NELNET INC
Form DEF 14A
April 13, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.________)

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:
[ ] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X] Definitive Proxy Statement
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[ ] Soliciting Material under §240.14a-12
NELNET, INC.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(3) Filing Party:

(4) Date Filed:

121 SOUTH 13TH STREET p 402.458.2370 www.nelnet.com
SUITE 100 f 402.458.2399 NELNET, INC.
LINCOLN, NE 68508

April 13, 2018

Dear Shareholder:

On behalf of the Board of Directors, we are pleased to invite you to Nelnet, Inc.'s Annual Shareholders' Meeting on Thursday, May 24, 2018 at the Courtyard Marriott, 808 R Street, Lincoln, Nebraska at 8:30 a.m., Central Time. The notice of the meeting and proxy statement on the following pages contain information about the meeting.

Your participation in the Annual Meeting is important. We hope that you will be able to attend the meeting and encourage you to read our annual report and proxy statement. At the meeting, members of the Company's management team will discuss the Company's results of operations and business plans and will be available to answer your questions. Regardless of whether you plan to attend, we urge you to vote your proxy at your earliest convenience.

Thank you for your support of Nelnet, Inc.

Sincerely,
Michael S. Dunlap
Executive Chairman of the Board of Directors

Nelnet, Inc.
121 South 13th Street, Suite 100, Lincoln, Nebraska 68508

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April 13, 2018

TIME AND DATE	8:30 a.m., Central Time, on Thursday, May 24, 2018
PLACE	Courtyard Marriott 808 R Street Lincoln, Nebraska 68508
ITEMS OF BUSINESS	(1) To elect three Class I directors nominated by the Board of Directors to serve for three-year terms until the 2021 Annual Meeting of Shareholders (2) To ratify the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018 (3) To conduct an advisory vote to approve the Company's executive compensation (4) To approve an amendment to the Directors Stock Compensation Plan to increase the authorized number of shares of Class A common stock that may be issued under the plan from a total of 400,000 shares to a total of 500,000 shares, subject to an annual per-director limit (5) To adopt Amended and Restated Articles of Incorporation, with new amendments: To update the limitation on liability provisions for directors to conform to the provisions of the new Nebraska Model Business Corporation Act To update the indemnification provisions for directors, officers, and others to conform to the provisions of the new Nebraska Model Business Corporation Act To increase the percentage of votes required to be held by shareholders in order to demand a special meeting of shareholders under the new Nebraska Model Business Corporation Act To make certain non-substantive updates and revisions to reflect the new Nebraska Model Business Corporation Act, eliminate provisions that are no longer necessary or outdated, and to provide additional clarity and/or address minor matters (6) To transact such other business as may be properly introduced
RECORD DATE	You can vote if you were a shareholder as of the close of business on March 29, 2018
OTHER INFORMATION	The Letter to Shareholders from the Chief Executive Officer and our 2017 Annual Report on Form 10-K, which are not part of the proxy soliciting materials, are enclosed.
PROXY VOTING	The Board of Directors solicits your proxy and asks you to vote your proxy at your earliest convenience to be sure your vote is received and counted. Instructions on how to vote are contained in our proxy statement and in the Notice of Internet Availability of Proxy Materials. Whether or not you plan to attend the meeting, we ask you to vote over the Internet as described in those materials as promptly as possible in order to make sure that your shares will be voted in accordance with your wishes at the meeting. Alternatively, if you requested a copy of the proxy/voting instruction card by mail, you may mark, sign, date, and return the proxy/voting instruction card in the envelope provided. The Board of Directors encourages you to attend the meeting in person. If you attend the meeting, you may vote by proxy or you may revoke your proxy and cast your vote in person. We recommend you vote by proxy even if you plan to attend the meeting.

By Order of the Board of Directors,
William J. Munn
Corporate Secretary
Nelnet, Inc.

NELNET, INC.
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Nelnet, Inc.
121 South 13th Street
Suite 100
Lincoln, Nebraska 68508

PROXY STATEMENT

General Information

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of Nelnet, Inc. (the “Company”) for the 2018 Annual Meeting of Shareholders (the “Annual Meeting”) to be held on Thursday, May 24, 2018, at 8:30 a.m., Central Time, at the Courtyard Marriott, 808 R Street, Lincoln, Nebraska 68508. The Annual Meeting will be held for the purposes set forth in the notice of such Annual Meeting on the cover page hereof.

Important Notice Regarding the Availability of Proxy Materials for the
2018 Annual Meeting of Shareholders to be held on May 24, 2018

Our notice of annual meeting and proxy statement, 2017 annual report on Form 10-K, letter to shareholders, electronic proxy card, and other annual meeting materials are available on the Internet at www.proxyvote.com. We intend to begin mailing our Notice of Internet Availability of Proxy Materials to shareholders on or about April 13, 2018. At that time, we also will begin mailing paper copies of our proxy materials to shareholders who requested them. Additional information on how these materials will be distributed is provided below.

Under U.S. Securities and Exchange Commission (the “SEC”) rules, we are allowed to mail a notice to our shareholders informing them that our proxy statement, annual report on Form 10-K, electronic proxy card, and related materials are available for viewing, free of charge, on the Internet. Shareholders may then access these materials and vote their shares over the Internet, or request delivery of a full set of proxy materials by mail or email. These rules give us the opportunity to serve shareholders more efficiently by making the proxy materials available online and reducing the environmental impact and costs associated with printing and physical delivery. We are utilizing this process for the 2018 Annual Meeting. We intend to begin mailing the required notice, called the Notice of Internet Availability of Proxy Materials (the "Notice"), to shareholders on or about April 13, 2018. The proxy materials will be posted on the Internet, at www.proxyvote.com, no later than the day we begin mailing the Notice. If you receive a Notice, you will not receive a paper or email copy of the proxy materials unless you request one in the manner set forth in the Notice. The Notice contains important information, including:

- The date, time, and location of the Annual Meeting
- A brief description of the matters to be voted on at the meeting
- A list of the proxy materials available for viewing at www.proxyvote.com and the control number you will need to use to access the site
- Instructions on how to access and review the proxy materials online, how to vote your shares over the Internet, and how to get a paper or email copy of the proxy materials if that is your preference

You may vote in person at the Annual Meeting or you may vote by proxy. To obtain directions to attend the Annual Meeting and vote in person, please call 402-458-3038. Giving the Board of Directors your proxy means that you authorize representatives of the Board to vote your shares at the Annual Meeting in the manner you specify. We recommend that you vote by proxy even if you plan to attend the Annual Meeting. If your share ownership is registered directly, you may refer to voting instructions contained in this proxy statement and in the Notice. If your share ownership is beneficial (that is, your shares are held in the name of a bank, broker, or other nominee, referred to as being held in “street name”), your broker will issue you a voting instruction form that you use to instruct them how to vote your shares. Your broker must follow your voting instructions. Although most brokers and nominees offer mail, telephone, and Internet voting, availability and specific procedures will depend on their voting arrangements.

Your vote is important. For this reason, the Board of Directors is requesting that you permit your common stock to be voted by proxy at the Annual Meeting. This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. Please read it carefully.

VOTING

Who Can Vote

You may vote if you owned Nelnet, Inc. Class A common stock, par value $0.01 per share, or Class B common stock, par value $0.01 per share, as of the close of business on March 29, 2018 (the "record date"). At the close of business on March 29, 2018, 29,285,035 and 11,468,587 shares of the Company's Class A and Class B common stock, respectively, were outstanding and eligible to vote. The Class A common stock is listed on the New York Stock Exchange under the symbol "NNI." The Class B common stock is not listed on any exchange or market. At the Annual Meeting, each Class A and Class B shareholder will be entitled to one vote and 10 votes, respectively, in person or by proxy, for each share of Class A and Class B common stock, respectively, owned of record as of the record date. The stock transfer books of the Company will not be closed. The Secretary of the Company will make a complete record of the shareholders entitled to vote at the Annual Meeting available for inspection by any shareholder beginning two business days after the Notice of the Annual Meeting is given and continuing through the Annual Meeting, at the Company's headquarters in Lincoln, Nebraska at any time during regular business hours. Such records will also be available for inspection at the Annual Meeting.

As a matter of policy, the Company keeps private all proxies, ballots, and voting tabulations that identify individual shareholders. Such documents are available for examination only by certain representatives associated with processing proxy voting instructions and tabulating the vote. No vote of any shareholder is disclosed, except as may be necessary to meet legal requirements.

