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)
APRIL 27, 2007

NELNET, INC.

(Exact name of registrant as specified in its charter)

NEBRASKA	001-31924	84-0748903
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

121 SOUTH 13TH STREET SUITE 201 LINCOLN, NEBRASKA	68508
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (402) 458-2370

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 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On April 27, 2007, Nelnet, Inc. issued a press release with respect to its earnings for the quarter ended March 31, 2007, which is furnished as Exhibit 99.1 to this Current Report on Form 8-K. Additional information for the quarter, which is available on the Registrant's website at www.nelnet.net, is furnished as Exhibit 99.2.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits. The following exhibits are filed or furnished as part of this report:

Exhibit No.	Description
99.1	Press Release dated April 27, 2007 - "Nelnet reports strong first-quarter 2007 results; student loan assets top $25 billion"
99.2	Additional Information Available on the Registrant's Website

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.

Dated: April 27, 2007

NELNET, INC.

By: /s/ TERRY J. HEIMES
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Name: Terry J. Heimes
Title: Chief Financial Officer

EXHIBIT INDEX

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99.2	Additional Information Available on the Registrant's Website

Media Contact: Ben Kiser, 402.458.3024
Investor Contact: Cheryl Watson, 317.469.2064

For immediate release

NELNET REPORTS STRONG FIRST-QUARTER 2007 RESULTS; STUDENT LOAN ASSETS TOP $25 BILLION

o NET STUDENT LOAN ASSETS INCREASED 17 PERCENT YEAR OVER YEAR
o FEE-BASED REVENUE 58 PERCENT OF TOTAL REVENUE

LINCOLN, Neb., April 27, 2007 -- Nelnet, Inc. (NYSE: NNI) today reported GAAP net income for the first-quarter 2007 of $14.8 million, or $0.29 per share, compared with $52.1 million, or $0.96 per share, for the first-quarter 2006. Base net income for the first-quarter 2007 was $27.7 million, or $0.54 per share, compared with $31.6 million, or $0.59 per share, for the same period a year ago. For the first quarter of 2006, base net income excluding the special allowance yield adjustment and net derivative settlements was $20.4 million, or $0.38 per share.

"We continued our focus on the key elements important to delivering sustainable, long-term value," said Mike Dunlap, Nelnet Chairman and Co-Chief Executive Officer. "In the first quarter, we reported strong results in which we delivered on each of these key elements by increasing our student loan assets and diversifying and increasing our fee-based revenue. We will maintain our center of attention on these elements and providing exceptional service to students, families, and schools throughout the education life cycle."

Student Loan Assets

Net student loan assets increased by $3.7 billion, or 17 percent, year over year to $25.0 billion. The company reported net consolidation loan originations of $590.4 million and net new consolidation loan originations of $351.0 million for the first quarter of 2007.

Fee-based Revenue

Fee-based revenue for the first quarter of 2007 represented 58 percent of Nelnet's total revenue. This is an increase from the first quarter of 2006 when fee-based revenue represented 44 percent of total revenue.

Income from loan and guarantee servicing fees was $49.4 million for the first-quarter 2007, up from $47.1 million for the first-quarter 2006. Loan and guarantee servicing income includes $2.4 million before taxes or $1.5 million after taxes of incentive revenue earned by EDULINX through its existing contract with the Government of Canada.

Other fee-based income, generated primarily by Nelnet Business Solutions and Enrollment Services, increased to $40.0 million for the first quarter of 2007 compared with $18.2 million for the same period a year ago.

Capital Deployment

In the first-quarter of 2006, Nelnet repurchased 3.1 million shares, including 2.7 million shares from certain members of management, for an average price of $24.65 per share. The company has the authority to repurchase an additional 5 million shares under its existing stock repurchase program.

Margin Analysis

For the first quarter of 2007, Nelnet reported net interest income of $68.3 million compared with $86.3 million for the first quarter of 2006, which included 9.5 percent special allowance payments of $18.4 million.

The company reported core student loan spread of 1.29 percent for the first quarter of 2007 compared with 1.54 percent for the same period a year ago. For the fourth quarter of 2006, Nelnet reported core student loan spread of 1.31 percent.

Operating Expenses

Operating expenses were $136.2 million in the first quarter of 2007 compared with $108.2 million for the same period a year ago. The increase is primarily attributable to acquisitions.

