

**Reporting Form
 For Business, Individual or NY State Entity reporting a
 "Breach of the Security of the System"
 Pursuant to the Information Security Breach
 and Notification Act (General Business Law §889-aa;
 State Technology Law §208)**

Name of Business, Individual or State Entity Nelnet, Inc
 Date of Discovery of Breach: 04/06/2007
 Estimated Number of Affected Individuals: 21
 Date of Notification to Affected Individuals: 04/19/2007
 Manner of Notification: written notice
 electronic notice (email)
 telephone notice

Are you requesting substitute notice? Yes No (If yes, attach justification)

Content of Notification to Affected Individuals: Describe what happened in general terms and what kind of information was involved. Please attach copy of Notice.

The situation arose during a fax transmission from our Bryan, Texas office to our Lincoln, Nebraska office. The facsimile was sent as part of a balancing operation in our accounting department. The fax contained personal information, which was apparently transmitted to the wrong number. An individual at the business which received the fax contacted our offices immediately and advised us that the fax had been shredded. We feel this business acted correctly, therefore we have no reason to believe the information they received has been used inappropriately. The fax contained names, Social Security numbers, and loan balance information.

Name of Business or Individual Contact Person: Brad J. Carlson
 Title: Nelnet Privacy Manager
 Telephone number: 402.458.2226
 Email: brad.carlson@nelnet.net

Dated: 04/27/2007
 Submitted by: Brad J. Carlson
 Title: Nelnet Privacy Manager
 Address: 121 S. 13th Street , Suite 201 Lincoln, Ne. 68508
 Email: brad.carlson@nelnet.net
 Telephone: 402.458.2226 Fax: 877.402.0706

PLEASE SUBMIT THIS FORM TO ALL THREE (3) STATE AGENCIES as follows:

Fax this form to:

CPB:

Security Breach Notification-

Fax: 518-474-2474

NYS Office of Cyber Security and Critical Infrastructure Coordination (CSCIC):

30 South Pearl St.

Floor P2

Albany, NY 12207

Fax: 518-474-9090

and also **Fax & Mail** this form to:

Attorney General:

Asst. Attorney General in Charge

Bureau of Consumer Frauds

120 Broadway - 3rd Floor

New York, NY 10271

Fax: 212-416-6003



4925 WOODFIELD CROSSING BLVD. P 877.303.0534
SUITE 401
INDIANAPOLIS, IN 46240

www.nelnet.net
NELNET, INC.

| April 19, 2007

| Dear borrower,

We are writing to inform you that a document containing personal information about you was inadvertently faxed to the wrong number. The business that received the document informed us immediately of the error and shredded the document. This business acted correctly, therefore we have no reason to believe the information they received has been used inappropriately.

We deeply regret this incident occurred and take the security of personal information very seriously. After learning of the incident, we initiated a review that determined that this was an isolated case. In addition, we are reviewing our processes to ensure this does not happen again. The situation occurred during a reconciliation process between our Bryan, Texas and Lincoln, Nebraska offices. The business received a faxed document that included your name and Social Security number.

Although we do not believe that the personal information on the document will be used inappropriately, there are recommended steps all consumers should consider taking to monitor their credit and protect their identity. It's always important to examine your monthly statements, watch for and report any suspicious account activity, and periodically obtain credit reports from each of the nationwide consumer reporting agencies. You can request a free credit report from one or all of the organizations listed below.

We ask that you closely monitor all credit activity over the next 12 to 24 months and immediately report suspected identity theft or fraud incidents to your financial institution as well as to one of the nationwide consumer reporting agencies listed below to have it removed from your credit file. For more information on identity theft, please visit the Federal Trade Commission at www.consumer.gov/idtheft or 1.877.IDTHEFT.

Placing a fraud alert with the nationwide consumer reporting agencies, which tells creditors to contact you before they open any new accounts or change your existing accounts, is also recommended. A fraud alert is simple to initiate by contacting any of the agencies listed below; as soon as one consumer reporting agency confirms your fraud alert, the others are notified to place fraud alerts on your credit file.

Equifax - 1.800.525.6285, or online at: <http://www.equifax.com/>
Experian - 1.888.397.3742, or online at: <http://www.experian.com/>
TransUnion Corp. - 1.800.680.7289, or online at: <http://www.transunion.com/index.jsp>

Please know we regret any inconvenience or concern this incident may cause you. We believe there is little risk of your information being compromised, and Nelnet remains committed to our customers' service, privacy, and protection. Please do not hesitate to contact us toll-free at 1.877.303.0534 with any questions.

Sincerely,

Brad Carlson
| Privacy Manager
Nelnet, Inc.