

NELNET INC
Form 10-Q
August 06, 2015

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the quarterly period ended June 30, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

For the transition period from to .

COMMISSION FILE NUMBER 001-31924

NELNET, INC.

(Exact name of registrant as specified in its charter)

NEBRASKA

(State or other jurisdiction of incorporation or
organization)

84-0748903

(I.R.S. Employer Identification No.)

121 SOUTH 13TH STREET

SUITE 100

LINCOLN, NEBRASKA

(Address of principal executive offices)

(402) 458-2370

(Registrant's telephone number, including area code)

68508

(Zip Code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No []

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of July 31, 2015, there were 33,368,589 and 11,486,932 shares of Class A Common Stock and Class B Common Stock, par value \$0.01 per share, outstanding, respectively (excluding 11,317,364 shares of Class A Common Stock held by wholly owned subsidiaries).

NELNET, INC.
FORM 10-Q
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June 30, 2015

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)
(unaudited)

	As of June 30, 2015	As of December 31, 2014
Assets:		
Student loans receivable (net of allowance for loan losses of \$50,024 and \$48,900, respectively)	\$28,095,775	28,005,195
Cash and cash equivalents:		
Cash and cash equivalents - not held at a related party	32,222	37,781
Cash and cash equivalents - held at a related party	150,058	92,700
Total cash and cash equivalents	182,280	130,481
Investments and notes receivable	245,748	235,709
Restricted cash and investments	857,853	850,440
Restricted cash - due to customers	117,820	118,488
Accrued interest receivable	364,211	351,588
Accounts receivable (net of allowance for doubtful accounts of \$1,957 and \$1,656, respectively)	60,893	50,552
Goodwill	126,200	126,200
Intangible assets, net	37,784	42,582
Property and equipment, net	48,047	45,894
Other assets	79,996	76,622
Fair value of derivative instruments	30,216	64,392
Total assets	\$30,246,823	30,098,143
Liabilities:		
Bonds and notes payable	\$28,070,423	28,027,350
Accrued interest payable	28,859	25,904
Other liabilities	157,096	167,881
Due to customers	117,820	118,488
Fair value of derivative instruments	67,133	32,842
Total liabilities	28,441,331	28,372,465
Commitments and contingencies		
Equity:		
Nelnet, Inc. shareholders' equity:		
Preferred stock, \$0.01 par value. Authorized 50,000,000 shares; no shares issued or outstanding	—	—
Common stock:		
Class A, \$0.01 par value. Authorized 600,000,000 shares; issued and outstanding 33,724,471 shares and 34,756,384 shares, respectively	337	348
Class B, convertible, \$0.01 par value. Authorized 60,000,000 shares; issued and outstanding 11,486,932 shares	115	115
Additional paid-in capital	—	17,290

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Retained earnings	1,801,457	1,702,560
Accumulated other comprehensive earnings	3,283	5,135
Total Nelnet, Inc. shareholders' equity	1,805,192	1,725,448
Noncontrolling interest	300	230
Total equity	1,805,492	1,725,678
Total liabilities and equity	\$30,246,823	30,098,143

Supplemental information - assets and liabilities of consolidated variable interest entities:

Student loans receivable	\$28,234,240	28,181,244
Restricted cash and investments	844,854	846,199
Other assets	364,858	351,934
Bonds and notes payable	(28,287,682)	(28,391,530)
Other liabilities	(329,055)	(280,233)
Fair value of derivative instruments, net	(53,593)	(20,455)
Net assets of consolidated variable interest entities	\$773,622	687,159
See accompanying notes to consolidated financial statements.		

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except share data)

(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Interest income:				
Loan interest	\$ 175,835	175,466	347,779	332,362
Investment interest	1,887	1,482	4,092	3,461
Total interest income	177,722	176,948	351,871	335,823
Interest expense:				
Interest on bonds and notes payable	72,626	69,235	144,180	129,239
Net interest income	105,096	107,713	207,691	206,584
Less provision for loan losses	2,150	1,500	4,150	4,000
Net interest income after provision for loan losses	102,946	106,213	203,541	202,584
Other income:				
Loan and guaranty servicing revenue	63,833	66,460	121,644	131,217
Tuition payment processing, school information, and campus commerce revenue	27,686	21,834	62,366	47,069
Enrollment services revenue	17,161	20,145	35,024	42,156
Other income	7,504	15,315	14,422	33,446
Gain on sale of loans and debt repurchases	1,515	18	4,390	57
Derivative market value and foreign currency adjustments and derivative settlements, net	6,502	1,570	3,424	(2,695)
Total other income	124,201	125,342	241,270	251,250
Operating expenses:				
Salaries and benefits	58,787	53,888	119,837	106,372
Cost to provide enrollment services	11,162	13,311	22,864	27,786
Loan servicing fees	7,420	7,317	15,036	12,720
Depreciation and amortization	6,501	5,214	12,163	9,997
Other	31,958	33,060	61,156	63,284
Total operating expenses	115,828	112,790	231,056	220,159
Income before income taxes	111,319	118,765	213,755	233,675
Income tax expense	40,356	43,078	77,986	83,689
Net income	70,963	75,687	135,769	149,986
Net income attributable to noncontrolling interest	54	693	95	1,206
Net income attributable to Nelnet, Inc.	\$ 70,909	74,994	135,674	148,780
Earnings per common share:				
Net income attributable to Nelnet, Inc. shareholders - basic and diluted	\$ 1.54	1.61	2.94	3.20
Weighted average common shares outstanding - basic and diluted	45,946,415	46,529,377	46,127,207	46,528,651

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net income	\$70,963	75,687	135,769	149,986
Other comprehensive (loss) income:				
Available-for-sale securities:				
Unrealized holding (losses) gains arising during period, net	(436	) 5,826	(649	) 9,501
Less reclassification adjustment for gains recognized in net income, net of losses	(2,093	) (1,238	) (2,297	) (8,311
Income tax effect	940	(1,698	) 1,094	(440
Total other comprehensive (loss) income	(1,589	) 2,890	(1,852	) 750
Comprehensive income	69,374	78,577	133,917	150,736
Comprehensive income attributable to noncontrolling interest	54	693	95	1,206
Comprehensive income attributable to Nelnet, Inc.	\$69,320	77,884	133,822	149,530

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(Dollars in thousands, except share data)

(unaudited)