How You Vote

You may vote your shares prior to the Annual Meeting by following the instructions provided in the Notice, this proxy statement, and the voter website, www.proxyvote.com. If you requested a paper copy of the proxy materials, voting instructions are also contained on the proxy card enclosed with those materials.

- If you are a registered shareholder, there are three ways to vote your shares before the meeting:

By Internet (www.proxyvote.com): Use the Internet to transmit your voting instructions until 11:59 p.m. EDT on May 23, 2018. Have your Notice of Internet Availability of Proxy Materials with you when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.
By mail: You can vote by mail by requesting a paper copy of the materials, which will include a proxy card. There is no charge for requesting a copy. To be valid, proxy cards must be received before the start of the Annual Meeting. If you want to receive a paper or e-mail copy of the proxy materials, please choose one of the following methods to make your request:

- By internet: www.proxyvote.com
- By telephone: 1-800-579-1639
- By e-mail*: sendmaterial@proxyvote.com

*If requesting materials by e-mail, please send a blank e-mail with your 16-Digit Control Number in the subject line.

By telephone (1-800-690-6903): Use any touch-tone phone to transmit your voting instructions until 11:59 p.m. EDT on May 23, 2018. Have your proxy card with you when you call and follow the instructions.

- If your shares are held in street name, your broker, bank, or other holder of record may provide you with a Notice of Internet Availability of Proxy Materials. Follow the instructions on the Notice to access our proxy materials and vote online or to request a paper or e-mail copy of our proxy materials. If you received these materials in paper form, the materials included a voting instruction card so you can instruct your broker, bank, or other holder of record how to vote your shares.

You may vote your shares at the Annual Meeting. If you are a registered shareholder, you can vote at the meeting any shares that were registered in your name as the shareholder of record as of the record date. If your shares are held in street name, you are not a holder of record of those shares and cannot vote them at the Annual Meeting unless you have a legal proxy from the holder of record. If you plan to attend and vote your street name shares at the Annual Meeting, you should request a legal proxy from your broker, bank, or other holder of record and bring it with you to the meeting along with proof of identification.

If you plan to vote your shares at the Annual Meeting, please pick up a ballot at the registration table upon your arrival. You may then submit your ballot to a meeting usher at the time designated during the meeting. Ballots will not be distributed during the meeting. Shares may not be voted after the final vote at the meeting.
Even if you plan to attend the Annual Meeting, we encourage you to vote your shares by proxy.
What Items Require Your Vote
There are five proposals, the fifth of which is comprised of four sub-proposals, that will be presented for your consideration at the meeting:

- Electing the three Class I director nominees named in this proxy statement to the Board of Directors for three-year terms
- Ratifying the appointment of KPMG LLP as the Company's independent registered public accounting firm ("independent auditor") for 2018
- Approving on an advisory basis the Company's executive compensation
- Approving an amendment to the Directors Stock Compensation Plan to increase the authorized number of shares of Class A common stock that may be issued under the plan from a total of 400,000 shares to a total of 500,000 shares, subject to an annual per-director limit
- Adopting Amended and Restated Articles of Incorporation, with this proposal comprised of the following four sub-proposals reflecting various proposed amendments to the current Articles of Incorporation:

Updating the limitation on liability provisions for directors to conform to the provisions of the new Nebraska Model Business Corporation Act

Updating the indemnification provisions for directors, officers, and others to conform to the provisions of the new Nebraska Model Business Corporation Act

Increasing the percentage of votes required to be held by shareholders in order to demand a special meeting of shareholders under the new Nebraska Model Business Corporation Act

Making certain non-substantive updates and revisions to reflect the new Nebraska Model Business Corporation Act, eliminate provisions that are no longer necessary or outdated, and to provide additional clarity and/or address minor matters

Each of the proposals and sub-proposals has been submitted on behalf of the Company's Board of Directors.

How You Can Change Your Vote
If you are a registered shareholder, you can revoke your proxy and change your vote prior to the Annual Meeting by:

- Sending a written notice of revocation to our Corporate Secretary at 121 South 13th Street, Suite 100, Lincoln, Nebraska 68508 (the notification must be received by the close of business on May 23, 2018)
- Voting again by Internet prior to 11:59 p.m. EDT on May 23, 2018 (only the latest vote you submit will be counted)
- Submitting a new properly signed and dated paper proxy card with a later date (your proxy card must be received before the start of the Annual Meeting)

If your shares are held in street name, you should contact your broker, bank, or other holder of record about revoking your voting instructions and changing your vote prior to the meeting.
If you are eligible to vote at the Annual Meeting, you also can revoke your proxy or voting instructions and change your vote at the Annual Meeting by submitting a written ballot before the final vote at the meeting. Your attendance at the Annual Meeting will not automatically revoke your proxy; you must specifically revoke your proxy.

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Quorum Needed To Hold the Meeting

In order to conduct the Annual Meeting, the Company's Articles of Incorporation and Bylaws provide that shares constituting a majority of the voting power of all the shares of the Company's stock entitled to vote must be present in person or by proxy. This is called a quorum. If you return valid proxy instructions or vote in person at the Annual Meeting, your shares will be considered part of the quorum. Abstentions and broker “non-votes” will be counted as present and entitled to vote for purposes of determining a quorum. New York Stock Exchange rules allow banks, brokers, and other nominees to vote in their discretion the shares held by them for a customer on matters that the New York Stock Exchange considers to be routine, even though the bank, broker, or nominee has not received voting instructions from the customer. A broker “non-vote” occurs when a bank, broker, or other nominee has not received voting instructions from the customer and the bank, broker, or other nominee cannot vote the shares because the matter is not considered to be routine under New York Stock Exchange rules.

Under New York Stock Exchange rules, the election of directors, the advisory vote to approve executive compensation, the amendment to the Directors Stock Compensation Plan, and the amendments to the Articles of Incorporation will not be considered to be “routine” matters, and banks, brokers, and other nominees who are members of the New York Stock Exchange will not be permitted to vote shares held by them for a customer on these matters without instructions from the beneficial owner of the shares.

Counting Your Vote

If you provide specific voting instructions, your shares will be voted as instructed. If you hold shares in your name and submit a valid proxy without giving specific voting instructions, your shares will be voted as recommended by our Board of Directors. If you hold your shares in your name and do not return a valid proxy and do not vote in person at the Annual Meeting, your shares will not be voted. If you hold your shares in the name of a bank, broker, or other nominee, and you do not give that nominee instructions on how you want your shares to be voted, the nominee has the authority to vote your shares in the nominee’s discretion on the ratification of the appointment of KPMG LLP as independent auditor. However, as discussed above, the nominee will not be permitted to vote your shares without your instructions on the election of directors, the advisory vote to approve executive compensation, the amendment to the Directors Stock Compensation Plan, and the amendments to the Company's Articles of Incorporation.

Giving the Board your proxy also means that you authorize their representatives to vote in their discretion on any other matter that may be properly presented at the Annual Meeting. As of the date of this proxy statement, the Company does not know of any other matters to be presented at the Annual Meeting.

What Vote is Needed

Our Articles of Incorporation provide that directors are elected by a majority of the votes cast by the shares entitled to vote at the Annual Meeting. Although abstentions and broker “non-votes” will be counted for purposes of determining whether there is a quorum (as discussed above), they will not be counted as votes cast in the election of directors and thus will not have the effect of votes for or against any director.

With respect to the election of the Class I directors, shareholders of the Company, or their proxy if one is appointed, have cumulative voting rights under the Nebraska Model Business Corporation Act. That is, shareholders, or their proxy, may vote their shares for as many directors as are to be elected, or may cumulate such shares and give one nominee as many votes as the number of directors to be elected multiplied by the number of their shares, or may distribute votes on the same principle among as many or as few nominees as they may desire. If a shareholder desires to vote cumulatively, he or she must vote in person or give his or her specific cumulative voting instructions to the designated proxy that the number of votes represented by his or her shares are to be cast for one or more designated nominees. Cumulative voting is not available for internet voting.

