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For immediate release

Nelnet reports strong first-quarter 2007 results; student loan assets top \$25 billion

- **Net student loan assets increased 17 percent year over year**
- **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 2007, 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	<u>418,550</u>	<u>411,487</u>	<u>345,201</u>
Interest expense:			
Interest on bonds and notes payable	<u>350,226</u>	<u>347,615</u>	<u>258,949</u>
Net interest income	68,324	63,872	86,252
Less provision for loan losses	<u>2,753</u>	<u>1,800</u>	<u>9,618</u>
Net interest income after provision for loan losses	<u>65,571</u>	<u>62,072</u>	<u>76,634</u>
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)	<u>94,263</u>	<u>84,270</u>	<u>114,632</u>
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	<u>136,186</u>	<u>159,642</u>	<u>108,247</u>
Income (loss) before income taxes	23,648	(13,300)	83,019
Income tax expense (benefit)	<u>8,868</u>	<u>(5,990)</u>	<u>30,711</u>
Net income (loss) before minority interest	14,780	(7,310)	52,308
Minority interest in net earnings of subsidiaries	-	-	(242)
Net income (loss)	<u>\$ 14,780</u>	<u>\$ (7,310)</u>	<u>\$ 52,066</u>
Earnings (loss) per share, basic and diluted	<u>\$ 0.29</u>	<u>\$ (0.14)</u>	<u>\$ 0.96</u>
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	<u>\$ 27,682,003</u>	<u>\$ 26,796,873</u>	<u>\$ 23,804,151</u>
Liabilities:			
Bonds and notes payable	\$ 26,537,482	\$ 25,562,119	\$ 22,670,772
Other liabilities	533,403	562,904	416,173
Total liabilities	<u>27,070,885</u>	<u>26,125,023</u>	<u>23,086,945</u>
Shareholders' equity	<u>611,118</u>	<u>671,850</u>	<u>717,206</u>
Total liabilities and shareholders' equity	<u>\$ 27,682,003</u>	<u>\$ 26,796,873</u>	<u>\$ 23,804,151</u>
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.

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