between the Trustee and the Auction Agent hereinafter defined, and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

The Issuer has previously issued \$636,000,000 aggregate principal amount of its Student Loan Asset-Backed Auction Rate Notes consisting of \$98,000,000--2000-I Senior Series A-16, \$98,000,000--2000-I Senior Series A-17, \$98,000,000--2000-I Senior Series A-18, \$98,000,000--2000-I Senior Series A-19, \$98,000,000--2000-I Senior Series A-20, \$49,000,000--2000-I Senior Series A-21, \$49,000,000--2000-I Senior Series A-22 and \$48,000,000--2000-I Senior Subordinate Series B-3, of which the BD will act as Broker-Dealer with respect to the Series A-21 and Series A-22 Notes (such Series A-21 and Series A-22 Notes hereinafter referred to as the "Auction Rate Notes" or the "ARN"). The ARN have been issued pursuant to the Trust Agreement.

The Auction Procedures set forth in the Auction Agency Agreement and the Trust Agreement to satisfy such requirement require the participation of one or more Broker-Dealers and the parties hereto have previously entered into a Broker-Dealer Agreement dated as of October 15, 2002 (the "Original BD Agreement").

Pursuant to Section 4.06 of the Original BD Agreement, the parties hereto hereby desire to amend the Original BD Agreement by execution of this Amendment as described below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

TERMS DEFINED BY REFERENCE

Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement, the Original BD Agreement and the Auction Agency Agreement.

ARTICLE II

AMENDMENTS TO SECTION 2.05 OF THE ORIGINAL BD AGREEMENT

Section 2.05 of the Original BD Agreement is hereby amended and restated in its entirety as follows:

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement, an amount for each Series of ARN equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 365/366 days, as applicable; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARN during such preceding month of (A) the aggregate principal amount of the ARN placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARN subject to valid Hold Orders (determined in accordance with the Fifth Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARN deemed to be subject to Hold Orders by Existing Note Holders pursuant to the Fifth Terms Supplement that were acquired by such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of subclause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARN through BD transfers those ARN to another person other than pursuant to an Auction, then the Broker-Dealer for the ARN so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARN. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Fifth Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee

Rate shall be effective on the Auction Date next succeeding such change. The Broker-Dealer Fee Rate shall be 0.125 % per annum.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. ENTIRE AGREEMENT. This Amendment contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 3.02. SEVERABILITY. If any clause, provision or section of this Amendment shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 3.03. EXECUTION IN COUNTERPARTS. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.04. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.05. TERMINATION OF THIS AMENDMENT. This Amendment shall expire on October 1, 2004 and each October 1 thereafter unless the fee described in Section 2.05 of this Amendment is extended or modified for a subsequent year by written notification from the Broker-Dealer to the Issuer and the Auction Agent prior to each October 1. Any modification of the fee described in Section 2.05 of this Amendment shall be effective only upon execution of a letter agreement or amendment to the Original Broker-Dealer Agreement executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC
Broker-Dealer**

By /s/ Christopher G. Cronk

 Christopher G. Cronk, Managing
 Director

FIRST AMENDMENT TO BROKER-DEALER AGREEMENT

between

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

\$175,000,000
EMT Corp.
Student Loan Asset-Backed Notes
1999 Senior Series A-7
1999 Senior Series A-8
1999 Senior Series A-9

Dated as of October 1, 2003

THIS FIRST AMENDMENT TO BROKER-DEALER AGREEMENT dated as of October 1, 2003 (this "Amendment") between DEUTSCHE BANK TRUST COMPANY AMERICAS (successor to IBJ Whitehall Bank & Trust Company) (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as amended and supplemented to September 1, 1999, by the Third Terms Supplement dated as of September 1, 1999 (the "Third Terms Supplement" and the Trust Agreement, as so amended and supplemented, referred to herein as the "Trust Agreement") between Zions First National Bank (successor to Bank One Trust Company, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 1999 between the Trustee and the Auction Agent hereinafter defined, and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

The Issuer has previously issued \$175,000,000 aggregate principal amount of Student Loan Asset-Backed Notes consisting of \$60,000,000 aggregate principal amount of 1999 Senior Series A-7, \$60,000,000 aggregate principal amount of 1999 Senior Series A-8 and \$55,000,000 aggregate principal amount of 1999 Senior Series A-9 (hereinafter referred to as the "Auction Rate Certificates" or the "ARCs"). The ARCs have been issued pursuant to the Trust Agreement.

The Auction Procedures set forth in the Auction Agency Agreement and the Trust Agreement to satisfy such requirement require the participation of one or more Broker-Dealers and the parties hereto have previously entered into a Broker-Dealer Agreement dated as of October 15, 2002 (the "Original BD Agreement").