The Nebraska Model Business Corporation Act and our Bylaws provide that a majority of votes cast at the meeting is required to approve Proposals 2 and 3 (ratifying the appointment of KPMG LLP and approving on an advisory basis the Company's executive compensation, respectively). Although abstentions and broker “non-votes” will be counted for purposes of determining whether there is a quorum (as discussed above), they will not be counted as votes cast with respect to Proposals 2 and 3 and thus will not have the effect of votes for or against Proposals 2 and 3.

With respect to Proposal 4 (the amendment to the Directors Stock Compensation Plan), hereafter referred to as the "Proposal," New York Stock Exchange rules provide that approval of the Proposal requires the affirmative vote of a majority of the votes cast. Holders of shares of Class A common stock and holders of shares of Class B common stock will vote together on the Proposal as a single class. Abstentions will be treated as not being affirmative votes and thus will have the same effect as a vote against approval of the Proposal. Broker "non-votes" will not be counted as votes cast with respect to Proposal 4 and thus will not have the effect of votes for or against Proposal 4.

Proposal 5 (the adoption of Amended and Restated Articles of Incorporation) is comprised of four sub-proposals denominated as Sub-Proposals 5A through 5D, each of which will be subject to a separate vote of the shareholders. Notwithstanding that each sub-proposal will be subject to a separate vote of the shareholders, the sub-proposals are cross-conditioned such that approval of all sub-proposals is required for any of them to take effect. Accordingly, if any sub-proposal is not approved by the shareholders, none of the sub-proposals will be implemented. The Nebraska Model Business Corporation Act provides that a majority of votes cast at the meeting is required to approve each sub-proposal, with the Class A common shares and the Class B common shares voting together as a single class or voting group. In addition, the Company's Articles of Incorporation require that Sub-Proposal 5C, which involves an amendment to Article VI of the Articles of Incorporation, must be approved by the affirmative vote of the holders of a majority of the voting power of all the shares of the capital stock of the Company entitled to vote, voting together as a single class. Although abstentions and broker “non-votes” will be counted for purposes of determining whether there is a quorum (as discussed above), they will not be counted as votes cast with respect to any of Sub-Proposals 5A, 5B, or 5D and thus will not have the effect of votes cast for or against any of Sub-Proposals 5A, 5B, or 5D. Abstentions and broker “non-votes” will have the same effect as a vote against Sub-Proposal 5C.

Voting Recommendations

The Company's Board of Directors recommends that you vote:

- “FOR” the election of each of the Class I director nominees to the Board of Directors for a three-year term
- “FOR” the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for 2018
- “FOR” the approval of the compensation of the Company's named executive officers, as disclosed in this proxy statement
- "FOR" the approval of the amendment to the Directors Stock Compensation Plan
- “FOR” the approval of each sub-proposal to amend the Company's Articles of Incorporation

A proxy, when properly executed and not revoked, will be voted in accordance with the authorization and instructions contained therein. Unless a shareholder specifies otherwise, all shares represented will be voted in accordance with the recommendations of the Company's Board of Directors.

Voting Results

The preliminary voting results will be announced at the Annual Meeting. The final voting results will be reported in a current report on Form 8-K to be filed within four business days after the Annual Meeting date.

Cost of This Proxy Solicitation

The Company will pay the cost of soliciting proxies, including the preparation, assembly, and furnishing of proxy solicitation and other required annual meeting materials. Directors, officers, and regular employees of the Company may solicit proxies by telephone, electronic communications, or personal contact, for which they will not receive any additional compensation in respect of such solicitations. The Company will also reimburse brokerage firms and others for all reasonable expenses for furnishing proxy solicitation and other required annual meeting materials to beneficial owners of the Company's stock.

PROPOSAL 1 - ELECTION OF DIRECTORS

The Company’s Board of Directors consists of nine directors who are divided into three classes, designated as Class I, Class II, and Class III. In accordance with the Company’s Articles of Incorporation, the number of directors constituting the entire Board is fixed exclusively by the Board from time to time. The classes of directors serve for staggered three-year terms, with their current terms ending at the annual meeting of shareholders in the following years: Class I directors - 2018; Class II directors - 2019; and Class III directors - 2020.

Shareholders are asked to elect three Class I directors to serve on the Board of Directors for a three-year term ending at the 2021 annual meeting of shareholders. The nominees for these Class I directorships are Michael S. Dunlap, Stephen F. Butterfield, and Michael D. Reardon. Each nominee is currently serving on the Board as a Class I director and was most recently elected to the Board by the shareholders at the 2017 annual meeting of shareholders, at which annual meeting the shareholders also approved an amendment to the Articles of Incorporation to classify the Board into three classes, with the directors in each class serving staggered three-year terms of office implemented by the directors in Class I, Class II, and Class III having initial terms of office expiring at the Company's annual meeting of shareholders in 2018, 2019, and 2020, respectively. In making these nominations, the Board and the Nominating and Corporate Governance Committee considered each nominee’s specific experience, qualifications, and skills as described below.

Upon the recommendation of the Nominating and Corporate Governance Committee of the Board, the Board has nominated each of the Class I director nominees named below to serve on the Board of Directors as Class I directors.

The Board of Directors recommends that shareholders vote FOR the election of each Class I director nominee (named below) to the Board of Directors.

In the event that before the election any Class I director nominee becomes unable to serve or for good cause unwilling to serve, if elected, the shares represented by proxy will be voted for any substitute nominees designated by the Board, unless the proxy does not indicate that the shares are to be voted for all Class I director nominees, or, if the Board does not designate any substitute nominees, the shares represented by proxy may be voted for a reduced number of nominees. The Board of Directors knows of no reason why any of the persons nominated for election as Class I directors might be unable or unwilling to serve if elected, and each nominee has consented to and expressed an intention to serve if elected. There are no arrangements or understandings between any of the nominees and any other person pursuant to which any of the nominees was selected as a nominee.

The following sets forth certain information about (i) each of the three nominees for election as Class I directors to serve for a three-year term expiring at the 2021 annual meeting of shareholders, and (ii) each of the current Class II and Class III directors whose term of office continues beyond the 2018 Annual Meeting. The information includes, with respect to each such person: (a) his or her age, (b) the year during which he or she was first elected a director of the Company, (c) his or her principal occupation(s) and any other directorships with publicly-held companies (if applicable) during the past five years, and (d) the qualifications of such person that led to the conclusion that such person should serve as a director of the Company.

Class I Director Nominees to Hold Office for a Term Expiring at the 2021 Annual Meeting of Shareholders

Michael S. Dunlap, 54 Director since January 1996	Executive Chairman, Nelnet, Inc. Executive Chairman, Nelnet, Inc., January 2014 - present; Chairman, January 1996 - December 2013; Chief Executive Officer, May 2007 - December 2013 and December 2001 - August 2003; Co-Chief Executive Officer, August 2003 - May 2007 Chairman, Farmers & Merchants Investment Inc. (“F&M”), the parent of Union Bank and Trust Company (“Union Bank”), January 2013 - present; Co-President and Director, January 2007 - January 2013 (F&M is an affiliate of the Company) Mr. Dunlap's qualifications include more than 25 years of experience in the areas of banking and financial services, leadership, strategic operations, and management, including as one of our co-founders and our Chairman since the Company's inception, as well as his experience as a member of the boards of directors of numerous other organizations. Mr. Dunlap's knowledge of every part of our business and his intense focus on innovation and excellence are keys to our Board's success.
Stephen F. Butterfield, 65 Director since January 1996	Vice-Chairman, Nelnet, Inc. Vice-Chairman, Nelnet, Inc., March 2000 - present; Co-Chief Executive Officer, August 2003 - May 2007 Mr. Butterfield's qualifications include more than 35 years of experience in the areas of student loans, capital markets, and municipal finance, including as one of our co-founders and a member of our Board since the Company's inception, as well as his knowledge and understanding of leadership and organizational dynamics.
Michael D. Reardon, 65 Director since December 2003	Chairman, Provision Networks, LLC Chairman, Provision Networks, LLC, a telecommunications company, August 2015 - present; Chief Executive Officer, January 2004 - August 2015 Chairman, Geos Communications, Inc., a publicly traded mobile communications company, March 2010 - August 2013 Director, HyperFlo, LLC, a manufacturer of precision cleaning equipment, January 2010 - February 2013 Mr. Reardon's qualifications include over 35 years of experience starting and building companies from the ground up, providing strategy, leadership, business development, and management expertise, and dealing with financial and operational issues in challenging environments. Mr. Reardon also has experience leading technology related companies. Through his roles as an executive officer and Chairman of such companies, and his experience on the boards of directors and board committees of other public companies, Mr. Reardon provides valuable and unique insights.