	Nelnet, Inc. Shareholders		Class Preferred stock	Class A common stock	Class B common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings	Noncontrolling interest	Total equity
	Common stock Preferred Class A shares	Common stock Class B shares								
Balance as of March 31, 2014	35,019,924	11,491,932	\$—	350	115	27,138	1,482,637	2,679	755	1,513,674
Net income	—	—	—	—	—	—	74,994	—	693	75,687
Other comprehensive income	—	—	—	—	—	—	—	2,890	—	2,890
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(1,062)	(1,062)
Cash dividend on Class A and Class B common stock - \$0.10 per share	—	—	—	—	—	—	(4,643)	—	—	(4,643)
Issuance of common stock, net of forfeitures	49,802	—	—	1	—	882	—	—	—	883
Compensation expense for stock based awards	—	—	—	—	—	1,135	—	—	—	1,135
Repurchase of common stock	(209,940)	—	—	(2)	—	(8,434)	—	—	—	(8,436)
Balance as of June 30, 2014	34,859,786	11,491,932	\$—	349	115	20,721	1,552,988	5,569	386	1,580,128
Balance as of March 31, 2015	34,713,065	11,486,932	\$—	347	115	13,177	1,762,711	4,872	271	1,781,493
Issuance of noncontrolling interest	—	—	—	—	—	—	—	—	19	19
Net income	—	—	—	—	—	—	70,909	—	54	70,963
Other comprehensive loss	—	—	—	—	—	—	—	(1,589)	—	(1,589)
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(44)	(44)
Cash dividend on Class A and	—	—	—	—	—	—	(4,559)	—	—	(4,559)

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Class B common stock - \$0.10 per share										
Issuance of common stock, net of forfeitures	—9,616	—	—	—	—	945	—	—	—	945
Compensation expense for stock based awards	—	—	—	—	—	1,353	—	—	—	1,353
Repurchase of common stock	—(998,210)	—	—	(10)	—	(15,475)	(27,604)	—	—	(43,089)
Balance as of June 30, 2015	—33,724,471	11,486,932	\$—337	115	—	1,801,457	3,283	300		1,805,492
Balance as of December 31, 2013	—34,881,338	11,495,377	\$—349	115	24,887	1,413,492	4,819	328		1,443,990
Issuance of noncontrolling interest	—	—	—	—	—	—	—	—	201	201
Net income	—	—	—	—	—	148,780	—	1,206		149,986
Other comprehensive income	—	—	—	—	—	—	750	—		750
Distribution to noncontrolling interest	—	—	—	—	—	—	—	—	(1,349)	(1,349)
Cash dividends on Class A and Class B common stock - \$0.20 per share	—	—	—	—	—	(9,284)	—	—		(9,284)
Issuance of common stock, net of forfeitures	—205,507	—	—	2	—	3,126	—	—	—	3,128
Compensation expense for stock based awards	—	—	—	—	—	2,010	—	—	—	2,010
Repurchase of common stock	—(230,504)	—	—	(2)	—	(9,302)	—	—	—	(9,304)
Conversion of common stock	—3,445	(3,445)	—	—	—	—	—	—	—	—
Balance as of June 30, 2014	—34,859,786	11,491,932	\$—349	115	20,721	1,552,988	5,569	386		1,580,128
Balance as of December 31, 2014	—34,756,384	11,486,932	\$—348	115	17,290	1,702,560	5,135	230		1,725,678
	—	—	—	—	—	—	—	—	19	19

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Issuance of noncontrolling interest										
Net income	—	—	—	—	—	135,674	—	95	135,769	
Other comprehensive loss	—	—	—	—	—	—	(1,852)	—	(1,852)	
Distribution to noncontrolling interest	—	—	—	—	—	—	—	(44)	(44)	
Cash dividends on Class A and Class B common stock - \$0.20 per share	—	—	—	—	—	(9,173)	—	—	(9,173)	
Issuance of common stock, net of forfeitures	—	142,095	—	—	1	—	—	—	3,412	
Compensation expense for stock based awards	—	—	—	—	—	2,711	—	—	2,711	
Repurchase of common stock	—	(1,174,008)	—	—	(12)	—	(23,412)	(27,604)	—	
Balance as of June 30, 2015	—	33,724,471	11,486,932	\$—	337	115	—	1,801,457	3,283	300
										1,805,492

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(unaudited)

	Six months ended June 30,	
	2015	2014
Net income attributable to Nelnet, Inc.	\$ 135,674	148,780
Net income attributable to noncontrolling interest	95	1,206
Net income	135,769	149,986
Adjustments to reconcile net income to net cash provided by operating activities, net of acquisitions:		
Depreciation and amortization, including debt discounts and student loan premiums and deferred origination costs	60,191	49,206
Student loan discount accretion	(21,506)	(21,087)
Provision for loan losses	4,150	4,000
Derivative market value adjustment	19,457	(7,950)
Foreign currency transaction adjustment	(33,538)	(1,798)
Proceeds from termination of derivative instruments	51,947	—
Payment to enter into interest rate caps	(585)	—
Gain on sale of loans	(351)	—
Gain from debt repurchases	(4,039)	(57)
Gain from sales of available-for-sale securities, net	(2,297)	(8,311)
Payments for purchases of trading securities, net	(11,697)	—
Deferred income tax expense	3,119	5,653
Other	6,376	4,967
Increase in accrued interest receivable	(743)	(3,567)
Increase in accounts receivable	(10,341)	(695)
(Increase) decrease in other assets	(1,967)	1,383
Increase in accrued interest payable	2,566	1,432
Decrease in other liabilities	(4,526)	(16,690)
Net cash provided by operating activities	191,985	156,472
Cash flows from investing activities, net of acquisitions:		
Purchases of student loans and student loan residual interests	(1,637,650)	(2,843,236)
Net proceeds from student loan repayments, claims, capitalized interest, participations, and other	1,953,437	1,712,350
Proceeds from sale of student loans	3,996	6
Purchases of available-for-sale securities	(5,550)	(135,890)
Proceeds from sales of available-for-sale securities	47,951	195,938
Purchases of investments and issuance of notes receivable	(53,770)	(27,011)
Proceeds from investments and notes receivable	8,824	3,821
Purchases of property and equipment, net	(9,519)	(9,022)
Decrease (increase) in restricted cash and investments, net	16,532	(27,247)
Business and asset acquisitions, net of cash acquired	—	(45,583)
Net cash provided by (used in) investing activities	324,251	(1,175,874)
Cash flows from financing activities:		
Payments on bonds and notes payable	(2,629,565)	(1,821,723)
Proceeds from issuance of bonds and notes payable	2,233,630	2,901,639
Payments of debt issuance costs	(8,707)	(12,241)