Pursuant to Section 4.06 of the Original BD Agreement, the parties hereto hereby desire to amend the Original BD Agreement by execution of this Amendment as described below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

TERMS DEFINED BY REFERENCE

Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement, the Original BD Agreement and the Auction Agency Agreement.

ARTICLE II

AMENDMENTS TO SECTION 2.05 OF THE ORIGINAL BD AGREEMENT

Section 2.05 of the Original BD Agreement is hereby amended and restated in its entirety as follows:

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement, an amount for each Series of ARCs equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 365/366 days, as applicable; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARCs during such preceding month of (A) the aggregate principal amount of the ARCs placed by BD in such Auction that were

(1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission; and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARCS subject to valid Hold Orders (determined in accordance with the Third Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARCs deemed to be subject to Hold Orders by Existing Note Holders pursuant to the Third Terms Supplement that were acquired by such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of clause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARCs through BD transfers those ARCs to another person other than pursuant to an Auction, then the Broker-Dealer for the ARCs so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARCs. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Third Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee

Rate shall be effective on the Auction Date next succeeding such change. The Broker-Dealer Fee Rate shall be 0.125 % per annum.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. ENTIRE AGREEMENT. This Amendment contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 3.02. SEVERABILITY. If any clause, provision or section of this Amendment shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 3.03. EXECUTION IN COUNTERPARTS. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.04. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.05. TERMINATION OF THIS AMENDMENT. This Amendment shall expire on October 1, 2004 and each October 1 thereafter unless the fee described in Section 2.05 of this Amendment is extended or modified for a subsequent year by written notification from the Broker-Dealer to the Issuer and the Auction Agent prior to each October 1. Any modification of the fee described in Section 2.05 of this Amendment shall be effective only upon execution of a letter agreement or amendment to the Original Broker-Dealer Agreement executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC
Broker-Dealer**

By /s/ Christopher G. Cronk

 Christopher G. Cronk, Managing Director

EXHIBIT 10.134

FIRST AMENDMENT TO BROKER-DEALER AGREEMENT

between

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

and

BANC OF AMERICA SECURITIES LLC,
as **Broker-Dealer**

Relating to

EMT Corp.
\$50,000,000 -- 2000 Senior Series A-13
\$50,000,000 -- 2000 Senior Series A-14

Dated as of October 1, 2003

THIS FIRST AMENDMENT TO BROKER-DEALER AGREEMENT dated as of October 1, 2003 (this "Amendment") between DEUTSCHE BANK TRUST COMPANY AMERICAS (together with its successors and assigns, the "Auction Agent"), appointed as such pursuant to the provisions of a Trust Agreement dated as of May 15, 1998 (the "Trust Agreement") as amended and supplemented to April 1, 2000, by the Fourth Terms Supplement dated as of April 1, 2000 (the "Fourth Terms Supplement" and the Trust Agreement, as so amended and supplemented, referred to herein as the "Trust Agreement") between Zions First National Bank (successor to Bank One Trust Company, N.A.) (the "Trustee"), as trustee and EMT Corp. (the "Issuer") pursuant to authority granted to it in the Auction Agency Agreement between the Trustee and the Auction Agent hereinafter defined, and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

The Issuer has previously issued \$375,000,000 aggregate principal amount of its Student Loan Asset-Backed Auction Rate Notes consisting of \$70,000,000 -- 2000 Senior Series A-10, \$70,000,000 -- 2000 Senior Series A-11, \$70,000,000 -- 2000 Senior Series A-12, \$50,000,000 -- 2000 Senior Series A-13, \$50,000,000 -- 2000 Senior Series A-14, \$50,000,000 -- 2000 Senior Series A-15 and \$15,000,000 -- 2000 Senior Subordinate Series B-2, of which the BD will act as Broker-Dealer with respect to the Series A-13 and Series A-14 Notes (such Series A-13 and A-14 Notes hereinafter referred to as the "Auction Rate Notes" or the "ARN"). The ARN have been issued pursuant to the Trust Agreement.

The Auction Procedures set forth in the Auction Agency Agreement and the Trust Agreement to satisfy such requirement require the participation of one or more Broker-Dealers and the parties hereto have previously entered into a Broker-Dealer Agreement dated as of October 15, 2002 (the "Original BD Agreement").

Pursuant to Section 4.06 of the Original BD Agreement, the parties hereto hereby desire to amend the Original BD Agreement by execution of this Amendment as described below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

TERMS DEFINED BY REFERENCE

Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Trust Agreement, the Original BD Agreement and the Auction Agency Agreement.