Class II Directors Continuing in Office for a Term Expiring at the 2019 Annual Meeting of Shareholders

James P. Abel, 67 Director since August 2003	Chief Executive Officer, NEBCO, Inc. Chief Executive Officer, NEBCO, Inc., a company with interests in the manufacture of concrete building materials, road construction, insurance, mining, railroading, farming, and real estate, 2004 - present; President and Chief Executive Officer, 1983 - 2004 Chairman of the Board of Directors, Ameritas Mutual Holding Company and Ameritas Holding Company; and Director, Ameritas Life Insurance Corp. Ameritas Mutual Holding Company is the parent company and owns Ameritas Holding Company, which owns 100 percent of the stock of Ameritas Life Insurance Corp. These entities offer a wide range of insurance and financial products and services to individuals, families, and businesses. Mr. Abel's qualifications include his experience on boards of directors of other private companies and his demonstrated executive leadership abilities and management experience as Chief Executive Officer of a complex diversified organization, as well as his knowledge of operations and experience with mergers and acquisitions, all of which give him critical insights into the operational requirements of the Company.
William R. Cintani, 65 Director since May 2012	Chairman and Chief Executive Officer, Mapes Industries Chairman and Chief Executive Officer, Mapes Industries, a diversified manufacturer of specialty architectural products with distribution across the United States and Canada, 1993 - present Mr. Cintani's qualifications include more than 35 years of managing a diverse, nationwide manufacturing business with distribution in all 50 states and Canada. Mr. Cintani's service on numerous civic, philanthropic, and service boards has provided him with a wide array of experience in both corporate governance and operations. His practical knowledge and board experience provide the Company with a resource for all aspects of finance, operations, IT, and strategic planning. In addition, Mr. Cintani served 10 years as a member of the board of directors for certain of the Company's asset-backed securities special purpose corporations.
Kimberly K. Rath, 57 Director since October 2007	Chairperson and President, Talent Plus, Inc. Chairperson, Talent Plus, Inc., a global human resources consulting firm, August 2013 - present; President, June 2016 - present; Managing Director and President, July 1989 - August 2013 Ms. Rath's qualifications include over 30 years of experience in the field of human resources, with expertise in executive development, employee engagement, and human capital management. Ms. Rath also has over 25 years of experience leading an international executive management consulting and training organization, working with major global companies. Ms. Rath serves as an executive strategic advisor to many leaders across the globe in both private and public sectors.

Class III Directors Continuing in Office for a Term Expiring at the 2020 Annual Meeting of Shareholders

Kathleen A. Farrell, 54 Director since October 2007	Dean and Professor of Finance, College of Business Administration, University of Nebraska-Lincoln Dean, College of Business Administration, University of Nebraska - Lincoln, December 2017 - present; Professor of Finance, August 2009 - present; Interim Dean, January 2017 - December 2017; Chair, Finance Department, August 2014 - December 2016; Senior Associate Dean of Academic Programs, August 2011 - July 2014; Associate Dean of Academic Programs, August 2010 - August 2011; Associate Professor of Finance, 2002 - July 2009; Assistant Professor of Finance, August 1993 - 2001 Dr. Farrell's qualifications include her expertise in corporate finance, executive turnover, and executive compensation, and her prior experience as an auditor at a public accounting firm. Dr. Farrell has achieved designation as a Certified Public Accountant (inactive), has over 25 years of experience teaching university courses in the areas of banking and finance, and has conducted extensive research on these topics. Dr. Farrell has also published articles on these topics in numerous scholarly journals.
David S. Graff, 35 Director since May 2014	Chief Executive Officer, Agile Sports Technologies, Inc. (doing business as Hudl) Chief Executive Officer, Hudl, May 2006 - present. Hudl provides online video analysis and coaching tools software for professional, college, high school, club, and youth teams and athletes, and as of 2017, Hudl software was used by more than 160,000 teams around the world, serving more than 30 different sports, including the National Hockey League, National Football League, National Basketball Association, and English Premier League. Mr. Graff's qualifications include his experience and expertise in computer science, marketing, and sales. In addition, as co-founder of Hudl, Mr. Graff provides the Board of Directors and the Company significant expertise in business development and innovation. Mr. Graff serves on the Advisory Board for the Jeffrey S. Raikes School of Computer Science and Management at the University of Nebraska. In 2010, Mr. Graff was featured on Inc. Magazine's 30 Under 30 list along with the other Hudl co-founders, and in 2016 was named one of Fast Company's Most Creative People. In addition, Mr. Graff served as a member of the board of directors for certain of the Company's asset-backed securities special purpose corporations.
Thomas E. Henning, 65 Director since August 2003	President and Chief Executive Officer, Assurity Group, Inc. and its subsidiary, Assurity Life Insurance Company President and Chief Executive Officer, Assurity Group, Inc. and its subsidiary, Assurity Life Insurance Company, which offers a variety of disability income and critical illness protection, life insurance, and annuity products, 1990 - present Director, Federal Home Loan Bank Topeka, March 2007 - October 2015. The Federal Home Loan Bank Topeka is part of the 12-member Federal Home Loan Bank system. The bank serves the states of Oklahoma, Kansas, Nebraska, and Colorado and provides liquidity to member institutions to assist in financing real estate. Director, Great Western Bancorp, Inc. ("GWB") and Great Western Bank, August 2015 - present. GWB is a publicly traded full service regional bank holding company. Mr. Henning's qualifications include over 25 years of experience as President and Chief Executive Officer of a large insurance company, his prior experience as President of a regional bank, his financial expertise, including being a Chartered Financial Analyst, his experience in risk assessment and management, and his vast knowledge and experience in leadership and management. Mr. Henning also

completed a comprehensive program of study by the National Association of Corporate Directors ("NACD") and has been named an NACD Fellow.

CORPORATE GOVERNANCE

Code of Business Conduct and Ethics for Directors, Officers, and Employees

The Company has a written code of business conduct and ethics that applies to all of the Company's directors, officers, and employees, including the Company's Executive Chairman, Chief Executive Officer, President, Chief Operating Officer, and Chief Financial Officer (who is also the Company's principal accounting officer), and is designed to promote ethical and legal conduct. Among other items, the code addresses the ethical handling of actual or potential conflicts of interest, compliance with laws, accurate financial reporting, and procedures for promoting compliance with, and reporting violations of, the code. This code is available on the Company's Web site at www.nelnetinvestors.com under “Corporate Governance” and is available in print to any shareholder who requests it. Any future amendments to or waivers of the code, to the extent applicable to any executive officer or director, will be posted at this location on the Company's website.

Board Composition and Director Independence

The Board of Directors is composed of a majority of independent directors as defined by the rules of the New York Stock Exchange. A director does not qualify as an independent director unless the Board has determined, pursuant to applicable legal and regulatory requirements, that such director has no material relationship with the Company (either directly or as a partner, shareholder, or officer of an organization that has a relationship with the Company). The Nominating and Corporate Governance Committee reviews compliance with the definition of “independent” director annually. Mr. Dunlap beneficially owns 77.8% of the combined voting power of the Company's shareholders. Because of his beneficial ownership, Mr. Dunlap can effectively elect each member of the Board of Directors and has the power to defeat or remove each member of the Board of Directors.

The Board has evaluated commercial, consulting, charitable, familial, and other relationships with each of its directors, director nominees, and entities with respect to which they are an executive officer, partner, member, and/or significant shareholder. As part of this evaluation, the Board noted that none of the current directors received any consulting, advisory, or other compensatory fees from the Company, other than those described under "Certain Relationships and Related Transactions" and "Director Compensation Table for Fiscal Year 2017." Based on this independence review and evaluation, and on other facts and circumstances the Board deemed relevant, the Board, in its business judgment, has determined that all of the Company's current directors are independent, with the exception of Mr. Dunlap, who is currently an employee of the Company.

The Company's Nominating and Corporate Governance Committee is responsible for reviewing and approving all new transactions, and any material amendments or modifications to existing transactions, between the Company and related parties, and taking such actions as the Committee deems necessary and appropriate in relation to such transactions, including reporting to the Board of Directors with respect to such transactions as the Committee deems necessary and appropriate. See “Certain Relationships and Related Transactions.”