Non-GAAP performance measures

A description of base net income and a reconciliation of GAAP net income to base net income can be found in supplemental financial information to this earnings release that is available online at www.nelnetinvestors.net/releases.cfm?reltype=Financial.

Nelnet will host a conference call to discuss this earnings release at 11:00 a.m. (Eastern) today. To access the call live, participants in the United States and Canada should dial 866.293.8972 and international callers should dial 913.312.1232 at least 15 minutes prior to the call. A live audio Web cast of the call will also be available at www.nelnetinvestors.net under the conference calls and Web casts menu. A replay of the conference call will be available between 2:00 p.m. (Eastern) today and 11:59 p.m. (Eastern) May 11, 2007. To access the replay via telephone within the United States and Canada, callers should dial 888.203.1112. International callers should dial 719.457.0820. All callers accessing the replay will need to use the confirmation code 2050846. A replay of the audio Web cast will also be available at www.nelnetinvestors.net.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED		
	MARCH 31, 2007	DECEMBER 31, 2006	MARCH 31, 2006
	(UNAUDITED)	(UNAUDITED)	(UNAUDITED)
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)		
Interest income:			
Loan interest	$ 418,113	$ 410,015	$ 347,522
Amortization of loan premiums and deferred origination costs	(21,059)	(22,838)	(21,862)
Investment interest	21,496	24,310	19,541
Total interest income	418,550	411,487	345,201
Interest expense:			
Interest on bonds and notes payable	350,226	347,615	258,949
Net interest income	68,324	63,872	86,252
Less provision for loan losses	2,753	1,800	9,618
Net interest income after provision for loan losses	65,571	62,072	76,634
Other income (expense):			
Loan and guarantee servicing income	49,445	50,985	47,074
Other fee-based income	40,029	36,868	18,155
Software services income	5,748	4,064	3,409
Other income	6,931	4,850	1,987
Derivative market value, foreign currency, and put option adjustments	(12,130)	(19,510)	39,263
Derivative settlements, net	4,240	7,013	4,744
Total other income (expense)	94,263	84,270	114,632
Operating expenses:			

Salaries and benefits	70,009	60,842	57,684
Other expenses	59,259	60,916	44,930
Amortization of intangible assets	6,918	6,794	5,633
Impairment expense	-	31,090	-
Total operating expenses	136,186	159,642	108,247
Income (loss) before income taxes	23,648	(13,300)	83,019
Income tax expense (benefit)	8,868	(5,990)	30,711
Net income (loss) before minority interest	14,780	(7,310)	52,308
Minority interest in net earnings of subsidiaries	-	-	(242)
Net income (loss)	$ 14,780	$ (7,310)	$ 52,066
Earnings (loss) per share, basic and diluted	$ 0.29	$ (0.14)	$ 0.96
Weighted average shares outstanding	50,982,187	52,506,936	54,241,341

CONDENSED CONSOLIDATED BALANCE SHEETS AND FINANCIAL DATA

	AS OF MARCH 31, 2007 (UNAUDITED)	AS OF DECEMBER 31, 2006	AS OF MARCH 31, 2006 (UNAUDITED)
	(DOLLARS IN THOUSANDS)		
Assets:			
Student loans receivable, net	$ 25,013,045	$ 23,789,552	$ 21,320,374
Cash, cash equivalents, and investments	1,417,304	1,777,494	1,456,181
Goodwill	191,214	191,420	132,389
Intangible assets, net	154,176	162,994	162,396
Other assets	906,264	875,413	732,811
Total assets	$ 27,682,003	$ 26,796,873	$ 23,804,151
Liabilities:			
Bonds and notes payable	$ 26,537,482	$ 25,562,119	$ 22,670,772
Other liabilities	533,403	562,904	416,173
Total liabilities	27,070,885	26,125,023	23,086,945
Shareholders' equity	611,118	671,850	717,206
Total liabilities and shareholders' equity	$ 27,682,003	$ 26,796,873	$ 23,804,151
Return on average total assets	0.22%	0.27%	0.90%
Return on average equity	9.4%	9.6%	30.4%
Shareholders' equity to total assets	2.21%	2.51%	3.01%

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 4,000 associates, and has $25.0 billion in net student loan assets.