ARTICLE II

AMENDMENTS TO SECTION 2.05 OF THE ORIGINAL BD AGREEMENT

Section 2.05 of the Original BD Agreement is hereby amended and restated in its entirety as follows:

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD.

(a) On the first Business Day in the month of December 2002 and, thereafter, on the first Business Day of each month during the term of this Agreement, the Auction Agent shall pay to BD from moneys received from the Trustee pursuant to Section 3.5(b) of the Auction Agency Agreement, an amount for each Series of ARN equal to the product of (i) a fraction, the numerator of which is the number of days in the preceding month and the denominator of which is 365/366 days, as applicable; times (ii) the Broker-Dealer Fee Rate; times (iii) the sum, on the Auction Date for such Series of ARN during such preceding month of (A) the aggregate principal amount of the ARN placed by BD in such Auction that were (1) the subject of Submitted Bids of Existing Note Holders submitted by BD and continued to be held as a result of such submission, and (2) the subject of Submitted Bids of Potential Note Holders submitted by BD and purchased as a result of such submission; (B) the aggregate principal amount of the ARN subject to valid Hold Orders (determined in accordance with the Fourth Terms Supplement) submitted to the Auction Agent by BD; and (C) the principal amount of the ARN deemed to be subject to Hold Orders by Existing Note Holders pursuant to the Fourth Terms Supplement that were acquired by such Existing Note Holders through BD; provided, however, with respect to Notes with an Auction Period of more than 35 days, the Broker-Dealers shall be entitled to payment on the first Business Day of the month immediately succeeding each Auction Date for such Series and the numerator referred to in Section 2.05(a)(i) shall be the number of days in such Auction Period or the Series Initial Period, as applicable. For purposes of clause (iii)(C) of the foregoing sentence, if any Existing Note Holder who acquired ARN through BD transfers those ARN to another person other than pursuant to an Auction, then the Broker-Dealer for the ARN so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARN. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Fourth Terms Supplement.

(b) The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise the Trustee and the Issuer, at their request, at least annually of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not equal to the prevailing rate, the Trustee, at the direction of the Issuer, shall change the Broker-Dealer Fee Rate pursuant to the terms of the Auction Agency Agreement and shall notify the Auction Agent and BD thereof. Any change in the Broker-Dealer Fee

Rate shall be effective on the Auction Date next succeeding such change. The Broker-Dealer Fee Rate shall be 0.125 % per annum.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. ENTIRE AGREEMENT. This Amendment contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 3.02. SEVERABILITY. If any clause, provision or section of this Amendment shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 3.03. EXECUTION IN COUNTERPARTS. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.04. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.05. TERMINATION OF THIS AMENDMENT. This Amendment shall expire on October 1, 2004 and each October 1 thereafter unless the fee described in Section 2.05 of this Amendment is extended or modified for a subsequent year by written notification from the Broker-Dealer to the Issuer and the Auction Agent prior to each October 1. Any modification of the fee described in Section 2.05 of this Amendment shall be effective only upon execution of a letter agreement or amendment to the Original Broker-Dealer Agreement executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC
Broker-Dealer**

By /s/ Christopher G. Cronk

 Christopher G. Cronk, Managing Director

FIRST AMENDMENT TO BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$48,300,000 Senior Auction Rate Class 1996A-1 Auction Rate Securities(sm)

(ARS(sm))

\$73,700,000 Senior Auction Rate Class 1996A-3 Auction Rate Securities(sm)
(ARS(sm))

\$54,300,000 Senior Auction Rate Class 1996A-4 Auction Rate Securities(sm)
(ARS(sm))

Dated as of October 1, 2003

THIS FIRST AMENDMENT TO BROKER-DEALER AGREEMENT dated as of October 1, 2003 (this "Amendment") among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("NELNET-1"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under the Second Amended and Restated Indenture of Trust dated as of November 1, 1996 (the "Indenture"), by and between NELNET-1 and the Trustee pursuant to authority granted to it in the Amended and Restated Auction Agency Agreement dated as of November 1, 1996, among NELNET-1, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-1 has previously issued \$48,300,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-1, as Auction Rate Securities(sm), \$73,700,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-3, as Auction Rate Securities(sm) and \$54,300,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-4, as Auction Rate Securities(sm) (collectively, the "ARS (sm)").

The Auction Procedures set forth in the Auction Agency Agreement and the Indenture to satisfy such requirement require the participation of one or more Broker-Dealers and the parties hereto have previously entered into a Broker-Dealer Agreement dated as of October 15, 2002 (the "Original BD Agreement").

Pursuant to Section 4.06 of the Original BD Agreement, the parties hereto hereby desire to amend the Original BD Agreement by execution of this Amendment as described below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-1, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

TERMS DEFINED BY REFERENCE

Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture, the Original BD Agreement and the Auction Agency Agreement.