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Dividends paid	(9,173) (9,284)
Repurchases of common stock	(51,028) (9,304)
Proceeds from issuance of common stock	431	295	
Issuance of noncontrolling interest	19	201	
Distribution to noncontrolling interest	(44	) (1,349)
Net cash (used in) provided by financing activities	(464,437	) 1,048,234	
Net increase in cash and cash equivalents	51,799	28,832	
Cash and cash equivalents, beginning of period	130,481	63,267	
Cash and cash equivalents, end of period	\$ 182,280	92,099	
Cash disbursements made for:			
Interest	\$ 108,436	97,668	
Income taxes, net of refunds	\$ 67,211	83,706	
Noncash activity:			
Investing activity - student loans and other assets acquired	\$ 517,845	\$ 2,571,997	
Financing activity - borrowings and other liabilities assumed in acquisition of student loans	\$ 451,845	\$ 2,444,874	

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts, unless otherwise noted)

(unaudited)

1. Basis of Financial Reporting

The accompanying unaudited consolidated financial statements of Nelnet, Inc. and subsidiaries (the "Company") as of June 30, 2015 and for the three and six months ended June 30, 2015 and 2014 have been prepared on the same basis as the audited consolidated financial statements for the year ended December 31, 2014 and, in the opinion of the Company's management, the unaudited consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of results of operations for the interim periods presented. The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three and six months ended June 30, 2015 are not necessarily indicative of the results for the year ending December 31, 2015. The unaudited consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2014 (the "2014 Annual Report").

Reclassifications

Certain amounts previously reported within the Company's consolidated balance sheet and statements of income have been reclassified to conform to the current period presentation. These reclassifications include:

• Reclassifying certain investments and notes receivable, which were previously included in "other assets" to "investments and notes receivable."

• Reclassifying third-party loan servicing fees, which were previously included in "other" operating expenses to "loan servicing fees."

The reclassifications had no effect on consolidated net income or consolidated assets and liabilities.

2. Student Loans Receivable and Allowance for Loan Losses

Student loans receivable consisted of the following:

	As of June 30, 2015	As of December 31, 2014
Federally insured loans		
Stafford and other	\$6,574,079	6,030,825
Consolidation	21,564,569	22,165,605
Total	28,138,648	28,196,430
Private education loans	175,202	27,478
	28,313,850	28,223,908
Loan discount, net of unamortized loan premiums and deferred origination costs (a)	(168,051	) (169,813
Allowance for loan losses – federally insured loans	(36,762	) (39,170
Allowance for loan losses – private education loans	(13,262) (9,730
	\$28,095,775	28,005,195

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As of June 30, 2015 and December 31, 2014, "loan discount, net of unamortized loan premiums and deferred (a) origination costs" included \$33.1 million and \$28.8 million, respectively, of non-accretable discount associated with purchased loans of \$9.5 billion and \$8.5 billion, respectively.

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Private Education Loans

On February 5, 2015, the Company entered into an agreement with CommonBond, Inc. ("CommonBond"), a student lending company that provides private education loans to graduate students, under which the Company committed to purchase private education loans for a period of 18 months, with the total purchase obligation limited to \$150.0 million. As of June 30, 2015, the Company had purchased \$64.2 million in private loans from CommonBond pursuant to this agreement.

Acquisition of Student Loan Residual Interest

On May 26, 2015, the Company acquired the ownership interest in a federally insured student loan securitization trust (the "Trust"), giving the Company rights to the residual interest in \$504.2 million of securitized federally insured loans. The Trust includes loans funded to term with \$448.9 million (par value) of bonds and notes payable.

The Company has consolidated this Trust on its consolidated balance sheet because management has determined the Company is the primary beneficiary of the Trust. Upon acquisition of the Trust, the Company recorded all assets and liabilities of the Trust at fair value, resulting in the recognition of a student loan fair value discount of \$20.7 million and a bonds and notes payable fair value premium of \$2.2 million. The discount and premium will be accreted and amortized, respectively, using the effective interest method over the lives of the underlying assets and liabilities. All other assets and liabilities acquired and liabilities assumed (restricted cash, accrued interest receivable /payable, and other assets/liabilities) were recorded at cost, which approximates fair value.

Activity in the Allowance for Loan Losses

The provision for loan losses represents the periodic expense of maintaining an allowance sufficient to absorb losses, net of recoveries, inherent in the portfolio of student loans. Activity in the allowance for loan losses is shown below.

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Balance at beginning of period	\$51,161	54,628	48,900	55,122
Provision for loan losses:				
Federally insured loans	2,000	2,000	4,000	5,000
Private education loans	150	(500)	150	(1,000)
Total provision for loan losses	2,150	1,500	4,150	4,000
Charge-offs:				
Federally insured loans	(3,259)	(4,138)	(6,408)	(7,769)
Private education loans	(446)	(598)	(1,122)	(1,019)
Total charge-offs	(3,705)	(4,736)	(7,530)	(8,788)
Recoveries - private education loans	238	339	492	710
Purchase (sale) of federally insured and private education loans, net	—	150	(230)	250
Transfer from repurchase obligation related to private education loans repurchased	180	586	4,242	1,173
Balance at end of period	\$50,024	52,467	50,024	52,467
Allocation of the allowance for loan losses:				
Federally insured loans	\$36,762	40,921	36,762	40,921
Private education loans	13,262	11,546	13,262	11,546
Total allowance for loan losses	\$50,024	52,467	50,024	52,467

Repurchase Obligation

The Company has sold various portfolios of private education loans to third-parties. Per the terms of the servicing agreements, the Company's servicing operations are obligated to repurchase loans subject to the sale agreements in the event such loans become 60 or 90 days delinquent. As of June 30, 2015 and December 31, 2014, the balance of loans subject to these repurchase obligations was \$57.0 million and \$155.3 million, respectively. The Company repurchased \$94.1 million of private education loans during the first quarter of 2015. The Company's estimate related to its obligation to repurchase these loans is included in "other liabilities"

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in the Company's consolidated balance sheets and was \$3.7 million and \$11.8 million as of June 30, 2015 and December 31, 2014, respectively.

Student Loan Status and Delinquencies

Delinquencies have the potential to adversely impact the Company's earnings through increased servicing and collection costs and account charge-offs. The table below shows the Company's loan delinquency amounts.