Governance Guidelines of the Board

The Board's governance is guided by the Company's Corporate Governance Guidelines. The Board's current guidelines are available on the Company's Web site at www.nelnetinvestors.com under “Corporate Governance” and are available in print to any shareholder who requests them. Among other matters, the guidelines provide for the following:

- A majority of the members of the Board must be independent directors.
- The Board undertakes an annual self-review.
- The Board and each Board Committee has the authority to engage independent or outside counsel, accountants, or other advisors, as it determines to be necessary or appropriate. All related fees and costs of such advisors are paid by

the Company.

- Board members have open communication access to all members of management and counsel.
- Directors who are not employees or officers of the Company or any of its subsidiaries ("Non-Employee Directors") meet in executive session, without the presence of management. Mr. Henning currently presides at these executive sessions. Anyone who has a concern about the Company may communicate that concern directly to these Non-Employee Directors. Such communication may be mailed to the Corporate Secretary at Nelnet, Inc., 121 South 13th Street, Suite 100, Lincoln, Nebraska 68508 or anonymously submitted via the Company's Web site at www.nelnet.com under “Anonymous Reporting.” All such communications will be forwarded to the appropriate Non-Employee

Directors for their review. The Non-Employee Directors may take any action deemed appropriate or necessary, including the retention of independent or outside counsel, accountants, or other advisors, with respect to any such communication addressed to them. No adverse action will be taken against any individual making any such communication in good faith to the Non-Employee Directors.

Board Diversity

In considering whether to recommend any candidate for election to the Board, including candidates recommended by shareholders, the Nominating and Corporate Governance Committee will apply the criteria set forth in Nelnet's Corporate Governance Guidelines. These criteria include the candidate's independence, wisdom, integrity, understanding and acceptance of the Company's corporate philosophy, business or professional knowledge and experience, record of accomplishment, and willingness to commit time and energy to the Company. Our Corporate Governance Guidelines also specify that the value of diversity on the Board should be considered by the Nominating and Corporate Governance Committee in the director identification and nomination process. The Board is committed to a strong and diverse membership and a thorough process to identify those individuals who can best contribute to the Company's continued success. As part of this process, the Nominating and Corporate Governance Committee will continue to take all reasonable steps to identify and consider for Board membership all candidates who satisfy the business needs of the Company at the time of appointment.

The Committee seeks nominees with a broad diversity of experience, professional skills, and backgrounds. The Committee does not assign specific weights to particular criteria and no particular criterion is necessarily applicable to all prospective nominees. The Company believes that the backgrounds and qualifications of the directors, considered as a group, should provide a significant composite mix of experience, knowledge, and abilities that will allow the Board to fulfill its responsibilities. Nominees are not discriminated against on the basis of race, gender, religion, national origin, sexual orientation, disability, or any other basis proscribed by law.

The Board's Role in Risk Oversight

Our Board of Directors oversees an enterprise-wide approach to risk management, designed to support the achievement of organizational objectives, including strategic objectives, to improve long-term organizational performance and enhance shareholder value. A fundamental part of risk management is not only understanding the risks a company faces and what steps management is taking to manage those risks, but also understanding what level of risk is appropriate for the company in fostering a culture of risk-aware and risk-adjusted decision-making that allows the Company to avoid adverse financial and operational impacts. The involvement of the full Board of Directors in setting the Company's business strategy is a key part of its assessment of management's appetite for risk and also a determination of what constitutes an appropriate level of risk for the Company.

While the Board of Directors has the ultimate oversight responsibility for the risk management process, various committees of the Board also have responsibility for risk management. In particular, the Risk and Finance Committee assists the Board of Directors in fulfilling its responsibilities with respect to oversight of the Company's enterprise-wide risk management framework and oversight of the Company's strategies relating to capital management. The Audit Committee focuses on the integrity of the Company's financial statements, system of internal controls, and policies for risk assessment and risk management. The Nominating and Corporate Governance Committee assists the Board of Directors in fulfilling its oversight responsibility with respect to regulatory, compliance, related-party transactions, and public policy issues that affect the Company, and works closely with the Company's legal and policy services groups. The Compliance Committee assists the Board of Directors in fulfilling its responsibility to oversee the Company's Compliance Management Program, which is designed to ensure compliance with consumer protection laws, regulations, and corporate policies. In addition, the Audit Committee and the Risk and Finance Committee oversee various aspects of the Company’s initiatives, procedures, controls, plans, and other measures related to cybersecurity risks, including measures designed to prevent, detect, and respond to cybersecurity threats, with the Board of Directors receiving frequent updates with respect to such measures and related cybersecurity risk management activities. Finally, in setting compensation philosophy and strategy, the Compensation Committee strives to create incentives that encourage an appropriate level of risk-taking behavior consistent with the Company's business strategy.

Board Leadership Structure

Mr. Dunlap serves as Executive Chairman of the Board and Jeffrey R. Noordhoek serves as Chief Executive Officer. While the Board of Directors and management do not believe either a combined Chairman and CEO or separate roles necessarily guarantee better governance or the absence of risk, they believe the Company's current leadership structure is appropriate for our business at this time. The Board believes that its current leadership structure best serves the objectives of the Board's oversight of management, the ability of the Board to carry out its roles and responsibilities on behalf of the shareholders, and the Company's overall corporate governance. The Board also believes that the current separation of the Chairman and CEO roles will allow the CEO to focus his time and energy on operating and managing the Company, while leveraging the experience and perspectives of the Executive Chairman. It also allows the Executive Chairman to focus on leadership of the Board in addition to providing management direction on company-wide issues. The Board periodically reviews the leadership structure and may make changes in the future.

In addition, Mr. Henning is currently serving as the independent Lead Director of the Board. The Board believes having a lead independent director is an important governance practice, given that the Executive Chairman is not an independent director under our Corporate Governance Guidelines and applicable rules. Mr. Dunlap, as Executive Chairman, provides leadership to the Board and works with the Board to define its structure and activities in the fulfillment of its responsibilities. In conjunction with Mr. Henning as the independent Lead Director, Mr. Dunlap sets the Board agendas with Board and management input, facilitates communication among directors, works with Mr. Henning to provide appropriate information flow to the Board, and presides at meetings of the Board of Directors and shareholders. Mr. Henning works with Mr. Dunlap and other Board members to provide strong, independent oversight of the Company's management and affairs. Among other things, Mr. Henning is involved in the development of Board meeting agendas as well as the quality, quantity, and timeliness of information sent to the Board, serves as the principal liaison between Mr. Dunlap and the independent directors, and chairs an executive session of the Non-Employee Directors at most regularly scheduled Board meetings. This structure allows the Company to optimize the roles of Chairman, CEO, and independent Lead Director and provide sound governance practices.

Board Committees

The Board uses committees to assist it in the performance of its duties. During 2017, the standing committees of the Board were the Audit Committee, Compensation Committee, Compliance Committee, Nominating and Corporate Governance Committee, Risk and Finance Committee, and Executive Committee. During 2017, all Board committees, with the exception of the Executive Committee, were composed entirely of independent directors, and each committee other than the Executive Committee operates pursuant to a formal written charter, approved by the Board, which sets forth the committees' functions and responsibilities. Each committee charter is posted on the Company's Web site at www.nelnetinvestors.com under “Corporate Governance” - “Governance Documents” and is available in print to any shareholder who requests it. The purposes of each committee and their current members are set forth below.

Audit Committee

The Audit Committee is composed of Ms. Farrell and Messrs. Cintani and Henning. The Committee held seven meetings in 2017. Each member of the Audit Committee is (1) “independent” in accordance with the rules and regulations of the New York Stock Exchange and the rules and regulations of the SEC and (2) sufficiently financially literate to enable him or her to discharge the responsibilities of an Audit Committee member. The Board has determined that all of the members of the Audit Committee have accounting and related financial management expertise which qualifies each of them as an “audit committee financial expert,” as defined in the applicable rules and regulations of the SEC.