ARTICLE II

AMENDMENTS TO SECTION 2.05 OF THE ORIGINAL BD AGREEMENT

Section 2.05 of the Original BD Agreement is hereby amended and restated in its entirety as follows:

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge

for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix A to the Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .125 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-1, at NELNET-1's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-1 and the Auction Agent, the prevailing rate, NELNET-1 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. ENTIRE AGREEMENT. This Amendment contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 3.02. SEVERABILITY. If any clause, provision or section of this Amendment shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or

unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 3.03. EXECUTION IN COUNTERPARTS. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.04. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.05. TERMINATION OF THIS AMENDMENT. This Amendment shall expire on October 1, 2004 and each October 1 thereafter unless the fee described in Section 2.05 of this Amendment is extended or modified for a subsequent year by written notification from the Broker-Dealer to the Issuer and the Auction Agent prior to each October 1. Any modification of the fee described in Section 2.05 of this Amendment shall be effective only upon execution of a letter agreement or amendment to the Original Broker-Dealer Agreement executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

*BANC OF AMERICA SECURITIES LLC
Broker-Dealer*

By /s/ Christopher G. Cronk

Christopher G. Cronk, Managing Director

**NELNET STUDENT LOAN CORPORATION-1,
as Issuer**

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

FIRST AMENDMENT TO BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$70,000,000 Subordinate Class 1998B-5 Auction Rate Securities(SM) (ARS(SM))

Dated as of October 1, 2003

THIS FIRST AMENDMENT TO BROKER-DEALER AGREEMENT dated as of October 1, 2003 (this "Amendment") among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("Nelnet"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under the Second Amended and Restated Indenture of Trust dated as of November 1, 1996 (the "Amended Indenture") and the Series 1998 Supplemental Indenture of Trust dated as of December 15, 1998 (the "1998 Supplemental Indenture," and together with the Amended indenture, the "Indenture"), each by and between Nelnet and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of December 15, 1998, among Nelnet, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

Nelnet has previously issued \$70,000,000 of its Taxable Student Loan Asset-Backed Notes, Subordinate Class 1998B-5, as Auction Rate Securities(sm) (the "ARS(sm)").

The Auction Procedures set forth in the Auction Agency Agreement and the Indenture to satisfy such requirement require the participation of one or more Broker-Dealers and the parties hereto have previously entered into a Broker-Dealer Agreement dated as of October 15, 2002 (the "Original BD Agreement").

Pursuant to Section 4.06 of the Original BD Agreement, the parties hereto hereby desire to amend the Original BD Agreement by execution of this Amendment as described below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Nelnet, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

TERMS DEFINED BY REFERENCE

Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture, the Original BD Agreement and the Auction Agency Agreement.

ARTICLE II

AMENDMENTS TO SECTION 2.05 OF THE ORIGINAL BD AGREEMENT

Section 2.05 of the Original BD Agreement is hereby amended and restated in its entirety as follows:

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of

(a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix A to the 1998 Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 1998 Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .125 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise Nelnet, at Nelnet's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of Nelnet and the Auction Agent, the prevailing rate, Nelnet shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. ENTIRE AGREEMENT. This Amendment contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 3.02. SEVERABILITY. If any clause, provision or section of this Amendment shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or

unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 3.03. EXECUTION IN COUNTERPARTS. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.04. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.05. TERMINATION OF THIS AMENDMENT. This Amendment shall expire on October 1, 2004 and each October 1 thereafter unless the fee described in Section 2.05 of this Amendment is extended or modified for a subsequent year by written notification from the Broker-Dealer to the Issuer and the Auction Agent prior to each October 1. Any modification of the fee described in Section 2.05 of this Amendment shall be effective only upon execution of a letter agreement or amendment to the Original Broker-Dealer Agreement executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC
Broker-Dealer**

By /s/ Christopher G. Cronk

Christopher G. Cronk, Managing Director

NELNET STUDENT LOAN CORPORATION-1, as Issuer

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

FIRST AMENDMENT TO BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-2,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-2
Taxable Student Loan Asset-Backed Notes

\$100,000,000 Senior Class 2001A-5 Auction Rate Notes

Dated as of October 1, 2003

THIS FIRST AMENDMENT TO BROKER-DEALER AGREEMENT dated as of October 1, 2003 (this "Amendment") among NELNET STUDENT LOAN CORPORATION-2 ("NELNET-2"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under an Indenture of Trust dated as of June 1, 2000 (as previously amended, the "Original Indenture") and the Series 2001B Supplemental Indenture of Trust dated as of September 1, 2001 (the "2001B Supplemental Indenture," and together with the original Indenture, the "Indenture"), each by and between NELNET-2 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of September 1, 2001, among NELNET-2, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-2 has previously issued \$100,000,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 2001A-5, as Auction Rate Notes (collectively, the "Auction Rate Notes").

