integrated platform to direct where the asset is guaranteed, serviced, loan balances, we anticipate consolidation loans will remain an important financial tool for borrowers to extend their payment terms and move multiple loans to a single payment, thereby increasing loan volume in future years.

As students continue to graduate with higher loan balances, we anticipate consolidation loans will remain an important financial tool for borrowers to extend their repayment terms and move multiple loans to a single payment.

Growing diversified loan origination platform

<table>
<thead>
<tr>
<th>Year</th>
<th>Spot acquisitions</th>
<th>Branding &amp; forward flow partners</th>
<th>Nelnet brands &amp; consolidation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>$1.4</td>
<td>$0.3</td>
<td>$1.1</td>
</tr>
<tr>
<td>2002</td>
<td>$2.1</td>
<td>$0.5</td>
<td>$1.6</td>
</tr>
<tr>
<td>2003</td>
<td>$3.1</td>
<td>$1.4</td>
<td>$2.5</td>
</tr>
<tr>
<td>2004</td>
<td>$4.1</td>
<td>$1.9</td>
<td>$2.3</td>
</tr>
<tr>
<td>2005</td>
<td>$8.5</td>
<td>$3.2</td>
<td>$5.3</td>
</tr>
</tbody>
</table>

Note: Does not include consolidation of existing assets. Information presented for 2002 and prior is based on or related to existing consolidation or origination platforms.

We are providing students, families, and schools with a comprehensive set of education services, and tremendous customer service, which sets us apart from our competitors and those just entering the market.

In addition to Stafford and Consolidation loans, Nelnet originates PLUS loans that are also federally guaranteed under the Federal Family Education Loan Program (FFELP). With the passage of the Higher Education Reconciliation Act of 2005, which waivered the Title IV programs of the Higher Education Act, graduate and professional students may now access PLUS loans to cover the full cost of education, less aid. We see this as a tremendous opportunity for students, as well as for Nelnet to extend this asset-generating product.

We anticipate the PLUS loan expansion will have some impact on the size of the private loan market, however we will continue to originate private loans to assist students in bridging the gap between scholarships, FFELP loans, family contributions, and tuition costs. Consistent with our past private loan strategy, we do not expect these loans to grow to represent more than three to five percent of our portfolio over the next three to five years.

Diversification of fee based revenues

We often discuss our growth strategy using a metaphor of a table supported by multiple legs. Just like a stable table, a strong company has many legs of revenue that make it stronger and able to withstand pressure and provide value for the future. We believe it is imperative to approach our market using a number of asset generation channels in addition to growing and diversifying our fee-based revenue streams.

As net interest margins continue to compress industrywide, we continue to develop our fee-based revenues. These revenues grew to represent approximately 37 percent of our total revenues in 2005 compared to 22 percent in 2004.

(continued on next page)
The largest portion of our fee income is generated by loan and guarantee servicing, which experienced an increase of $52.4 million in 2005, compared with 2004 (see chart below). We attribute a significant portion of this increase to an expanded relationship we have with College Access Network and the acquisition of EDULINX in the fourth quarter of 2004.

Adding to this growth were the acquisition of Student Marketing Group, National Honor Roll, FACTS Management, and Foresite Solutions.

We started the year off with the announcement that we had acquired Student Marketing Group and National Honor Roll. Jan Stumacher and his team run outstanding companies focused on the high school market, which provides Nelnet a greater entrée to our precollege audience.

National Honor Roll recognizes the achievements of outstanding students across the country by honoring them in an annual publication available for purchase to create a lifetime memory.

As students move through K-12 and college, tuition payment plans can provide an additional resource to families seeking to meet the financial demands of education. In June, Nelnet acquired an 80 percent ownership in FACTS Management. As the largest tuition payment program in the U.S., FACTS Management actively manages some 650,000 payment plans for families with students in K-12 and college. David Byrnes, Tim Tenies, and their fantastic team help provide a pay-as-you-go solution for education funding while providing Nelnet another touch point with our student customers.