The Audit Committee provides assistance to the Board of Directors in its oversight of the integrity of the Company's financial statements, the Company's system of internal controls, the Company's policy standards and guidelines for risk assessment and risk management, the qualifications and independence of the Company's independent auditor, the performance of the Company's internal and independent auditors, and the Company's compliance with other regulatory and legal requirements. The Audit Committee discusses with management and the independent auditor the Company's annual audited financial statements, including the Company's disclosures made under “Management's Discussion and Analysis of Financial Condition and Results of Operations” in its filings with the SEC, and recommends to the Board of Directors whether such audited financial statements should be included in the Company's annual report on Form 10-K. The Audit Committee also selects the independent auditors for the next year and presents such selection to the shareholders for ratification.

Compensation Committee

The Compensation Committee is composed of Ms. Rath and Messrs. Abel and Reardon. The Committee held five meetings in 2017. The members of the Compensation Committee are (1) “independent” in accordance with the rules and regulations of the New York Stock Exchange and the rules and regulations of the SEC, and (2) “Non-Employee Directors” as defined in Rule 16b-3 promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). The Compensation Committee oversees the Company's compensation and benefit policies. The Company's compensation policies are designed with the goal of maximizing shareholder value over the long term. The Compensation Committee believes that this goal is best realized by utilizing a compensation program which serves to attract and retain superior executive talent by providing management with performance-based incentives and closely aligning the financial interests of management with those of the Company's shareholders. The level of compensation is based on numerous factors, including achievement of results and financial objectives established by the Compensation Committee and the Board of Directors. See “Executive Compensation.”

Compliance Committee

The Compliance Committee is composed of Ms. Farrell and Messrs. Abel and Graff. The Committee held four meetings in 2017. The Compliance Committee has principal oversight responsibility with respect to the Company's Compliance Management Program, including approval of applicable corporate policies, ensuring adequate resources are available for training and communications, ensuring the Program is designed to adequately address consumer complaints and other compliance issues and receiving periodic reporting from management regarding compliance activities.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is composed of Ms. Rath and Messrs. Abel, Butterfield, and Reardon. The Committee held four meetings in 2017. The members of the Nominating and Corporate Governance Committee are “independent” as determined in accordance with the rules and regulations of the New York Stock Exchange and the rules and regulations of the SEC. The Nominating and Corporate Governance Committee is responsible for identifying and recommending qualified nominees to serve on the Company's Board of Directors, identifying members of the Board to serve on each Board committee, overseeing the evaluation by the Board of itself and its committees, identifying individuals to serve as officers of the Company and recommending such individuals to the Board, as well as developing and overseeing the Company's internal corporate governance processes. The Nominating and Corporate Governance Committee reviews related party transactions in accordance with the written policies and procedures adopted by the Board of Directors for the Committee's review of related party transactions, and takes such actions as the Committee deems necessary and appropriate in relation to such transactions, including reporting to the Board of Directors with respect to such transactions as the Committee deems necessary and appropriate.

The Company's Corporate Governance Guidelines establish criteria for specific qualities and skills to be considered by the Nominating and Corporate Governance Committee as necessary for the Company's directors to possess. These criteria include, among other items, independence, diversity, integrity, understanding the Company's corporate philosophy, valid business or professional knowledge, proven record of accomplishment with excellent organizations, ability to challenge and stimulate management, and willingness to commit time and energy. The Nominating and Corporate Governance Committee has been given the responsibility to take all reasonable steps to identify and evaluate nominees for director and has adopted a policy requiring it to consider written proposals for director nominees received from shareholders of the Company. No such proposals were received during 2017 from a beneficial owner of more than 5% of Nelnet's stock (other than current management). There is no difference in the manner in which the Committee evaluates director nominees based on whether the nominee is recommended by a shareholder. All of the nominees identified in this proxy statement have been recommended by the Committee.

When seeking candidates for director, the Nominating and Corporate Governance Committee solicits suggestions from incumbent directors, management, shareholders, and others. The Committee has authority under its charter to retain a search firm for this purpose. If the Committee believes a candidate would be a valuable addition to the Board of Directors, it recommends his or her candidacy to the full Board of Directors.

The Company's Bylaws include provisions setting forth the specific conditions under which persons may be nominated by shareholders for election as directors at an annual meeting of shareholders. The provisions include the condition that nominee proposals from shareholders must be in writing and that shareholders comply with the time-frame requirements described under “Other Shareholder Matters - Shareholder Proposals for 2019 Annual Meeting” for shareholder proposals not included in the Company's Proxy Statement. A copy of such provisions is available upon written request to: Nelnet, Inc., 121 South 13th Street, Suite 100, Lincoln, Nebraska 68508, Attention: Corporate Secretary. The Company's Bylaws are also posted on the Company's Web site at www.nelnetinvestors.com under “Corporate Governance” - “Governance Documents.”

Risk and Finance Committee

The Risk and Finance Committee is composed of Ms. Farrell and Messrs. Butterfield, Cintani, Graff, and Henning. The Committee held four meetings in 2017. The Risk and Finance Committee has principal oversight responsibility with respect to the Company's enterprise-wide risk management framework, including the significant strategies, policies, procedures, and systems used to identify, assess, measure, and manage the major risks facing the Company and oversight of the Company's material financial matters, including capital management, funding strategy, investments, and acquisitions that are material to the Company's business.

Executive Committee

The Executive Committee is composed of Ms. Farrell and Messrs. Dunlap and Henning. The Executive Committee held no formal meetings in 2017. The Executive Committee exercises all of the powers of the full Board in the management of the business and affairs of the Company during the intervals between meetings of the full Board, subject only to limitations as the Board may impose from time to time, or as limited by applicable law.

Meetings of the Board

The Board of Directors held six meetings in 2017. All directors attended at least 75% of the meetings of the Board and committees on which they serve.

Attendance at Annual Meetings of Shareholders

The Company does not have a policy regarding director attendance at the annual meetings of shareholders. All directors attended the prior year's annual meeting of shareholders.

Director Compensation Overview

The Company’s compensation program for Non-Employee Directors is designed to reasonably compensate Non-Employee Directors for their service on the Board of Directors and its committees, in amounts commensurate with their roles and involvement, and taking into consideration the significant amount of time they devote in fulfilling their duties in view of the Company’s size, complexity, and risks, as well as the experience and skill levels required of members of the Board. The Company intends to compensate its Non-Employee Directors in a manner that attracts and retains high quality Board members, and ensures that their interests are aligned with the shareholders. The Compensation Committee reviews the compensation program for Non-Employee Directors on an annual basis and makes recommendations regarding the program to the Board.

In addition to the various components of the Company’s compensation program for Non-Employee Directors discussed under the "Director Compensation Elements," “Director Compensation Table for Fiscal Year 2017,” and “Share Ownership Guidelines for Board Members” captions below, the Company has a policy prohibiting members of the Board of Directors from short sales of the Company’s common stock, buying or selling call or put options or other derivatives related to the Company’s common stock, or entering into other transactions that have the effect of hedging the economic value of any of their direct or indirect interest in the Company’s common stock. The Company also has a policy requiring members of the Board who wish to buy or sell the Company’s stock to do so only through Rule 10b5-1 stock trading plans.

Director Compensation Elements

Non-Employee Directors are compensated for Board meeting and committee meeting attendance, earning $1,000 for each Board and committee meeting attended. For fiscal year 2017, the Company also paid an annual retainer of $75,000 to Non-Employee Directors. An additional annual retainer of $10,000 is paid to Non-Employee Directors who serve as members on each of the Audit Committee, Compensation Committee, Compliance Committee, Nominating and Corporate Governance Committee, Risk and Finance Committee, or Executive Committee, as applicable. For fiscal year 2017, the Chair of the Audit Committee was paid an additional $12,500 annual retainer fee. Mr. Dunlap, who is an employee of the Company, does not receive any consideration for participation in Board or committee meetings.

The Company has a Directors Stock Compensation Plan for Non-Employee Directors that was approved by the Board of Directors and shareholders pursuant to which Non-Employee Directors can elect to receive their annual retainer fees in the form of cash or in shares of the Company's Class A common stock. Currently, up to 400,000 shares may be issued under the plan, subject to antidilution adjustments in the event of certain changes in the Company's capital structure. See "Proposal 4 - Approval of Amendment to the Directors Stock Compensation Plan to Increase the Authorized Number of Shares of Class A Common Stock That May be Issued Under the Plan From a Total of 400,000 Shares to a Total of 500,000 Shares, Subject to an Annual Per-Director

Limit." If a Non-Employee Director elects to receive Class A common stock, the number of shares of Class A common stock that will be granted will be equal to the amount of the annual retainer fee otherwise payable in cash divided by 85 percent of the fair market value of a share of Class A common stock on the date the fee is payable. Non-Employee Directors who choose to receive Class A common stock may also elect to defer receipt of the Class A common stock until termination of their service on the Board of Directors. Any dividends paid in respect of deferred shares during the deferral period will also be deferred in the form of additional shares and paid out at termination of service on the Board of Directors. This plan may be amended or terminated by the Board of Directors at any time, but no amendment or termination will adversely affect a Non-Employee Director's rights with respect to previously deferred shares without the consent of the Non-Employee Director.