The Auction Procedures set forth in the Auction Agency Agreement and the Indenture to satisfy such requirement require the participation of one or more Broker-Dealers and the parties hereto have previously entered into a Broker-Dealer Agreement dated as of September 1, 2001 (the "Original BD Agreement").

Pursuant to Section 4.06 of the Original BD Agreement, the parties hereto hereby desire to amend the Original BD Agreement by execution of this Amendment as described below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-2, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

TERMS DEFINED BY REFERENCE

Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Indenture, the Original BD Agreement and the Auction Agency Agreement.

ARTICLE II

AMENDMENTS TO SECTION 2.05 OF THE ORIGINAL BD AGREEMENT

Section 2.05 of the Original BD Agreement is hereby amended and restated in its entirety as follows:

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.05(b) of the Auction Agency Agreement, a service charge

for the succeeding Interest Period in an amount equal to the sum of the product of (a) a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the Auction Rate Notes) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the Auction Rate Notes that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the Auction Rate Notes subject to valid Hold Orders (determined in accordance with Appendix A to the 2001B Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the Auction Rate Notes deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix A to the 2001B Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause

(c)(iii) of the foregoing sentence, if any Existing Holder who acquired Auction Rate Notes through BD transfers those Auction Rate Notes to another Person other than pursuant to an Auction, then the Broker-Dealer for the Auction Rate Notes so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such Auction Rate Notes. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .125 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-2, at NELNET-2's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-2 and the Auction Agent, the prevailing rate, NELNET-2 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. ENTIRE AGREEMENT. This Amendment contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 3.02. SEVERABILITY. If any clause, provision or section of this Amendment shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 3.03. EXECUTION IN COUNTERPARTS. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.04. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.05. TERMINATION OF THIS AMENDMENT. This Amendment shall expire on October 1, 2004 and each October 1 thereafter unless the fee described in Section 2.05 of this Amendment is extended or modified for a subsequent year by written notification from the Broker-Dealer to the Issuer and the Auction Agent prior to each October 1. Any modification of the fee described in Section 2.05 of this Amendment shall be effective only upon execution of a letter agreement or amendment to the Original Broker-Dealer Agreement executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

/s/ Linda Reale
By _____

Linda Reale
Name _____

VP
Title _____

**BANC OF AMERICA SECURITIES LLC
Broker-Dealer**

/s/ Christopher G. Cronk
By _____
Christopher G. Cronk, Managing Director

**NELNET STUDENT LOAN CORPORATION-1,
as Issuer**

/s/ Terry J. Heimes
By _____
Terry J. Heimes, Vice President

FIRST AMENDMENT TO BROKER-DEALER AGREEMENT

among

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Auction Agent,

NELNET STUDENT LOAN CORPORATION-1,
as Issuer

and

BANC OF AMERICA SECURITIES LLC,
as Broker-Dealer

Relating to

NELNET Student Loan Corporation-1
Taxable Student Loan Asset-Backed Notes

\$75,500,000 Senior Class 1996A-6 Auction Rate Securities(SM) (ARS(SM))

Dated as of October 1, 2003

THIS FIRST AMENDMENT TO BROKER-DEALER AGREEMENT dated as of October 1, 2003 (this "Amendment") among NELNET STUDENT LOAN CORPORATION-1 (formerly known as Union Financial Services-1, Inc.) ("NELNET-1"), DEUTSCHE BANK TRUST COMPANY AMERICAS (formerly known as Bankers Trust Company) (together with its successors and assigns, the "Auction Agent"), not in its individual capacity but solely as agent of Zions First National Bank, as successor trustee (the "Trustee") under the Second Amended and Restated Indenture of Trust dated as of November 1, 1996 (the "Indenture") and the Series 1996C Supplemental Indenture of Trust dated as of November 1, 1996 (the "Supplemental Indenture"), each by and between NELNET-1 and the Trustee pursuant to authority granted to it in the Auction Agency Agreement dated as of November 1, 1996, among NELNET-1, the Trustee and the Auction Agent (the "Auction Agency Agreement"), and BANC OF AMERICA SECURITIES LLC (together with its successors and assigns hereinafter referred to as "BD").

NELNET-1 has previously issued \$75,500,000 of its Taxable Student Loan Asset-Backed Notes, Senior Class 1996A-6, as Auction Rate Securities(sm) (collectively, the "ARS(sm)").