	As of June 30, 2015		As of December 31, 2014		As of June 30, 2014	
Federally insured loans:						
Loans in-school/grace/deferment	\$2,634,088		\$2,805,228		\$3,095,741	
Loans in forbearance	3,118,774		3,288,412		3,593,891	
Loans in repayment status:						
Loans current	19,055,994	85.2 %	18,460,279	83.5 %	19,164,660	84.0 %
Loans delinquent 31-60 days	950,055	4.2	1,043,119	4.8	1,026,046	4.5
Loans delinquent 61-90 days	612,657	2.7	588,777	2.7	674,918	3.0
Loans delinquent 91-120 days	355,636	1.6	404,905	1.8	376,068	1.5
Loans delinquent 121-270 days	1,051,843	4.7	1,204,405	5.4	1,133,527	5.0
Loans delinquent 271 days or greater	359,601	1.6	401,305	1.8	447,264	2.0
Total loans in repayment	22,385,786	100.0 %	22,102,790	100.0 %	22,822,483	100.0 %
Total federally insured loans	\$28,138,648		\$28,196,430		\$29,512,115	
Private education loans:						
Loans in-school/grace/deferment	\$5,268		\$905		\$2,123	
Loans in forbearance	142		—		—	
Loans in repayment status:						
Loans current	161,355	95.0 %	18,390	69.2 %	57,048	87.1 %
Loans delinquent 31-60 days	1,407	0.8	1,078	4.1	1,008	1.5
Loans delinquent 61-90 days	1,647	1.0	1,035	3.9	1,867	2.8
Loans delinquent 91 days or greater	5,383	3.2	6,070	22.8	5,624	8.6
Total loans in repayment	169,792	100.0 %	26,573	100.0 %	65,547	100.0 %
Total non-federally insured loans	\$175,202		\$27,478		\$67,670	

3. Bonds and Notes Payable

The following tables summarize the Company's outstanding debt obligations by type of instrument:

	As of June 30, 2015		
	Carrying amount	Interest rate range	Final maturity
Variable-rate bonds and notes issued in asset-backed securitizations:			
Bonds and notes based on indices	\$25,754,105	0.10% - 6.90%	8/26/19 - 8/26/52
Bonds and notes based on auction	1,171,515	1.06% - 2.09%	3/22/32 - 11/26/46
Total variable-rate bonds and notes	26,925,620		
FFELP warehouse facilities	1,190,705	0.19% - 0.30%	6/11/17 - 4/29/18
Private education loan warehouse facility	89,265	0.31%	12/26/16
Unsecured line of credit	100,000	1.69%	6/30/19
Unsecured debt - Junior Subordinated Hybrid Securities	57,582	3.66%	9/15/61
Other borrowings	79,336	1.69% - 5.10%	11/11/15 - 10/31/16
	28,442,508		
Discount on bonds and notes payable	(372,085)		
Total	\$28,070,423		
	As of December 31, 2014		
	Carrying amount	Interest rate range	Final maturity
Variable-rate bonds and notes issued in asset-backed securitizations:			
Bonds and notes based on indices	\$25,713,431	0.19% - 6.90%	5/25/18 - 8/26/52
Bonds and notes based on auction	1,311,669	0.47% - 2.17%	3/22/32 - 11/26/46
Total variable-rate bonds and notes	27,025,100		
FFELP warehouse facilities	1,241,665	0.16% - 0.26%	1/17/16 - 6/11/17
Unsecured line of credit	—	—	6/30/19
Unsecured debt - Junior Subordinated Hybrid Securities	71,688	3.63%	9/15/61
Other borrowings	81,969	1.67% - 5.10%	11/11/15 - 12/31/18
	28,420,422		
Discount on bonds and notes payable	(393,072)		
Total	\$28,027,350		

FFELP Warehouse Facilities

The Company funds a portion of its FFELP loan acquisitions using its FFELP warehouse facilities. Student loan warehousing allows the Company to buy and manage student loans prior to transferring them into more permanent financing arrangements.

As of June 30, 2015, the Company had three FFELP warehouse facilities as summarized below.

	NHELP-III (a)	NFSLW-I (b)	NHELP-II	Total
Maximum financing amount	\$750,000	750,000	500,000	2,000,000
Amount outstanding	282,005	571,084	337,616	1,190,705
Amount available	\$467,995	178,916	162,384	809,295
Expiration of liquidity provisions	April 29, 2016	July 30, 2015	December 17, 2015	
Final maturity date	April 29, 2018	June 11, 2017	December 17, 2017	
Maximum advance rates	92.2 - 95.0%	92.0 - 98.0%	91.0 - 97.0%	
Minimum advance rates	92.2 - 95.0%	84.0 - 90.0%	91.0 - 97.0%	
Advanced as equity support	\$7,751	27,211	18,808	53,770

(a) On April 30, 2015, the Company amended the agreement for this warehouse facility to change the expiration date for the liquidity provisions to April 29, 2016, and to change the final maturity date to April 29, 2018.

On May 14, 2015, the Company amended the agreement for this warehouse facility to extend the expiration of the liquidity provisions to July 30, 2015. On July 10, 2015, the Company amended the agreement for this warehouse (b) facility to temporarily increase the maximum financing amount to \$875.0 million, extend the expiration of the liquidity provisions to July 8, 2016, and extend the maturity date to July 9, 2018. The maximum financing amount is scheduled to decrease by \$125.0 million on March 31, 2016.

Asset-backed Securitizations

The following table summarizes the asset-backed securitization transactions completed during the six months ended June 30, 2015.

	2015-1	2015-2		2015-3			Total		
		Class A-1	Class A-2	2015-2	Class A-1	Class A-2	Class A-3	2015-3	
		notes	notes	total	notes	notes	notes	total	
Date securities issued	2/27/15	3/26/15	3/26/15	3/26/15	5/21/15	5/21/15	5/21/15	5/21/15	
Total original principal amount	\$566,346	122,500	584,500	722,000	82,500	270,000	41,400	401,400	\$1,689,746
Class A senior notes:									
Total original principal amount	\$553,232	122,500	584,500	707,000	82,500	270,000	41,400	393,900	1,654,132
Bond discount	—	—	—	—	—	(380)	(1,095)	(1,475)	(1,475)

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Issue price	\$553,232	122,500	584,500	707,000	82,500	269,620	40,305	392,425	1,652,657
Cost of funds (1-month LIBOR plus:)	0.59	% 0.27	% 0.60	%	0.30	% 0.60	% 0.90	%	
Final maturity date	4/25/41	3/25/20	9/25/42		1/27/25	2/26/46	6/25/49		

Class B
subordinated
notes:

Total original principal amount	\$13,114			15,000			7,500	35,614
Bond discount	(1,157)			(1,793)			(968)	(3,918)
Issue price	\$11,957			13,207			6,532	31,696
Cost of funds (1-month LIBOR plus:)	1.50	%		1.50	%		1.50	%
Final maturity date	6/25/46			5/25/49			6/27/50	

Private Education Loan Warehouse Facility

On June 26, 2015, the Company entered into a \$275.0 million private education loan warehouse facility. As of June 30, 2015, there was \$89.3 million outstanding on the facility and \$185.7 million was available for future use. The facility has a static advance rate that requires initial equity for loan funding, but does not require increased equity based on market movements. The maximum advance rate on the entire facility is 88 percent and minimum advance rates, depending on loan characteristics and program type, range from 64 percent to 99 percent. As of June 30, 2015, \$12.8 million was advanced on the facility as equity support. The facility is supported by liquidity provisions, which have a defined expiration date of June 24, 2016. In the event the Company is unable to renew the liquidity provisions by such date, the facility would become a term facility at a stepped-up cost, with no additional student loans being eligible for financing, and the Company would be required to refinance the existing loans in the facility by the facility's final maturity date of December 26, 2016.

Unsecured Line of Credit

The Company has a \$350.0 million line of credit that has a maturity date of June 30, 2019. As of June 30, 2015, the unsecured line of credit had an outstanding balance of \$100.0 million and \$250.0 million was available for future use.

Debt Repurchases

The following table summarizes the Company's repurchases of its own debt. Gains recorded by the Company from the repurchase of debt are included in "gain on sale of loans and debt repurchases" on the Company's consolidated statements of income.

	Par value	Purchase price	Gain	Par value	Purchase price	Gain
	Three months ended			June 30, 2014		
	June 30, 2015			June 30, 2014		
Unsecured debt - Hybrid Securities	\$2,255	1,781	474	—	—	—
Asset-backed securities	22,146	21,105	1,041	200	182	18
	\$24,401	22,886	1,515	200	182	18
	Six months ended			June 30, 2014		
	June 30, 2015			June 30, 2014		
Unsecured debt - Hybrid Securities	\$14,106	11,108	2,998	—	—	—
Asset-backed securities	22,146	21,105	1,041	1,550	1,493	57
	\$36,252	32,213	4,039	1,550	1,493	57

4. Derivative Financial Instruments

The Company uses derivative financial instruments primarily to manage interest rate risk and foreign currency exchange risk. Derivative instruments used as part of the Company's risk management strategy are further described in note 5 of the notes to consolidated financial statements included in the 2014 Annual Report. A tabular presentation of such derivatives outstanding as of June 30, 2015 and December 31, 2014 is presented below.

Basis Swaps

The following table summarizes the Company's basis swaps outstanding as of June 30, 2015 and December 31, 2014 in which the Company receives three-month LIBOR set discretely in advance and pays one-month LIBOR plus or minus a spread as defined in the agreements (the "1:3 Basis Swaps").

Maturity	As of June 30, 2015	As of December 31, 2014
	Notional amount	Notional amount
2016	\$4,000,000	\$—
2021	—	250,000
2022	800,000	1,900,000
2023	1,250,000	3,650,000
2024	—	250,000
2026	300,000	800,000
2028	—	100,000
2036	—	700,000
2039	—	150,000
	\$6,350,000	\$7,800,000

The weighted average rate paid by the Company on the 1:3 Basis Swaps as of June 30, 2015 and December 31, 2014 was one-month LIBOR plus 8.5 basis points and 3.5 basis points, respectively.

Interest Rate Swaps – Floor Income Hedges

The following table summarizes the outstanding derivative instruments used by the Company to economically hedge loans earning fixed rate floor income.

Maturity	As of June 30, 2015		As of December 31, 2014	
	Notional amount	Weighted average fixed rate paid by the Company (a)	Notional amount	Weighted average fixed rate paid by the Company (a)
2015	\$500,000	0.71	% \$1,100,000	0.89 %
2016	750,000	0.85	750,000	0.85
2017	1,850,000	0.83	1,250,000	0.86
2018	100,000	1.02	—	—
2025	100,000	2.32	—	—
	\$3,300,000	0.87	% \$3,100,000	0.87 %

(a) For all interest rate derivatives, the Company receives discrete three-month LIBOR.

On August 20, 2014, the Company paid \$9.1 million for an interest rate swap option to economically hedge loans earning fixed rate floor income. The interest rate swap option gives the Company the right, but not the obligation, to enter into a \$250 million notional interest rate swap in which the Company would pay a fixed amount of 3.30% and receive discrete one-month LIBOR. If the interest rate swap option is exercised, the swap would become effective in

2019 and mature in 2024.

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Interest Rate Swaps – Unsecured Debt Hedges

The Company had the following derivatives outstanding as of June 30, 2015 and December 31, 2014 that are used to effectively convert the variable interest rate on a portion of the Junior Subordinated Hybrid Securities to a fixed rate of 7.66%.

Maturity	Notional amount	Weighted average fixed rate paid by the Company (a)
2036	\$ 25,000	4.28 %

(a) For all interest rate derivatives, the Company receives discrete three-month LIBOR.

Interest Rate Caps

In June 2015, in conjunction with the entry into the \$275.0 million private education loan warehouse facility, the Company paid \$2.9 million for two interest rate cap contracts with a total notional amount of \$275.0 million. The first interest rate cap has a notional amount of \$125.0 million and a one-month LIBOR strike rate of 2.50%, and the second interest rate cap has a notional amount of \$150.0 million and a one-month LIBOR strike rate of 4.99%. In the event that the one-month LIBOR rate rises above the applicable strike rate, the Company would receive monthly payments related to the spread difference. Both interest rate cap contracts have a maturity date of July 15, 2020.

Foreign Currency Exchange Risk

In 2006, the Company issued €352.7 million of student loan asset-backed Euro Notes (the "Euro Notes") with an interest rate based on a spread to the EURIBOR index. As a result of the Euro Notes, the Company is exposed to market risk related to fluctuations in foreign currency exchange rates between the U.S. dollar and Euro. The principal and accrued interest on these notes are re-measured at each reporting period and recorded in the Company's consolidated balance sheet in U.S. dollars based on the foreign currency exchange rate on that date.