Additional information is available at 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 are 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. For more information see our filings with the Securities and Exchange Commission.

(code #: nnif)

FOR RELEASE: 4/27/07
MEDIA CONTACT: Ben Kiser, 402.458.3024
INVESTOR CONTACT: Cheryl Watson, 317.469.2064

NELNET, INC. SUPPLEMENTAL FINANCIAL INFORMATION FOR THE FIRST QUARTER 2007

The following supplemental information should be read in connection with the first-quarter 2007 earnings press release of Nelnet, Inc. (the "Company"), dated April 27, 2007.

Information contained in this earnings supplement, 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 the Company's operating results, performance, or financial condition expressed or implied by the forward-looking statements are 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. Certain prior year amounts have been reclassified to conform to the current period presentation. For more information see our filings with the Securities and Exchange Commission.

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Shareholders' equity to total assets	2.21%	2.51%	3.01%

NON-GAAP PERFORMANCE MEASURES

In accordance with the Rules and Regulations of the Securities and Exchange Commission ("SEC"), the Company prepares financial statements in accordance with generally accepted accounting principles ("GAAP"). In addition to evaluating the Company's GAAP-based financial information, management also evaluates the Company on a non-GAAP performance measure referred to as base net income. While base net income is not a substitute for reported results under GAAP, the Company provides base net income as additional information regarding its financial results.

Base net income is the primary financial performance measure used by management to develop financial plans, allocate resources, track results, evaluate performance, establish corporate performance targets, and determine incentive compensation. The Company's board of directors utilizes base net income to set performance targets and evaluate management's performance. The Company also believes analysts, rating agencies, and creditors use base net income in their evaluation of the Company's results of operations. While base net income is not a substitute for reported results under GAAP, the Company utilizes base net income in operating its business because base net income permits management to make meaningful period-to-period comparisons by eliminating the temporary volatility in the Company's performance that arises from certain items that are primarily affected by factors beyond the control of management. Management believes base net income provides additional insight into the financial performance of the core business activities of the Company's operations.

The following table provides a reconciliation of GAAP net income (loss) to base and adjusted base net income.

	THREE MONTHS ENDED		
	MARCH 31, 2007	DECEMBER 31, 2006	MARCH 31, 2006
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)		
GAAP net income (loss)	$ 14,780	$ (7,310)	$ 52,066
Base adjustments:			
Derivative market value, foreign currency, and put option adjustments	12,130	19,510	(39,263)
Amortization of intangible assets	6,918	6,794	5,633
Non-cash stock based compensation related to business combinations	477	476	318
Variable-rate floor income	-	-	-
Total base adjustments before income taxes	19,525	26,780	(33,312)
Net tax effect (b)	(6,638)	(9,865)	12,861
Total base adjustments	12,887	16,915	(20,451)
Base net income	27,667	9,605	31,615
Adjustments to base net income:			
Special allowance yield adjustment (a)	-	-	(13,910)
Derivative settlements, net	-	-	(4,164)
Total adjustments to base net income before income taxes	-	-	(18,074)
Net tax effect (b)	-	-	6,868
Total adjustments to base net income	-	-	(11,206)
Adjusted base net income	$ 27,667	$ 9,605	$ 20,409
Earnings (loss) per share, basic and diluted:			
GAAP net income (loss)	$ 0.29	$ (0.14)	$ 0.96
Total base adjustments	0.25	0.32	(0.37)
Base net income	0.54	0.18	0.59
Total adjustments to base net income	-	-	(0.21)
Adjusted base net income	$ 0.54	$ 0.18	$ 0.38

(a) As previously disclosed, on January 19, 2007, the Company entered into a Settlement Agreement (the "Agreement") with the Department of Education (the "Department") to resolve the audit by the Department's Office of Inspector General (the "OIG") of the Company's portfolio of student loans receiving 9.5% special allowance payments. Under the terms of the Agreement, all 9.5% special allowance payments were eliminated for periods on and after July 1, 2006. The Company had been deferring recognition of 9.5% special allowance payments related to those loans subject to the OIG audit effective July 1, 2006 pending satisfactory resolution of this issue.

(b) Tax effect computed at 38%. The change in the value of the put option is not tax effected as this is not deductible for income tax purposes.