The Auction Procedures set forth in the Auction Agency Agreement and the Supplemental Indenture to satisfy such requirement require the participation of one or more Broker-Dealers and the parties hereto have previously entered into a Broker-Dealer Agreement dated as of October 15, 2002 (the "Original BD Agreement").

Pursuant to Section 4.06 of the Original BD Agreement, the parties hereto hereby desire to amend the Original BD Agreement by execution of this Amendment as described below.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NELNET-1, the Auction Agent, as agent of the Trustee, and BD agree as follows:

ARTICLE I

TERMS DEFINED BY REFERENCE

Capitalized terms not defined herein shall have the respective meanings specified in or pursuant to the Supplemental Indenture, the Original BD Agreement and the Auction Agency Agreement.

ARTICLE II

AMENDMENTS TO SECTION 2.05 OF THE ORIGINAL BD AGREEMENT

Section 2.05 of the Original BD Agreement is hereby amended and restated in its entirety as follows:

SECTION 2.05. SERVICE CHARGE TO BE PAID TO BD. On each Interest Payment Date, for the term of this Agreement, the Auction Agent shall pay to BD, pursuant to Section 3.5(b) of the Auction Agency Agreement, a service charge for the succeeding Interest Period in an amount equal to the sum of the product of (a)

a fraction, the numerator of which is the number of days in each Auction Period occurring during such Interest Period (or, in the case of the initial Interest Period, the actual number of days elapsed since the date of delivery of the ARS) and the denominator of which is 360, times (b) the Broker-Dealer Fee Rate times (c) the sum of (i) the sum of the aggregate principal amount of the ARS that were (A) the subject of Submitted Bids of Existing Holders submitted by BD and continued to be held as a result of such submission and (B) the subject of Submitted Bids of Potential Holders submitted by BD and purchased as a result of such submission and (ii) the aggregate principal amount of the ARS subject to valid Hold Orders (determined in accordance with Appendix B to the Supplemental Indenture) submitted to the Auction Agent by BD and (iii) the principal amount of the ARS deemed to be subject to Hold Orders by Existing Holders pursuant to Appendix B to the Supplemental Indenture that were acquired by such Existing Holders through BD in the Auction for such Auction Period. For purposes of subclause (c)(iii) of the foregoing sentence, if any Existing Holder who acquired ARS through BD transfers those ARS to another Person other than pursuant to an Auction, then the Broker-Dealer for the ARS so transferred shall continue to be BD; provided, however, that if the transfer was effected by, or if the transferee is, a Broker-Dealer other than BD, then such Broker-Dealer shall be the Broker-Dealer for such ARS. If for any reason an Auction is not held on an Auction Date, there shall be no Broker-Dealer Fee applicable with respect to such Auction Date. The Broker-Dealer Fee Rate shall be .125 of 1% per annum. The Broker-Dealer Fee shall be payable solely out of amounts received by the Auction Agent pursuant to the Indenture.

The Broker-Dealer Fee Rate shall be the prevailing rate received by broker-dealers for rendering comparable services to others. The Auction Agent shall advise NELNET-1, at NELNET-1's request, at least annually of its view of such then current prevailing rate. If the then current Broker-Dealer Fee Rate is not, in the opinion of NELNET-1 and the Auction Agent, the prevailing rate, NELNET-1 shall change the Broker-Dealer Fee Rate pursuant to the terms hereof and shall notify the Auction Agent and the Broker-Dealer in writing thereof. Any change in the Broker-Dealer Fee Rate shall be effective on the Auction Date next succeeding such change.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. ENTIRE AGREEMENT. This Amendment contains the entire agreement between the parties relating to the subject matter hereof, and there are no other representations, endorsements, promises, agreements or understandings, oral, written or inferred, between the parties relating to the subject matter hereof.

SECTION 3.02. SEVERABILITY. If any clause, provision or section of this Amendment shall be ruled invalid or unenforceable by any court of competent jurisdiction, the invalidity or

unenforceability of such clause, provision or section shall not affect any remaining clause, provision or section hereof.

SECTION 3.03. EXECUTION IN COUNTERPARTS. This Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 3.04. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 3.05. TERMINATION OF THIS AMENDMENT. This Amendment shall expire on October 1, 2004 and each October 1 thereafter unless the fee described in Section 2.05 of this Amendment is extended or modified for a subsequent year by written notification from the Broker-Dealer to the Issuer and the Auction Agent prior to each October 1. Any modification of the fee described in Section 2.05 of this Amendment shall be effective only upon execution of a letter agreement or amendment to the Original Broker-Dealer Agreement executed by each of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Broker-Dealer Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