Adding to this growth were the acquisition of Student Marketing Group, National Honor Roll, FACTS Management, and Foresite Solutions.

We started the year off with the announcement that we had acquired Student Marketing Group and National Honor Roll. Jan Stumacher and his team run outstanding companies focused on the high school market, which provides Nelnet a greater entrée to our precollege audience.

National Honor Roll recognizes the achievements of outstanding students across the country by honoring them in an annual publication available for purchase to create a lifetime memory.

As students move through K-12 and college, tuition payment plans can provide an additional resource to families seeking to meet the financial demands of education. In June, Nelnet acquired an 80 percent ownership in FACTS Management. As the largest tuition payment program in the U.S., FACTS Management actively manages some 650,000 payment plans for families with students in K-12 and college. David Byrnes, Tim Tenies, and their fantastic team help provide a pay-as-you-go solution for education funding while providing Nelnet another touch point with our student customers.

As one of only two truly vertically integrated education finance participants, Nelnet’s services extend from college planning and student loan origination to guarantor services. In November, we broadened our relationship with the Colorado state-designated guarantor of student loans. Under the agreement, Nelnet provides the student loan servicing and guarantee operations of College Access Network, which expands our guarantee servicing line of business within our vertically integrated model.

Finally, near the close of the year, we purchased the remaining 50 percent ownership of 5280 Solutions and FirstMark Services.

5280 Solutions is a premier provider of technology products and services, with three core areas of business: student loan software solutions, technical consulting services, and content management/records management and imaging. Mark Voegele and his incredible group specialize in designing, developing, and licensing complete, mission-critical software solutions for the student loan, higher education, and financial services industries.

As we continue to see an increase in the private education credit market, Joe Popevis and his team at FirstMark provide loan servicing for approximately $1 billion in private loans for a number of third-party clients across the U.S.

Nelnet is one of the leading education services and finance companies in the United States and is focused on providing quality products and services to students and schools nationwide.
Maintaining the competitive advantage

Vertical integration and diversification into other education-related businesses, along with transparent and conservative accounting policies, continues to strengthen Nelnet’s financial position. We ended 2005 with $49.5 million in equity and a 2.15 percent equity-to-assets ratio, providing us with a healthy pool of funds from which to draw for future market opportunities.

As you will hear us say repeatedly, Nelnet has a long-term approach to business. Our focus is not on quarterly returns, but rather on creating long-term value for our customers, which we believe positions our company for sustained growth over the long term.

In addition to providing growth, scale, and diversification opportunities, our Education Services division and Business Solutions unit will allow the two of us greater time to focus on how we can bring future value to our schools, students, families, and associates. As Nelnet continues to grow, so do our daily obligations and we understand we must balance present concerns with time for future planning.

That is why early in 2006, we asked Jeff Noordhoek to serve as President of Nelnet, Inc. Jeff was one of our original associates when we started this business and he has an extensive background in Merger and Acquisitions, Capital Markets, Investor Relations, Government and Industry Relations, and Corporate Communications.

While we believe these structural changes better position us for future market growth and opportunity, our message and long-term focus remain the same:

- Customer-focused quality service and products
- Associates doing what they do best every day
- Diversification of revenue streams and fee income

Through the remainder of the year, we will continue to focus on the integration of our new acquisitions, expense management, and continued asset and adjusted base net income growth.

As we close, we want to reiterate how pleased we are with our 2005 results, both financially and with regard to our outstanding team of associates. We anticipate another dynamic year in 2006, with continued opportunity to live our passion of making educational dreams possible.

Thank you.

Mike Dunlap
Steve Butterfield
Co-Chief Executive Officer
Co-Chief Executive Officer

Nelnet at a glance

Nelnet offers a broad range of financial services and technology-based products, including actively managed tuition payment plans, student loan origination, lending, holding, loan and guarantee servicing, and education-related software solutions.

unshakable commitment

unwavering values