LIMITATIONS OF BASE NET INCOME

While GAAP provides a uniform, comprehensive basis of accounting, for the reasons discussed above, management believes that base net income is an important additional tool for providing a more complete understanding of the Company's results of operations. Nevertheless, base net income is subject to certain general and specific limitations that investors should carefully consider. For example, unlike financial statements prepared in accordance with GAAP, the Company's base net income presentation does not represent a comprehensive basis of accounting. In addition, the Company's base net income is not a defined term within GAAP and may not be comparable to similarly titled measures reported by other companies. Investors, therefore, may not be able to compare our Company's performance with that of other companies based upon base net income. Base net income results are only meant to supplement GAAP results by providing additional information regarding the operational and performance indicators that are most closely monitored and used by the Company's management and board of directors to assess performance and information which the Company believes is important to analysts, rating agencies, and creditors.

Other limitations of base net income arise from the specific adjustments that management makes to GAAP results to derive base net income results. These differences are described below.

DIFFERENCES BETWEEN GAAP AND BASE NET INCOME

Management's financial planning and evaluation of operating results does not take into account the following items because their volatility and/or inherent uncertainty affect the period-to-period comparability of the Company's results of operations. A more detailed discussion of the differences between GAAP and base net income follows.

DERIVATIVE MARKET VALUE, FOREIGN CURRENCY, AND PUT OPTION ADJUSTMENTS: Base net income excludes the periodic unrealized gains and losses that are caused by the change in fair value on derivatives in which the Company does not qualify for "hedge treatment" under GAAP. Statement of Financial Accounting Standards No.
133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES ("SFAS No. 133"), requires that changes in fair value of derivative instruments be recognized currently in earnings unless specific hedge accounting criteria, as specified by SFAS No. 133, are met. The Company maintains an overall interest rate risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative instruments primarily used by the Company include interest rate swaps, basis swaps, interest rate floor contracts, and cross-currency interest rate swaps. Management has structured all of the Company's derivative transactions with the intent that each is economically effective. However, the Company does not qualify its derivatives for "hedge treatment" as defined by SFAS No. 133, and the stand-alone derivative must be marked-to-market in the income statement with no consideration for the corresponding change in fair value of the hedged item. Since the Company plans to hold all derivative instruments until their maturity, the Company believes these point-in-time estimates of asset and liability values that are subject to interest rate fluctuations make it difficult to evaluate the ongoing results of operations against its business plan and affect the period-to-period comparability of the results of operations. Included in base net income are the economic effects of the Company's derivative instruments, which includes any cash paid or received being recognized as an expense or revenue upon actual derivative settlements. These settlements are included in "Derivative settlements, net" on the Company's consolidated statements of operations.

Base net income excludes the foreign currency transaction gains or losses caused by the re-measurement of the Company's Euro-denominated bonds to U.S. dollars. In connection with the issuance of the Euro-denominated bonds, the Company has entered into cross-currency interest rate swaps. Under the terms of these agreements, the principal payments on the Euro-denominated notes will effectively be paid at the exchange rate in effect at the issuance date of the bonds. The cross-currency interest rate swaps also convert the floating rate paid on the Euro-denominated bonds' (EURIBOR index) to an index based on LIBOR. Included in base net income are the economic effects of any cash paid or received being recognized as an expense or revenue upon actual settlements of the cross-currency interest rate swaps. These settlements are included in "Derivative settlements, net" on the Company's consolidated statements of operations. However, the gains or losses caused by the re-measurement of the Euro-denominated bonds to U.S. dollars and the change in market value of the cross-currency interest rate swaps are excluded from base net income as the Company believes the point-in-time estimates of value that are subject to currency rate fluctuations related to these financial instruments make it difficult to evaluate the ongoing results of operations against the Company's business plan and affect the period-to-period comparability of the results of operations. The re-measurement of the Euro-denominated bonds correlates with the change in fair value of the cross-currency interest rate swaps. However, the Company will experience unrealized gains or losses related to the cross-currency interest rate swaps if the two underlying indices (and related forward curve) do not move in parallel.

