

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

**FORM 8-K**

**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported) October 6, 2006**

**NELNET, INC.**

(Exact name of registrant as specified in its charter)

Nebraska ----- (State of other jurisdiction of incorporation)	001-31924 ----- (Commission File Number)	84-0748903 ----- (IRS Employer Identification No.)
121 South 13th Street, Suite 201, Lincoln, Nebraska ----- (Address of principal executive offices)		68508 ----- (ZipCode)

Registrant's telephone number, including area code (402) 458-2303

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act

(17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act

(17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## ITEM 8.01 OTHER EVENTS.

On October 6, 2006, Nelnet, Inc. (the "Company") received a letter from the Department of Education (the "Department") related to the previously disclosed audit report issued on September 29, 2006 by the Department's Office of Inspector General (the "OIG") regarding the Company's portfolio of student loans receiving 9.5% special allowance payments. The Department's letter indicated that, until the issues raised in the OIG audit report are resolved, the Department will pay future regular special allowance payments on the underlying loans at the generally applicable statutory rate, and not the 9.5% special allowance rate. The letter also stated that if resolution of the audit upholds the propriety of Nelnet's billings for special allowance payments at the 9.5% minimum rate, the Department will pay the withheld amounts.

The Company estimates that the special allowance payments to be withheld will be approximately \$10 million for the quarter ended September 30, 2006.

The Company disagrees with the OIG's audit report, and continues to believe that the Company has billed for the 9.5% special allowance payments in accordance with applicable laws, regulations and the Department's previous guidance. The Company intends to seek a satisfactory resolution of this matter with the Department, and examine other remedies if a satisfactory resolution cannot be reached with the Department. However, the Company cannot predict the final outcome of any subsequent review by the Department or of any administrative or other legal proceedings following any further action by the Department. If the Company is ultimately required to return deemed overpayments in connection with the 9.5% special allowance payment program, is no longer eligible to receive 9.5% special allowance payments, and/or incurs significant other costs, expenses or loss of revenues associated with an adverse final outcome of this matter, it may have a material adverse effect on the Company's financial condition and results of operations.

The Company issued a press release on October 6, 2006 announcing it received the letter from the Department. A copy of the press release is attached to this report as Exhibit 99.1 and is hereby incorporated by reference into this Item 8.01.

Information contained or incorporated in this report, other than historical information, may be considered forward looking in nature and is subject to various risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or expected. Among the key factors that may have a direct bearing on Nelnet's operating results, performance, or financial condition expressed or implied by the forward-looking statements are the pending nature of the resolution of the audit and the issues related thereto discussed in this report, changes in terms of student loans and the educational credit marketplace, changes in the demand for educational financing or in financing preferences of educational institutions, students and their families, or changes in the general interest rate environment and in the securitization markets for education loans.

## ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits. The following exhibit is filed as part of this report:

Exhibit No.	Description
99.1	Press release by Nelnet, Inc. dated October 6, 2006 - "Nelnet receives letter from Department of Education"

**SIGNATURES**

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

**NELNET, INC.**

*Date: October 6, 2006*

*By: /s/ TERRY J. HEIMES*

-----  
*Terry J. Heimes  
Chief Financial Officer*

## EXHIBIT INDEX

Exhibit No.	Description
99.1	Press release by Nelnet, Inc. dated October 6, 2006 - "Nelnet receives letter from Department of Education"

Nelnet receives letter from Department of Education

LINCOLN, Neb., October 6, 2006 - Nelnet (NYSE: NNI) announced today it received a letter from the Department of Education (Department) related to a previously announced audit report by the Department's Office of Inspector General (OIG) regarding certain loans receiving 9.5% special allowance payments. In its letter, the Department said that, until this matter is resolved, the Department will pay Nelnet's request for its special allowance payments using the generally applicable special allowance formulas, and not the 9.5% special allowance rate for these loans. The Department will pay the differential if the matter is resolved in the company's favor.

The Department said in its letter, "If resolution of the audit finding upholds the propriety of Nelnet's claim for special allowance at the 9.5% minimum return rate for some or all of the questioned loans, the Department will pay."

Nelnet believes the OIG audit report is incorrect and that the company has billed for these special allowance payments in accordance with applicable laws, regulations, and the Department's previous guidance, and therefore, disagrees with the Department's letter. Nelnet estimates the special allowance payments that will be withheld to be approximately \$10 million for the third-quarter 2006.

The company will continue its focus on serving education-seeking families while working with the Department to reach a timely resolution of this matter. Nelnet will also examine all other remedies that prove the merits of the company's position.

**About Nelnet**

For 28 years, Nelnet has been helping the education-seeking family plan for their education, pay for their education, and prepare for their careers. The company has invested hundreds of millions of dollars in products, services, and technology improvements for students and the educational institutions they attend. These services include live counseling to help families through all aspects of the financial aid process, benefits for borrowers, including tens of millions of dollars in fee reductions, and Nelnet sponsored scholarships. Nelnet serves students in 50 states, employs approximately 3700 associates, and has \$22.4 billion in net student loan assets.

Additional information is available at [www.nelnet.net](http://www.nelnet.net)

Information contained in this press release, other than historical information, may be considered forward looking in nature and is subject to various risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated, or expected. Among the key factors that may have a direct bearing on Nelnet's operating results, performance, or financial condition expressed or implied by the forward-looking statements are the pending nature of the resolution of the audit discussed in this press release, changes in terms of student loans and the educational credit marketplace, changes in the demand for educational financing or in financing preferences of educational institutions, students and their families, or changes in the general interest rate environment and in the securitization markets for education loans.