**DEUTSCHE BANK TRUST COMPANY
AMERICAS, as Auction Agent**

By /s/ Linda Reale

Name Linda Reale

Title VP

**BANC OF AMERICA SECURITIES LLC
Broker-Dealer**

By /s/ Christopher G. Cronk

Christopher G. Cronk, Managing Director

**NELNET STUDENT LOAN CORPORATION-1,
as Issuer**

By /s/ Terry J. Heimes

Terry J. Heimes, Vice President

EXHIBIT 10.139

[JPMorgan LOGO]

TERMINATION OF A CAP TRANSACTION

The purpose of this letter agreement is to confirm the total termination of the Cap Transaction entered into between:

JPMORGAN CHASE BANK
(JPMorgan')

and

NELNET INCORPORATED
(the 'Counterparty')

The terms of the particular Cap Transaction to which this Confirmation relates are as follows:

A. TRANSACTION DETAILS:

JPMorgan Deal Number(s):	2000005032231
Notional Amount:	USD 500,000,000.00
Trade Date:	30 July 2003
Effective Date:	01 August 2003
Termination Date:	01 August 2005 subject to adjustment in accordance with the Modified Following Business. Day Convention.
FEE PAYABLE TO COUNTERPARTY:	USD 5,987,500.00
PAYMENT DATE:	20 OCTOBER 2003

Effective as of 16 October 2003 the Cap Transaction(s) shall be terminated and after payment of the fee, neither party shall have any obligation to the other party thereunder.

B. ACCOUNT DETAILS:

Payments to Counterparty in USD:	As per your standard settlement instructions.
C.	OFFICES
JPMorgan:	NEW YORK
Counterparty:	LINCOLN

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us or by sending to us a letter, telex or facsimile substantially similar to this letter, which letter, telex or facsimile sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms. When referring to this Confirmation, please indicate: JPMorgan Deal Number(s): 2000005032231

On Behalf of JP Morgan Securities Inc.
As Agent for JPMorgan Chase Bank

/s/ Deborah Hooper

Name: Deborah Hooper

Title: Vice President

Accepted and confirmed as of the date
first written:

NELNET INCORPORATED

/s/ Terry J. Heimes

Name: Terry J. Heimes

Title: CFO

Your reference number: 5032231

[JPMorgan LOGO]

Client Service Group

All queries regarding confirmations should be sent to:

JPMorgan Chase Bank and J P Morgan Ltd.

Contacts

JPMorgan Contact	Telephone Number
CLIENT SERVICE GROUP	(001) 7182427553
Group e-mail address:	
Facsimile:	(001) 8888033606
Telex:	

Cable:

Please quote the JPMorgan deal Number(s): 2000005032231.

EXHIBIT 10.140

[JPMorgan LOGO]

JPMORGAN CHASE BANK
Global Derivative Operations
4 Metrotech CENTER, 17th Floor
Brooklyn, New York 11245

**INTEREST RATE SWAP CONFIRMATION
AMENDED AND RESTATED**

**TO : NELNET INCORPORATED
LINCOLN NE
USA**

ATTN: Hannah Smitterberg
ATTN : Swap Operations
FAX : 1480-947-5452
DATE : 24 October 2003
RE : Transaction Reference No. 0002320282 / 66675214/66675215

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date below. It constitutes a "Confirmation" as referred to in the ISDA Master Agreement described below.

The definitions and provisions contained in the 2000 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. ("ISDA") are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the Derivatives Trading Arrangement dated as of 20 May 2002, as amended and supplemented from time to time (the "Agreement"), between JPMorgan Chase Bank ("JPMorgan") and Nelnet Incorporated ("Counterparty"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.
2. The terms of the particular Transaction to which this Confirmation relates are as follows:

NOTIONAL AMOUNT:	USD 150,000,000.00
TRADE DATE:	1 October 2003
EFFECTIVE DATE:	2 October 2003
TERMINATION DATE:	6 September 2005, subject to adjustment in accordance with the Following Business Day Convention.

FIXED AMOUNTS:

FIXED RATE PAYER: COUNTERPARTY

FIXED RATE PAYER
PAYMENT DATES: 28 Calendar days following the Effective Date commencing on 2 OCTOBER 2003, and on each day thereafter that is 28 Calendar days following the previous Period End Date subject to adjustment in accordance with the Following Business Day Convention.

FIXED RATE: 1.683750 percent

FIXED RATE
DAY COUNT FRACTION: Actual/360

BUSINESS DAYS: New York

FLOATING AMOUNTS:

FLOATING RATE PAYER: JPMORGAN

FLOATING RATE PAYER
PAYMENT DATES: On each Fixed Rate Payer Payment Date.FLOATING RATE FOR INITIAL
CALCULATION PERIOD: 1.120000 Percent

FLOATING RATE OPTION: USD - LIBOR - BBA

SPREAD: None

DESIGNATED MATURITY: 1 Month

RESET DATES: The first day of each Calculation Period.

