

FORM 4

[] Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2008
Estimated average burden hours per response... 0.5

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP
OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
Section 17(a) of the Public
Utility Holding Company Act of 1935 or Section 30(f) of the
Investment Company Act of 1940

1. Name and Address of Reporting Person * BUTTERFIELD STEPHEN F <small>(Last) (First) (Middle)</small> 121 SOUTH 13TH STREET, SUITE 201 <small>(Street)</small> LINCOLN, NE 68508 <small>(City) (State) (Zip)</small>	2. Issuer Name and Ticker or Trading Symbol NELNET INC [NNI]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) Vice Chairman, Co-CEO
3. Date of Earliest Transaction (MM/DD/YYYY) <p align="center">9/25/2006</p>		6. Individual or Joint/Group Filing (Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
4. If Amendment, Date Original Filed <small>(MM/DD/YYYY)</small>		

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security <small>(Instr. 3)</small>	2. Trans. Date	2A. Deemed Execution Date, if any	3. Trans. Code <small>(Instr. 8)</small>				4. Securities Acquired (A) or Disposed of (D) <small>(Instr. 3, 4 and 5)</small>	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) <small>(Instr. 3 and 4)</small>	6. Ownership Form: Direct (D) or Indirect (I) <small>(Instr. 4)</small>	7. Nature of Indirect Beneficial Ownership <small>(Instr. 4)</small>
			Code	V	Amount	(A) or (D)				
Class B Common Stock	9/25/2006		S	(1)	400000	D	\$30.53	3868083 (2) (3)	D	

Table II - Derivative Securities Beneficially Owned (e.g. , puts, calls, warrants, options, convertible securities)

1. Title of Derivate Security <small>(Instr. 3)</small>	2. Conversion or Exercise Price of Derivative Security	3. Trans. Date	3A. Deemed Execution Date, if any	4. Trans. Code <small>(Instr. 8)</small>		5. Number of Derivative Securities Acquired (A) or Disposed of (D) <small>(Instr. 3, 4 and 5)</small>		6. Date Exercisable and Expiration Date		7. Title and Amount of Securities Underlying Derivative Security <small>(Instr. 3 and 4)</small>		8. Price of Derivative Security <small>(Instr. 5)</small>	9. Number of derivative Securities Beneficially Owned Following Reported Transaction (s) <small>(Instr. 4)</small>	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) <small>(Instr. 4)</small>	11. Nature of Indirect Beneficial Ownership <small>(Instr. 4)</small>
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				

Explanation of Responses:

- (1) The reporting person sold the shares in a private transaction to Farmers & Merchants Investment Inc., of which Michael S. Dunlap and Angela L. Muhleisen, who is a sister of Michael S. Dunlap, are executive officers, members of the board of directors and own or control 38.4% and 35.9%, respectively, of the outstanding stock. Michael S. Dunlap is an executive officer, member of the board of directors and more than 10% owner of the issuer, and thus is a Section 16 reporting person with respect to the issuer. Angela L. Muhleisen is deemed to be a more than 10% owner of the issuer, and thus is a Section 16 reporting person with respect to the issuer.
- (2) Reflects distributions and other transfers to the reporting person from the Stephen F. Butterfield GRAT of a total of 91,975 shares of Class B Common Stock and a gift by the reporting person of 17,142 shares of Class B Common Stock on August 24, 2006.
- (3) The reporting person also may be deemed to have indirect beneficial ownership of 1,586,691 shares of Class B Common Stock held by Union Financial Services, Inc., and 508,025 shares of Class B Common Stock held by the Stephen F. Butterfield GRAT, which number of shares held by the GRAT reflects distributions and other transfers by the GRAT to the reporting person of a total of 91,975 shares of Class B Common Stock. The reporting person disclaims beneficial ownership of the shares held by Union Financial Services, Inc. except to the extent of his pecuniary interest in the holder thereof, and this report shall not be deemed an admission that the reporting person is the beneficial owner of such securities for purposes of Section 16 or for any other purpose.

Reporting Owners

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Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BUTTERFIELD STEPHEN F 121 SOUTH 13TH STREET SUITE 201 LINCOLN, NE 68508	X	X	Vice Chairman, Co-CEO	

Signatures

/s/ William J. Munn, Attorney-in-Fact for Stephen F. Butterfield

9/26/2006

** Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.