The Company entered into a cross-currency interest rate swap in connection with the issuance of the Euro Notes. Under the terms of the cross-currency interest rate swap, the Company receives from the counterparty a spread to the EURIBOR index based on a notional amount of €352.7 million and pays a spread to the LIBOR index based on a notional amount of \$450.0 million. In addition, under the terms of this agreement, all principal payments on the Euro Notes will effectively be paid at the exchange rate in effect between the U.S. dollar and Euro as of the issuance of the notes.

The following table shows the income statement impact as a result of the re-measurement of the Euro Notes and the change in the fair value of the related derivative instrument.

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Re-measurement of Euro Notes	\$(14,671	) 2,751	33,538	1,798
Change in fair value of cross-currency interest rate swap	13,933	(2,999	) (35,873	) (3,037
Total impact to consolidated statements of income - income (expense) (a)	\$(738	) (248	) (2,335	) (1,239

(a) The financial statement impact of the above items is included in "Derivative market value and foreign currency adjustments and derivative settlements, net" in the Company's consolidated statements of income.

The re-measurement of the Euro-denominated bonds generally correlates with the change in fair value of the corresponding cross-currency interest rate swap. However, the Company will experience unrealized gains or losses related to the cross-currency interest rate swap if the two underlying indices (and related forward curve) do not move

in parallel.

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Consolidated Financial Statement Impact Related to Derivatives

The following table summarizes the fair value of the Company's derivatives as reflected in the consolidated balance sheets:

	Fair value of asset derivatives		Fair value of liability derivatives	
	As of June 30, 2015	As of December 31, 2014	As of June 30, 2015	As of December 31, 2014
1:3 basis swaps	\$14,071	53,549	71	—
Interest rate swaps - floor income hedges	7,262	5,165	4,470	5,034
Interest rate swap option - floor income hedge	6,148	5,678	—	—
Interest rate swaps - hybrid debt hedges	—	—	6,264	7,353
Interest rate caps	2,735	—	—	—
Cross-currency interest rate swap	—	—	56,328	20,455
Total	\$30,216	64,392	67,133	32,842

During the six months ended June 30, 2015, the Company terminated a total notional amount of \$5.5 billion of 1:3 Basis Swaps for gross proceeds of \$51.9 million. There were no derivative terminations during the first six months of 2014.

Offsetting of Derivative Assets/Liabilities

The Company records derivative instruments in the consolidated balance sheets on a gross basis as either an asset or liability measured at its fair value. Certain of the Company's derivative instruments are subject to right of offset provisions with counterparties. The following tables include the gross amounts related to the Company's derivative portfolio recognized in the consolidated balance sheets, reconciled to the net amount when excluding derivatives subject to enforceable master netting arrangements and cash collateral received/pledged:

Derivative assets	Gross amounts of recognized assets presented in the consolidated balance sheets	Gross amounts not offset in the consolidated balance sheets		
		Derivatives subject to enforceable master netting arrangement	Cash collateral pledged (received)	Net asset (liability)
Balance as of June 30, 2015	\$30,216	(6,801	) 2,046	25,461
Balance as of December 31, 2014	64,392	(12,387	) —	52,005

Derivative liabilities	Gross amounts of recognized liabilities presented in the consolidated balance	Gross amounts not offset in the consolidated balance sheets		
		Derivatives subject to enforceable master netting arrangement	Cash collateral pledged (received)	Net asset (liability)

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	sheets				
Balance as of June 30, 2015	\$(67,133) 6,801	(9,091) (69,423)
Balance as of December 31, 2014	(32,842) 12,387	(1,454) (21,909)

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The following table summarizes the effect of derivative instruments in the consolidated statements of income.

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Settlements:				
1:3 basis swaps	\$123	858	389	1,739
Interest rate swaps - floor income hedges	(5,019)	) (6,974	) (10,034	) (13,924
Interest rate swaps - hybrid debt hedges	(253)	) (256	) (505	) (508
Cross-currency interest rate swap	(293)	) 158	(507	) 250
Total settlements - (expense) income	(5,442	) (6,214	) (10,657	) (12,443
Change in fair value:				
1:3 basis swaps	1,428	11,910	12,398	13,020
Interest rate swaps - floor income hedges	7,534	(2,813	) 2,662	545
Interest rate swap option - floor income hedge	1,381	—	470	—
Interest rate swaps - hybrid debt hedges	2,540	(1,065	) 1,087	(2,578
Interest rate caps	(201	) —	(201) —
Cross-currency interest rate swap	13,933	(2,999	) (35,873	) (3,037
Total change in fair value - income (expense)	26,615	5,033	(19,457	) 7,950
Re-measurement of Euro Notes (foreign currency transaction adjustment) - (expense) income	(14,671	) 2,751	33,538	1,798
Derivative market value and foreign currency adjustments and derivative settlements, net - income (expense)	\$6,502	1,570	3,424	(2,695

5. Investments and Notes Receivable

A summary of the Company's investments and notes receivable follows:

	As of June 30, 2015				As of December 31, 2014			
	Amortized cost	Gross unrealized gains	Gross unrealized losses (a)	Fair value	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
Investments (at fair value):								
Available-for-sale investments:								
Student loan asset-backed and other debt securities (b)	\$92,192	4,137	(608	) 95,721	131,589	6,204	(236	) 137,557
Equity securities	846	1,734	(58	) 2,522	1,553	2,216	(33	) 3,736
Total available-for-sale investments	\$93,038	5,871	(666	) 98,243	133,142	8,420	(269	) 141,293
Trading investments:								
Student loan asset-backed securities				6,443				7,830
Equity securities				13,084				—
Total trading investments				19,527				7,830
Total available-for-sale and trading investments				117,770				149,123
Other Investments and Notes Receivable (not measured at fair value):								
Investments accounted for under the cost and equity methods				82,281				36,991
Notes receivable				31,321				30,643

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Other	14,376	18,952
Total investments and notes receivable	\$245,748	235,709

(a) As of June 30, 2015, the Company considered the decline in market value of its available-for-sale investments to be temporary in nature and did not consider any of its investments other-than-temporarily impaired.

(b) As of June 30, 2015, the stated maturities of the majority of the Company's student loan asset-backed and other debt securities classified as available-for-sale were greater than 10 years.