Base net income also excludes the change in fair value of put options issued by the Company for certain business acquisitions. The put options are valued by the Company each reporting period using a Black-Scholes pricing model. Therefore, the fair value of these options is primarily affected by the strike price and term of the underlying option, the Company's current stock price, and the dividend yield and volatility of the Company's stock. The Company believes these point-in-time estimates of value that are subject to fluctuations make it difficult to evaluate the ongoing results of operations against the Company's business plans and affects the period-to-period comparability of the results of operations.

The gains and/or losses included in "Derivative market value, foreign currency, and put option adjustments" on the Company's consolidated statements of operations are primarily caused by interest rate and currency volatility, changes in the value of put options based on the inputs used in the Black-Scholes pricing model, as well as the volume and terms of put options and of derivatives not receiving hedge treatment. Base net income excludes these unrealized gains and losses and isolates the effect of interest rate, currency, and put option volatility on the fair value of such instruments during the period. Under GAAP, the effects of these factors on the fair value of the put options and the derivative instruments (but not the underlying hedged item) tend to show more volatility in the short term.

AMORTIZATION OF INTANGIBLE ASSETS: Base net income excludes the amortization of acquired intangibles, which arises primarily from the acquisition of definite life intangible assets in connection with the Company's acquisitions, since the Company feels that such charges do not drive the Company's operating performance on a long-term basis and can affect the period-to-period comparability of the results of operations.

NON-CASH STOCK BASED COMPENSATION RELATED TO BUSINESS COMBINATIONS: The Company has structured certain business combinations in which the stock consideration paid has been dependent on the sellers' continued employment with the Company. As such, the value of the consideration paid is recognized as compensation expense by the Company over the term of the applicable employment agreement. Base net income excludes this expense because the Company believes such charges do not drive its operating performance on a long-term basis and can affect the period-to-period comparability of the results of operations. If the Company did not enter into the employment agreements in connection with the acquisition, the amount paid to these former shareholders of the acquired entity would have been recorded by the Company as additional consideration of the acquired entity, thus, not having an effect on the Company's results of operations.

VARIABLE-RATE FLOOR INCOME: Loans that reset annually on July 1 can generate excess spread income compared with the rate based on the special allowance payment formula in declining interest rate environments. The Company refers to this additional income as variable-rate floor income. The Company excludes variable rate floor income from its base net income since its timing and amount (if any) is uncertain, it has been eliminated by legislation for all loans originated on and after April 1, 2006, and it is in excess of expected spreads. In addition, because variable rate floor income is subject to the underlying rate for the subject loans being reset annually on July 1, it is a factor beyond the Company's control which can affect the period-to-period comparability of results of operations. There was no variable-rate floor income in the periods presented.

SPECIAL ALLOWANCE YIELD ADJUSTMENT AND RELATED HEDGING ACTIVITY: The Company excludes the special allowance yield adjustments and the net settlements received or paid on those derivative instruments used to hedge the student loans that were earning 9.5% special allowance payments. Pursuant to the settlement agreement entered into with the Department, effective July 1, 2006, the Company no longer receives 9.5% special allowance payments. Prior to this agreement, the Company excluded the special allowance yield adjustments from base net income because the Company expected 9.5% special allowance payments to decline over time due to the fact that in April 2004 it ceased adding loans receiving 9.5% special allowance payments to its portfolio.

STUDENT LOANS RECEIVABLE

Student loans receivable includes all student loans owned by or on behalf of the Company and includes the unamortized cost of acquisition or origination less an allowance for loan losses. The following table describes the components of the Company's loan portfolio:

	AS OF MARCH 31, 2007		AS OF DECEMBER 31, 2006		AS OF MARCH 31, 2006	
	DOLLARS	PERCENT OF TOTAL	DOLLARS	PERCENT OF TOTAL	DOLLARS	PERCENT OF TOTAL
			(DOLLARS IN THOUSANDS)			
Federally insured:						
Stafford	$ 6,096,393	24.4 %	$ 5,724,586	24.1 %	$ 6,541,680	30.7 %
PLUS/SLS	460,575	1.8	365,112	1.5	431,268	2.0
Consolidation	17,835,192	71.3	17,127,623	72.0	13,826,647	64.8
Non-federally insured	224,870	0.9	197,147	0.8	163,624	0.8
Total	24,617,030	98.4	23,414,468	98.4	20,963,219	98.3
Unamortized premiums and deferred origination costs	422,239	1.7	401,087	1.7	379,380	1.8
Allowance for loan losses:						
Allowance - federally insured	(7,859)	(0.0)	(7,601)	(0.0)	(7,075)	(0.0)
Allowance - non-federally insured	(18,365)	(0.1)	(18,402)	(0.1)	(15,150)	(0.1)
Net	$25,013,045	100.0 %	$23,789,552	100.0 %	$21,320,374	100.0 %