Beginning in June 2018, the Company's Board of Directors has approved an increase in the base annual retainer for Non-Employee Directors from $75,000 to $100,000. The annual retainer for serving on a committee did not change and will remain at $10,000 for each committee on which a Non-Employee Director is a member.

Director Compensation Table for Fiscal Year 2017

The following table sets forth summary information regarding compensation of Non-Employee Directors for the fiscal year ended December 31, 2017.

	2017 Compensation				
Director name	Fees paid in cash ($) (a)	Stock awards ($) (b)	All other compensation ($)		Total ($)
James P. Abel	19,000	123,523	—		142,523
Stephen F. Butterfield	109,000	—	51,026	(c) (d)	160,026
William R. Cintani	17,000	111,796	17,500	(d)	146,296
Kathleen A. Farrell	21,000	135,296	450	(d)	156,746
David S. Graff	14,000	111,796	—		125,796
Thomas E. Henning	17,000	138,262	—		155,262
Kimberly K. Rath	15,000	111,796	25,000	(d)	151,796
Michael D. Reardon	110,000	—	—		110,000

(a) Amounts represent cash paid to Non-Employee Directors for attendance at Board and committee meetings. Amounts for Messrs. Butterfield and Reardon also include annual retainer fees ($95,000), which each elected to receive in cash.

(b) Each of the Non-Employee Directors, with the exception of Messrs. Butterfield and Reardon, elected to receive their annual retainer fees for 2017 in the form of the Company's Class A common stock or deferred shares in accordance with the provisions of the Directors Stock Compensation Plan. As such, the amounts under “Stock awards” represent the grant date fair value of the stock computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 ("FASB ASC Topic 718"), based on the closing market price of the Company's Class A common stock on the date of issuance, June 23, 2017, of $46.35 per share. The Company uses the closing market price of the Company's Class A common stock on the date the annual retainer fees are payable to calculate the number of shares to be issued under this plan. Additional information about the Company’s accounting for stock-based compensation under FASB ASC Topic 718 can be found in Note 3 - “Summary of Significant Accounting Policies and Practices - Compensation Expense for Stock Based Awards” and Note 19 - “Stock Based Compensation Plans - Non-employee Directors Compensation Plan” of the Notes to Consolidated Financial Statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

(c)

As a non-employee strategic advisor to the Company, Mr. Butterfield received health, dental, and vision benefits. During 2017, Mr. Butterfield received $6,000 from the Company to cover the cost of his premiums related to these benefits. The dollar value of insurance premiums paid by the Company related to these benefits was $20,026.

(d) The Company offers a matching gift program in which all employees with at least six months of service and all members of the Board of Directors are eligible to participate. Under this program, for every dollar ($100 minimum) that an employee or Board member contributes to an eligible charitable organization or educational institution, the Company will make matching donations of additional funds, subject to terms and conditions applicable in an equal manner to all employees and Board members. The total maximum dollar amount payable under the program is

$25,000 per director or employee per calendar year. The following table shows amounts contributed by the Company to charitable organizations on behalf of Non-Employee Directors during 2017:

Director name	Matching contribution
Stephen F. Butterfield	$ 25,000
William R. Cintani	17,500
Kathleen A. Farrell	450
Kimberly K. Rath	25,000

Share Ownership Guidelines for Board Members

The Compensation Committee of the Board of Directors believes that Board members should have a significant equity interest in the Company. In order to promote equity ownership and further align the interests of Board members with the Company's shareholders, the Committee has recommended and the Board has adopted Share Ownership Guidelines for Board members. Under these guidelines, each Non-Employee Director is encouraged to own shares of the Company's Class A common stock with a value of 50% of the amount obtained by multiplying the base annual retainer fee ($75,000) by the number of years the Director has served on the Board. As of February 28, 2018, all Non-Employee Directors owned an amount of shares in excess of that suggested by the guidelines.

EXECUTIVE OFFICERS

Under the Company's Bylaws, each executive officer holds office for a term of one year or until their successor is elected and qualified. The executive officers of the Company are elected by the Board of Directors at its annual meeting immediately following the annual meeting of shareholders.

The following sets forth the executive officers of the Company, including their names, their ages, their positions with the Company, and if different, their business experience during the last five years.

See "Proposal 1 - Election of Directors" for biographical information regarding Mr. Dunlap.

Name and Age	Position and Business Experience
Terry J. Heimes, 53	Chief Operating Officer, Nelnet, Inc., January 2014 - present Chief Financial Officer, Nelnet, Inc., March 2001 - December 2013
James D. Kruger, 55	Chief Financial Officer, Nelnet, Inc., January 2014 - present Controller, Nelnet, Inc., October 1998 - December 2013
William J. Munn, 50	Corporate Secretary, Chief Governance Officer, and General Counsel, Nelnet, Inc., September 2006 - present
Jeffrey R. Noordhoek, 52	Chief Executive Officer, Nelnet, Inc., January 2014 - present President, Nelnet, Inc., January 2006 - December 2013
Timothy A. Tewes, 59	President, Nelnet, Inc., January 2014 - present President and Chief Executive Officer, Nelnet Business Solutions, Inc., a subsidiary of Nelnet, Inc., May 2007 - December 2013

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

In this section, we provide a detailed description of our executive compensation philosophy and program for our named executive officers (the “Named Executive Officers”) for fiscal 2017:

Name	Title
Michael S. Dunlap	Executive Chairman
Jeffrey R. Noordhoek	Chief Executive Officer
Terry J. Heimes	Chief Operating Officer
James D. Kruger	Chief Financial Officer
Timothy A. Tewes	President

Executive Summary

This Compensation Discussion and Analysis describes the key principles and measures that underlie the Company's executive compensation policies for the Named Executive Officers. The Company's stated compensation philosophy is clear and consistent, that it pays for performance. Its Named Executive Officers are accountable for the Company's performance and the business segment or segments they manage, and are compensated based on that performance.

For 2017, the Company had net income, excluding derivative market value and foreign currency transaction adjustments, of $185.1 million, or $4.43 per share. Net income, excluding derivative market value and foreign currency transaction adjustments, and the corresponding per share measure are non-GAAP financial measures, and there is no comprehensive, authoritative guidance for the presentation of these measures. For information on how these measures are calculated from the Company’s financial statements, reconciliations to the most directly comparable financial measures for 2017 under GAAP, and other information about these measures, please refer to Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations - Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments on page 37 of the Company’s 2017 Annual Report on Form 10-K filed with the SEC on February 27, 2018. The Company has delivered strong financial results supported by achievement of its key objectives of growing its core businesses, driving diversification around its core, and improving customer experiences. The Company believes that its executive compensation program contributes to a high-performance culture where executives deliver results that drive sustained growth.

The following discussion summarizes the Company's executive compensation program, compensation philosophy, objectives, and process considered in determining compensation for its Named Executive Officers.

Compensation Committee Governance and Processes

The Company's Board of Directors has designated the Compensation Committee to assist the Board in discharging its responsibilities relating to:

- determining and administering the compensation of the Named Executive Officers and other executive officers of the Company
- administering certain compensation plans, including stock, incentive, and commission compensation plans
- assessing the effectiveness of succession planning relative to key executive officers of the Company
- reviewing, approving, and overseeing certain other benefit plans

The Compensation Committee consists solely of independent members of the Board of Directors, and operates under a written charter adopted by the Board. Compensation Committee policy requires that all of the Company's compensation plans and practices shall comply with applicable laws, rules, and regulations.

As discussed below, the Compensation Committee works with members of management to develop executive compensation objectives and programs. The Compensation Committee or a subcommittee of the Compensation Committee reviews and approves the Company's compensation framework and specific executive compensation determinations. The Compensation Committee also coordinates with the Board of Directors to monitor the performance of the Named Executive Officers throughout the year to ensure that the compensation being provided meets the performance incentive objectives of the Company's compensation framework.