6. Intangible Assets and Goodwill

Intangible assets consist of the following:

	Weighted average remaining useful life as of June 30, 2015 (months)	As of June 30, 2015	As of December 31, 2014
Amortizable intangible assets:			
Customer relationships (net of accumulated amortization of \$20,278 and \$17,361, respectively)	213	\$24,413	27,330
Trade names (net of accumulated amortization of \$534 and \$272, respectively)	227	5,888	6,150
Computer software (net of accumulated amortization of \$3,048 and \$1,896, respectively)	37	5,817	6,969
Content (net of accumulated amortization of \$450 and \$0, respectively)	18	1,350	1,800
Covenants not to compete (net of accumulated amortization of \$38 and \$21, respectively)	107	316	333
Total - amortizable intangible assets	180	\$37,784	42,582

The Company recorded amortization expense on its intangible assets of \$2.4 million and \$1.4 million during the three months ended June 30, 2015 and 2014, respectively, and \$4.8 million and \$2.4 million during the six months ended June 30, 2015 and 2014, respectively. The Company will continue to amortize intangible assets over their remaining useful lives. As of June 30, 2015, the Company estimates it will record amortization expense as follows:

2015 (July 1 - December 31)	\$4,797
2016	6,249
2017	3,752
2018	3,533
2019	2,861
2020 and thereafter	16,592
	\$37,784

There were no changes in the carrying amount of goodwill during the six months ended June 30, 2015. The carrying amount of goodwill by reportable operating segment as of June 30, 2015 and December 31, 2014 is shown in the table below.

	Student Loan and Guaranty Servicing	Tuition Payment Processing and Campus Commerce	Asset Generation and Management	Corporate and Other Activities	Total
Balance as of December 31, 2014 and June 30, 2015	\$8,596	67,168	41,883	8,553	126,200

7. Earnings per Common Share

Presented below is a summary of the components used to calculate basic and diluted earnings per share. The Company applies the two-class method in computing both basic and diluted earnings per share, which requires the calculation of separate earnings per share amounts for common stock and unvested share based awards. Unvested share-based awards that contain nonforfeitable rights to dividends are considered securities which participate in undistributed earnings with common stock.

	Three months ended June 30, 2015			2014		
	Common shareholders	Unvested restricted stock shareholders	Total	Common shareholders	Unvested restricted stock shareholders	Total
Numerator:						
Net income attributable to Nelnet, Inc.	\$ 70,146	763	70,909	74,263	731	74,994
Denominator:						
Weighted-average common shares outstanding - basic and diluted	45,451,888	494,527	45,946,415	46,075,869	453,508	46,529,377
Earnings per share - basic and diluted	\$ 1.54	1.54	1.54	1.61	1.61	1.61
	Six months ended June 30, 2015			2014		
	Common shareholders	Unvested restricted stock shareholders	Total	Common shareholders	Unvested restricted stock shareholders	Total
Numerator:						
Net income attributable to Nelnet, Inc.	\$ 134,227	1,447	135,674	147,388	1,392	148,780
Denominator:						
Weighted-average common shares outstanding - basic and diluted	45,635,155	492,052	46,127,207	46,093,314	435,337	46,528,651
Earnings per share - basic and diluted	\$ 2.94	2.94	2.94	3.20	3.20	3.20

Unvested restricted stock awards are the Company's only potential common shares and, accordingly, there were no awards that were antidilutive and not included in average shares outstanding for the diluted earnings per share calculation.

8. Segment Reporting

See note 14 of the notes to consolidated financial statements included in the 2014 Annual Report for a description of the Company's operating segments. The following tables include the results of each of the Company's operating segments reconciled to the consolidated financial statements.

Effective January 1, 2015, internal reporting to executive management (the "chief operating decision maker") changed to reflect operational changes made within the organization. The operational and internal reporting changes included moving the majority of information technology infrastructure personnel and related functions to Corporate and Other Activities. The associated costs are allocated to the other operating segments based on those segments' actual use of information technology related products and services. Information technology infrastructure personnel and related functions were historically included within the Student Loan and Guaranty Servicing operating segment, and associated costs were allocated to the other operating segments based on those segments' actual use of the related products and services. Prior period segment operating results have been reclassified to reflect these changes; however, the reclassifications had no effect on any operating segment's net income.

Three months ended June 30, 2015

	Student Loan and Guaranty Servicing	Tuition Payment Processing and Campus Commerce	Asset Generation and Management	Corporate and Other Activities	Eliminations	Total
Total interest income	\$ 13	1	176,279	1,814	(385)	177,722
Interest expense	—	—	71,441	1,570	(385)	72,626
Net interest income	13	1	104,838	244	—	105,096
Less provision for loan losses	—	—	2,150	—	—	2,150
Net interest income after provision for loan losses	13	1	102,688	244	—	102,946
Other income:						
Loan and guaranty servicing revenue	63,833	—	—	—	—	63,833
Intersegment servicing revenue	12,223	—	—	—	(12,223)	—
Tuition payment processing, school information, and campus commerce revenue	—	27,686	—	—	—	27,686
Enrollment services revenue	—	—	—	17,161	—	17,161
Other income	—	—	3,950	3,554	—	7,504
Gain on sale of loans and debt repurchases	—	—	1,041	474	—	1,515
Derivative market value and foreign currency adjustments, net	—	—	9,404	2,540	—	11,944
Derivative settlements, net	—	—	(5,189)	(253)	—	(5,442)
Total other income	76,056	27,686	9,206	23,476	(12,223)	124,201
Operating expenses:						
Salaries and benefits	31,585	13,583	524	13,095	—	58,787
Cost to provide enrollment services	—	—	—	11,162	—	11,162
Loan servicing fees	—	—	7,420	—	—	7,420
Depreciation and amortization	527	2,195	—	3,779	—	6,501
Other	15,376	4,112	1,270	11,200	—	31,958
Intersegment expenses, net	11,566	2,785	12,398	(14,526)	(12,223)	—

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Total operating expenses	59,054	22,675	21,612	24,710	(12,223)	115,828
Income (loss) before income taxes and corporate overhead allocation	17,015	5,012	90,282	(990)	—	111,319
Corporate overhead allocation	(2,294)	(918)	(1,147)	4,359	—	—
Income before income taxes	14,721	4,094	89,135	3,369	—	111,319
Income tax (expense) benefit	(5,594)	(1,556)	(33,871)	665	—	(40,356)
Net income	9,127	2,538	55,264	4,034	—	70,963
Net income attributable to noncontrolling interest	—	—	—	54	—	54
Net income attributable to Nelnet, Inc.	\$9,127	2,538	55,264	3,980	—	70,909