The following table sets forth the loans originated or acquired through each of the Company's channels:

	THREE MONTHS ENDED		
	MARCH 31, 2007	DECEMBER 31, 2006	MARCH 31, 2006
		(DOLLARS IN THOUSANDS)	
Beginning balance	$23,414,468	$22,534,661	$19,912,955
Direct channel:			
Consolidation loan originations	1,064,238	1,762,371	1,024,835
Less consolidation of existing portfolio	(473,795)	(843,749)	(433,900)
Net consolidation loan originations	590,443	918,622	590,935
Stafford/PLUS loan originations	354,827	192,533	306,148
Branding partner channel (a) (b)	202,290	69,498	230,150
Forward flow channel	375,941	332,702	351,812
Other channels (b)	205,918	12,209	243,953
Total channel acquisitions	1,729,419	1,525,564	1,722,998
Repayments, claims, capitalized interest, and other	(235,807)	(125,756)	(365,158)
Consolidation loans lost to external parties	(239,404)	(307,649)	(270,400)
Loans sold	(51,646)	(212,352)	(37,176)
Ending balance	$24,617,030	$23,414,468	$20,963,219

(a) Included in the branding partner channel are private loan originations of $44.3 million, $19.7 million, and $10.5 million for the three months ended March 31, 2007, December 31, 2006, and March 31, 2006, respectively.

(b) Included in other channels for the three months ended March 31, 2006 is $190.1 million of acquisitions that were previously presented as branding partner channel acquisitions. This reclassification was made for comparative purposes due to the nature of the transactions.

STUDENT LOAN SPREAD

The following table analyzes the student loan spread on the Company's portfolio of student loans. This table represents the spread on assets earned in conjunction with the liabilities used to fund the assets, including the effects of net derivative settlements.

	THREE MONTHS ENDED		
	MARCH 31, 2007	DECEMBER 31, 2006	MARCH 31, 2006
Student loan yield (a)	7.90 %	7.88 %	7.68 %
Consolidation rebate fees	(0.79)	(0.76)	(0.71)
Premium and deferred origination costs amortization (b)	(0.36)	(0.33)	(0.44)
Student loan net yield	6.75	6.79	6.53
Student loan cost of funds (c)	(5.46)	(5.48)	(4.63)
Student loan spread	1.29	1.31	1.90
Special allowance yield adjustments, net of settlements on derivatives (d)	-	-	(0.36)
Core student loan spread	1.29 %	1.31 %	1.54 %
Average balance of student loans (in thousands)	$23,844,815	$22,978,951	$ 20,237,068
Average balance of debt outstanding (in thousands)	25,378,267	24,552,113	21,796,549

(a) The student loan yield for the three months ended December 31, 2006 does not include the $2.8 million charge to write off accounts receivable from the Department related to third quarter 2006 9.5% special allowance payments that were not received under the Company's previously disclosed Settlement Agreement with the Department. The $2.8 million relates to loans earning 9.5% special allowance payments that were not subject to the OIG audit.

(b) Premium and deferred origination costs amortization for the three months ended December 31, 2006 excludes premium amortization related to the Company's portfolio of 9.5% loans purchased in October 2005 as part of a business combination.

(c) The student loan cost of funds includes the effects of net settlement costs on the Company's derivative instruments used to hedge the Company's student loan portfolio.

(d) The special allowance yield adjustments represent the impact on net spread had loans earned at statutorily defined rates under a taxable financing. The special allowance yield adjustments include net settlements on derivative instruments that were used to hedge this loan portfolio earning the excess yield. As previously disclosed, on January 19, 2007, the Company entered into a Settlement Agreement with the Department to resolve the audit by the OIG of the Company's portfolio of student loans receiving 9.5% special allowance payments. Under the terms of the Agreement, all 9.5% special allowance payments were eliminated for periods on and after July 1, 2006. The Company had been deferring recognition of 9.5% special allowance payments related to those loans subject to the OIG audit effective July 1, 2006 pending satisfactory resolution of this issue.

