NELNET INC Form 4 September 26, 2006

FORM 4

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

OMB APPROVAL

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Expires:

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES** Form 4 or

Form 5 Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. 30(h) of the Investment Company Act of 1940 See Instruction

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * BUTTERFIELD STEPHEN F			2. Issuer Name and Ticker or Trading Symbol NELNET INC [NNI]	5. Relationship of Reporting Person(s) to Issuer			
(Last) (First) (Mide		(Middle)	3. Date of Earliest Transaction	(Check all applicable)			
121 SOUTH 13TH STREET, SUITE 201		ET, SUITE	(Month/Day/Year) 09/25/2006	_X_ Director _X_ 10% Owner _X_ Officer (give title Other (specify below) Vice Chairman, Co-CEO			
	(Street)		4. If Amendment, Date Original	6. Individual or Joint/Group Filing(Check			
LINCOLN, NE 68508			Filed(Month/Day/Year)	Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person			

(City)	(State)	(Zip) Tabl	le I - Non-	Derivative S	Securit	ies Acqui	red, Disposed of,	or Beneficiall	y Owned
1.Title of Security	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if	3.	4. Securitie	_		5. Amount of Securities	6. Ownership	7. Nature of Indirect
(Instr. 3)	(Mondin Day Tear)	any	Code	(Instr. 3, 4	,		Beneficially	Form:	Beneficial
		(Month/Day/Year)	(Instr. 8)				Owned Following	Direct (D) or Indirect	Ownership (Instr. 4)
					(A)		Reported Transaction(s)	(I) (Instr. 4)	
			Code V	Amount	or (D)	Price	(Instr. 3 and 4)	(IIIstr. 4)	
Class B Common Stock	09/25/2006		S <u>(1)</u>	400,000	D	\$ 30.53	3,868,083 (2) (3)	D	

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

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

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1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exer	cisable and	7. Title	and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transaction	orNumber	Expiration D	ate	Amour	nt of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Underl	ying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Securit	ies	(Instr. 5)	Bene
	Derivative				Securities			(Instr.	3 and 4)		Own
	Security				Acquired						Follo
	·				(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
					4, and 5)						
									A		
									Amount		
						Date	Expiration		or		
						Exercisable	Date		Number		
				~					of		
				Code V	(A) (D)				Shares		

Reporting Owners

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

09/26/2006

**Signature of Reporting Person Date

Explanation of Responses:

- * 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).

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.

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 CRAT reflects distributions and other transfers by the CRAT to the greating person of a total of 01,075 shares of

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.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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