COMPOUNDING: Not Applicable

FLOATING RATE
DAY COUNT FRACTION: Actual/360

BUSINESS DAYS: New York

CALCULATION AGENT: JPMorgan, unless otherwise specified in the Agreement

3. ACCOUNT DETAILS

PAYMENTS TO JPMORGAN:

**JPMORGAN CHASE BANK, NEW YORK,
JPMORGAN, NY ABA# 021000021, A/C# 900-900-1364**

**PAYMENTS TO COUNTERPARTY:
To be Advised**

4. OFFICE, ADDRESS AND TELEPHONE NUMBER FOR NOTICES IN CONNECTION WITH THIS TRANSACTION

(a) COUNTERPARTY: its Office in
LINCOLN NE USA ATTN: JULIE HEYEN/NANCY HARMS
FAX: 402-458-2399

(b) JPMORGAN: its head Office in New York c/o Global Derivative Operations 4 Metrotech Center, 17th Floor Brooklyn, New York 11245

5. DOCUMENTS TO BE DELIVERED

Each party shall deliver to the other, at the time of its execution of this Confirmation, evidence of the incumbency and specimen signature of the person(s) executing this Confirmation, unless such evidence has been previously supplied and remains true and in effect.

6. RELATIONSHIP BETWEEN PARTIES

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction): -

(a) Non-Reliance. It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(b) Assessment and Understanding. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is capable of assuming, and assumes the risks of that Transaction.

(c) Status of Parties. The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us.

Yours sincerely,

JPMORGAN CHASE BANK

By: /s/ DEBORAH HOOPER

Name: DEBORAH HOOPER

Title: VICE PRESIDENT

Confirmed as of the date first
above written:

NELNET INCORPORATED

By: /s/ Terry J. Heimes

Name: Terry J. Heimes

Title: CFO

mng/(a)kw

JPMORGAN CHASE BANK, NEW YORK
C/O 4 METROTECH CENTER, 17TH FLOOR, BROOKLYN, NEW YORK 11245

GLOBAL DERIVATIVE OPERATIONS CONTACT LIST

CONFIRMATIONS

SINGLE AND CROSS CURRENCY SWAPS, FRA'S AND INTEREST RATE OPTIONS

TELEPHONE FACSIMILE

Return executed confirmations / Send your confirmations to:

(718) 242 9260 / 9262 / 9263

Discrepancies with Confirm: (718) 242 7294 / 7296 / 3100
(718) 242 9260 / 9262 / 9263

If you did not receive our Confirmation: (718) 242 3313 / 3089 / 3323
(718) 242 9260 / 9262 / 9263

RATE RESET ADVICES

(SINGLE AND CROSS CURRENCY SWAPS, FRA'S AND INTEREST RATE OPTIONS)

JPMORGAN CHASE BANK, NEW YORK BRANCH

If you did not receive a
Rate Reset Advice: (718)242 3121 / 7359 (718) 242 4206

PAYMENTS

(SINGLE AND CROSS CURRENCY SWAPS, FRA'S AND INTEREST RATE OPTIONS)

JPMORGAN CHASE BANK, NEW YORK BRANCH

Pre-Settlement: (718) 242 3187 / 2827 / 3098 (718) 242 5826 Customer Service: (718) 242 7294 / 7296 (718) 242 4216 Email:
ny.pre.customer.service@jpmorgan.com Email: ny.post.customer.service@jpmorgan.com

MARK-TO-MARKET (VALUATIONS)

Kerri Kowing (212) 834 7302
Anthony Mikulski (212) 834 7024

JPMorgan Chase Bank, New York S.W.I.F.T BIC (CHASUS33) Telex 420120 CMB UW

Exhibit 23.1

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Nelnet, Inc.:

We consent to the use of our report dated March 21, 2003, except as to note 20, which is as of August 14, 2003 and notes 19 and 21, which are as of November 10, 2003 in Pre-Effective Amendment No. 4 to the registration statement on Form S-1 of Nelnet, Inc., with respect to the consolidated balance sheets of Nelnet, Inc. and subsidiaries as of December 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2002, included herein and to the reference to our firm under the heading "Experts" in the registration statement. As more fully described in notes 19 and 21 of notes to the consolidated financial statements, the Company's consolidated financial statements have been restated to reflect certain adjustments to intangible assets and deferred taxes and to disclose segment information as of December 31, 2002 and 2001, and for each of the years in the three-year period ended December 31, 2002.

*/s/ KPMG LLP
Lincoln, Nebraska
November 10, 2003*

End of Filing

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