INTEREST RATE SENSITIVITY

A portion of the Company's student loan assets earn a fixed rate. As a result, management uses fixed-rate debt and interest rate swaps to reduce the economic effect of interest rate volatility. The following table shows the Company's student loan assets currently earning at a fixed rate as of March 31, 2007:

FIXED INTEREST RATE RANGE	BORROWER/ LENDER WEIGHTED AVERAGE YIELD	ESTIMATED VARIABLE CONVERSION RATE (A)	BALANCE OF FIXED RATE ASSETS
			(DOLLARS IN THOUSANDS)
8.0-9.0 %	8.23 %	5.59 %	$ 362,919
>9.0	9.05	6.41	402,077
			$ 764,996

(a) The estimated variable conversion rate is the estimated short-term interest rate at which loans would convert to variable rate.

The following table summarizes the outstanding derivative instruments as of March 31, 2007 used by the Company to hedge the fixed-rate loan portfolio.

MATURITY	NOTIONAL VALUES	WEIGHTED AVERAGE FIXED RATE PAID BY THE COMPANY
	(DOLLARS IN THOUSANDS)	
2008	$ 462,500	3.76%
2009	312,500	4.01%
Total	$ 775,000	3.86%

In addition to the interest rate swaps with notional values of $0.8 billion summarized above, as of March 31, 2007, the Company had $376.4 million of fixed-rate debt (excluding the Company's fixed-rate unsecured debt of $475.0 million) that was used by the Company to hedge fixed-rate student loan assets.

DERIVATIVE SETTLEMENTS

The following table summarizes the components of derivative settlements.

	THREE MONTHS ENDED		
	MARCH 31, 2007	DECEMBER 31, 2006	MARCH 31, 2006
	(DOLLARS IN THOUSANDS)		
Interest rate and basis swap derivatives- loan portfolio	$ 2,895	$ 4,291	$ 1,732
Interest rate swap derivatives- other (a)	4,664	7,044	-
Special allowance yield adjustment derivatives (a)	-	-	4,164
Cross currency interest rate swaps	(3,319)	(4,322)	(1,152)
Derivative settlements, net	$ 4,240	$ 7,013	$ 4,744

(a) Derivative settlements for interest rate swaps "other" include settlements on the portfolio of derivatives that the Company had used to hedge 9.5% special allowance payments and the portfolio of off-setting interest rate swaps the Company entered into during the fourth quarter 2006. The new derivatives mirror the 9.5% special allowance payment derivatives. Settlements on the 9.5% special allowance derivatives were classified in the special allowance yield adjustment derivatives line item through September 30, 2006.

STUDENT LOAN SERVICING

The Company performs servicing activities for its own portfolio and third parties. The following table summarizes the Company's loan servicing volumes:

	AS OF MARCH 31, 2007			AS OF DECEMBER 31, 2006			AS OF MARCH 31, 2006		
	COMPANY	THIRD PARTY	TOTAL	COMPANY	THIRD PARTY	TOTAL	COMPANY	THIRD PARTY	TOTAL
	(DOLLARS IN MILLIONS)								
FFELP and private loans	$ 23,274	$ 8,935	$ 32,209	$ 21,869	$ 8,725	$ 30,594	$ 18,017	$ 10,626	$ 28,643
Canadian loans (in U.S. $) (a)	-	9,266	9,266	-	9,043	9,043	-	8,388	8,388
Total	$ 23,274	$ 18,201	$ 41,475	$ 21,869	$ 17,768	$ 39,637	$ 18,017	$ 19,014	$ 37,031

(a) As previously disclosed, EDULINX Canada Corporation, a subsidiary of Nelnet, TED] announced that the Government of Canada decided to award a competitive contract to provide services in support of the Canada and Integrated Student Loan Programs (CSLP) upon the expiration of the current EDULINX contract for such services to another service provider. The Government of Canada is EDULINX's largest customer. This contract is scheduled to expire on March 31, 2008. As a result of this decision, EDULINX will be required to transition the existing CSLP portfolio it services to the selected service provider. As of March 31, 2007, the Company serviced $8.0 billion of CSLP loans.