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	Three months ended June 30, 2014					
	Student Loan and Guaranty Servicing	Tuition Payment Processing and Campus Commerce	Asset Generation and Management	Corporate and Other Activities	Eliminations	Total
Total interest income	\$9	3	175,562	2,036	(662)	176,948
Interest expense	—	—	67,936	1,961	(662)	69,235
Net interest income	9	3	107,626	75	—	107,713
Less provision for loan losses	—	—	1,500	—	—	1,500
Net interest income after provision for loan losses	9	3	106,126	75	—	106,213
Other income:						
Loan and guaranty servicing revenue	66,460	—	—	—	—	66,460
Intersegment servicing revenue	13,800	—	—	—	(13,800)	—
Tuition payment processing, school information, and campus commerce revenue	—	21,834	—	—	—	21,834
Enrollment services revenue	—	—	—	20,145	—	20,145
Other income	—	—	4,496	10,819	—	15,315
Gain on sale of loans and debt repurchases	—	—	18	—	—	18
Derivative market value and foreign currency adjustments, net	—	—	8,848	(1,064)	—	7,784
Derivative settlements, net	—	—	(5,958)	(256)	—	(6,214)
Total other income	80,260	21,834	7,404	29,644	(13,800)	125,342
Operating expenses:						
Salaries and benefits	30,082	11,112	570	12,124	—	53,888
Cost to provide enrollment services	—	—	—	13,311	—	13,311
Loan servicing fees	—	—	7,317	—	—	7,317
Depreciation and amortization	438	1,845	—	2,931	—	5,214
Other	16,975	2,956	1,528	11,601	—	33,060
Intersegment expenses, net	9,356	1,404	13,968	(10,928)	(13,800)	—
Total operating expenses	56,851	17,317	23,383	29,039	(13,800)	112,790
Income before income taxes and corporate overhead allocation	23,418	4,520	90,147	680	—	118,765
Corporate overhead allocation	(2,060)	(687)	(1,249)	3,996	—	—
Income before income taxes	21,358	3,833	88,898	4,676	—	118,765
Income tax (expense) benefit	(8,116)	(1,456)	(33,781)	275	—	(43,078)
Net income	13,242	2,377	55,117	4,951	—	75,687
Net income attributable to noncontrolling interest	—	—	—	693	—	693
Net income attributable to Nelnet, Inc.	\$ 13,242	2,377	55,117	4,258	—	74,994

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	Six months ended June 30, 2015					
	Student Loan and Guaranty Servicing	Tuition Payment Processing and Campus Commerce	Asset Generation and Management	Corporate and Other Activities	Eliminations	Total
Total interest income	\$20	3	348,702	3,967	(821)	351,871
Interest expense	—	—	141,981	3,020	(821)	144,180
Net interest income	20	3	206,721	947	—	207,691
Less provision for loan losses	—	—	4,150	—	—	4,150
Net interest income after provision for loan losses	20	3	202,571	947	—	203,541
Other income:						
Loan and guaranty servicing revenue	121,644	—	—	—	—	121,644
Intersegment servicing revenue	25,094	—	—	—	(25,094)	—
Tuition payment processing, school information, and campus commerce revenue	—	62,366	—	—	—	62,366
Enrollment services revenue	—	—	—	35,024	—	35,024
Other income	—	—	8,526	5,896	—	14,422
Gain on sale of loans and debt repurchases	—	—	1,392	2,998	—	4,390
Derivative market value and foreign currency adjustments, net	—	—	12,994	1,087	—	14,081
Derivative settlements, net	—	—	(10,152)	(505)	—	(10,657)
Total other income	146,738	62,366	12,760	44,500	(25,094)	241,270
Operating expenses:						
Salaries and benefits	65,288	26,904	1,065	26,580	—	119,837
Cost to provide enrollment services	—	—	—	22,864	—	22,864
Loan servicing fees	—	—	15,036	—	—	15,036
Depreciation and amortization	973	4,390	—	6,800	—	12,163
Other	29,976	7,914	2,407	20,859	—	61,156
Intersegment expenses, net	21,266	5,399	25,438	(27,009)	(25,094)	—
Total operating expenses	117,503	44,607	43,946	50,094	(25,094)	231,056
Income (loss) before income taxes and corporate overhead allocation	29,255	17,762	171,385	(4,647)	—	213,755
Corporate overhead allocation	(4,447)	(1,780)	(2,225)	8,452	—	—
Income before income taxes	24,808	15,982	169,160	3,805	—	213,755
Income tax (expense) benefit	(9,428)	(6,074)	(64,280)	1,796	—	(77,986)
Net income	15,380	9,908	104,880	5,601	—	135,769
Net income attributable to noncontrolling interest	—	—	—	95	—	95
Net income attributable to Nelnet, Inc.	\$ 15,380	9,908	104,880	5,506	—	135,674

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	Six months ended June 30, 2014					
	Student Loan and Guaranty Servicing	Tuition Payment Processing and Campus Commerce	Asset Generation and Management	Corporate and Other Activities	Eliminations	Total
Total interest income	\$20	3	332,565	4,694	(1,459)	335,823
Interest expense	—	—	127,412	3,286	(1,459)	129,239
Net interest income	20	3	205,153	1,408	—	206,584
Less provision for loan losses	—	—	4,000	—	—	4,000
Net interest income after provision for loan losses	20	3	201,153	1,408	—	202,584
Other income:						
Loan and guaranty servicing revenue	131,217	—	—	—	—	131,217
Intersegment servicing revenue	28,021	—	—	—	(28,021)	—
Tuition payment processing, school information, and campus commerce revenue	—	47,069	—	—	—	47,069
Enrollment services revenue	—	—	—	42,156	—	42,156
Other income	—	—	8,660	24,786	—	33,446
Gain on sale of loans and debt repurchases	—	—	57	—	—	57
Derivative market value and foreign currency adjustments, net	—	—	12,325	(2,577)	—	9,748
Derivative settlements, net	—	—	(11,935)	(508)	—	(12,443)
Total other income	159,238	47,069	9,107	63,857	(28,021)	251,250
Operating expenses:						
Salaries and benefits	59,481	21,139	1,179	24,573	—	106,372
Cost to provide enrollment services	—	—	—	27,786	—	27,786
Loan servicing fees	—	—	12,720	—	—	12,720
Depreciation and amortization	857	3,273	—	5,867	—	9,997
Other	32,625	5,603	3,271	21,785	—	63,284
Intersegment expenses, net	18,519	2,824	28,339	(21,661)	(28,021)	—
Total operating expenses	111,482	32,839	45,509	58,350	(28,021)	220,159
Income before income taxes and corporate overhead allocation	47,776	14,233	164,751	6,915	—	233,675
Corporate overhead allocation	(3,920)	(1,307)	(2,578)	7,805	—	—