Role of Management in Recommending Executive Compensation

The Executive Director of People Services, the Chief Executive Officer, and the Chief Operating Officer, referred to herein as the internal committee, are directed by the Compensation Committee to develop, recommend, and administer in a consistent manner, compensation objectives and programs for the Compensation Committee and the Board of Directors to consider and approve. As part of this process, each year the internal committee, with the assistance of other members of management, reviews and updates as necessary the Company's compensation philosophy and strategy statement, and develops a proposed executive compensation framework. The internal committee is also tasked with ensuring that the objectives of the programs are aligned with the Company's long-term strategy. The Executive Chairman makes compensation recommendations for himself and the other Named Executive Officers for the Compensation Committee's review and approval.

Objectives of Executive Compensation

The general compensation philosophy of the Company, as an organization that values the long-term success of its shareholders, customers, and employees (referred to by the Company as associates), is that the Company will pay competitive and equitable compensation that is designed to encourage focus on the long-term performance objectives of the Company and is differentiated based on both the individual’s performance and the performance of their respective business segment. In carrying out this philosophy, the Company structures its overall compensation framework with the general objectives of encouraging ownership, savings, wellness, productivity, and innovation. In addition, total compensation is intended to be market competitive compared to select industry surveys, internally consistent, and aligned with the philosophy of a performance-based organization. The Company believes this approach will enable it to attract, retain, develop, and motivate the talent required for the Company's long-term success, encourage the creation of shareholder value, and recognize high levels of associate performance.

To build a strong work environment and culture, the Company structures its total compensation to be comprised of:

Element	Purpose	Characteristics
Base salary	Competitive cash compensation to retain and attract executive talent.	Fixed cash compensation based upon the scope and complexity of the role, individual experience, performance, and market competitiveness. Reviewed annually and adjusted as warranted.
Annual performance-based incentive bonuses	Drive the achievement of key short-term business results and recognize individual contributions to these results.	Primary mode to differentiate compensation based on performance. Annual incentives based on a combination of financial metrics and individual goals. Potential cash-equity mix through performance-based incentive program stock election framework.
Restricted stock awards	Promote long-term focus on shareholder value, serve as an important retention tool, and encourage equity stake in the Company.	Equity-based compensation subject to vesting periods, or other restrictions on sale, generally for three to ten years.
Health, retirement, and other benefits	Designed to provide competitive health insurance options and income replacement upon retirement, death, or disability.	Benefits for Named Executive Officers are the same as those available to all associates.

The annual and long-term performance measures used by the Compensation Committee in reviewing and determining executive compensation are reflected in the Executive Officers' Incentive Compensation Plan described below.

Summary of Executive Compensation Policies and Practices

What we do	What we don't do
Pay for performance	No employment contracts
Periodically utilize external, independent compensation consulting firm(s)	No significant additional perks to executive officers
Mitigate undue risk in compensation programs	No individual change in control/severance compensation arrangements
Provide guidelines for stock ownership	No stock options
Maintain minimum vesting periods for stock awards	
Consider market data across industries to obtain a general sense of current compensation practices and decisions	
Prohibit hedging and short sales of stock	
Provide for clawback of incentive-based compensation	

Compensation Policies and Practices - Risk Management

The Compensation Committee and the internal committee review incentive compensation arrangements to ensure that the arrangements do not encourage associates to take unnecessary and excessive risks. This risk assessment process includes a review of program policies and practices; program analysis to identify risk and risk control related to the programs; and determinations as to the sufficiency of risk identification, the balance of potential risk to potential reward, risk control, and the support of the programs and their risks to the Company's strategy. A balance between Company and business segment performance is required to protect against unnecessary risks being taken. Based on their review and evaluation of the Company's compensation policies and practices for its associates, the Compensation Committee, the internal committee, and the Company’s Enterprise Risk Management team believe that the Company’s policies and practices do not create inappropriate or unintended significant risks that are reasonably likely to have a material adverse effect on the Company.

Prohibition on Hedging and Short Sales

The Company has a policy prohibiting members of the Board of Directors and all associates, including senior management, from short sales of the Company’s common stock or buying or selling call or put options or other derivatives related to the Company’s common stock. The policy also prohibits these persons from entering into other transactions that have the effect of hedging the economic value of any of their direct or indirect interest in the Company’s common stock.

Clawback Policy

The Company has a Clawback Policy, which gives the Board of Directors or any appropriate committee of the Board (such as the Compensation Committee), the discretion to recover incentive awards paid to any current or former executive officers of the Company if the financial results used to determine the amount of the incentive awards are materially restated and/or such person engaged in fraud or intentional misconduct.

The policy was adopted in advance of final rules or regulations to be issued by the SEC and/or the New York Stock Exchange to implement the incentive-based compensation recovery requirements under the Dodd-Frank Wall Street Reform and Consumer Protection Act. The Board has reserved the right to revise or restate the policy to any extent necessary to comply with such final rules or regulations, and application may be made on a retroactive basis, if necessary, to comply with such final rules or regulations.

Say on Pay

The Company has determined, consistent with the preference expressed by the Company’s shareholders at the 2017 annual meeting of shareholders and the related prior recommendation by the Board of Directors, that it is important for the shareholders to have an opportunity to cast an advisory vote on executive compensation on an annual basis as a means to express their views regarding the Company's executive compensation philosophy, plans, programs, policies, and decisions, all as disclosed in the Company's proxy statement. Accordingly, shareholders will have the opportunity to cast an advisory vote on executive compensation at this year's annual meeting. See Proposal 3 in this proxy statement with respect to a shareholder advisory vote on the compensation of the Company's Named Executive Officers as disclosed in this proxy statement. Although the shareholder vote on this proposal is non-binding, the Compensation Committee will consider the outcome of the vote when making future compensation decisions for Named Executive Officers.

Consideration of Prior Say on Pay Votes

In making executive compensation determinations, the Compensation Committee has also considered the results of last year's advisory shareholder vote approving the compensation of the Company's Named Executive Officers as disclosed in the proxy statement for the 2017 annual meeting of shareholders. At the 2017 annual meeting, the Company's shareholders overwhelmingly approved such executive compensation by 99.9 percent of the votes cast. These voting results strongly communicated the shareholders' endorsement of the Compensation Committee's decisions and policies to date. The Board of Directors and Compensation Committee reviewed these final vote results and determined that, given the significant level of support from the shareholders, no significant changes to the Company's executive compensation plans, practices, and policies were necessary at this time based on the say on pay vote results. The Compensation Committee will continue to consider the results from this year's and future advisory shareholder votes regarding the Company's executive compensation programs.

Use of Compensation Consultant

To assist in establishing and maintaining a competitive overall compensation program, the Compensation Committee periodically engages a nationally recognized compensation consulting firm to review the compensation levels and practices for the most highly compensated executive officers of the Company, and compare those to the compensation levels and practices for executives holding comparable positions within select industries and companies. Through comparisons of the base salaries, the annual performance-based incentives, other benefit programs, and total compensation for the Company's Executive Chairman, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, President, and other executives, the consultant's analysis is used to develop a complete executive compensation package that is designed to be competitive in the marketplace. The study is also used by the Compensation Committee to identify potential gaps or inconsistencies in total compensation and to identify appropriate compensation levels and compensation design features and trends. The study is conducted as part of the Compensation Committee's oversight of the Company's continuing efforts to attract, retain, and motivate top executive talent that will drive the Company's performance results.

In 2016, the Compensation Committee engaged Towers Watson as its independent compensation consultant to review executive compensation at the Company. In connection with the 2016 engagement of Towers Watson, the Compensation Committee determined that Towers Watson does not perform any other services for the Company or have any relationship that would raise a conflict of interest or impair the independence of Towers Watson with respect to its 2016 services or its expected future services for the Compensation Committee. In making this determination, the Compensation Committee discussed and considered the following factors: (i) the fact that Towers Watson does not perform any other services for the Company; (ii) the amount of fees received by Towers Watson from the Company as a percentage of the total revenue of Towers Watson; (iii) the policies and procedures of Towers Watson that are designed to prevent conflicts of interest; (iv) any business or personal relationship between any individual Towers Watson consultant involved in the engagement by the Compensation Committee and a member of the Compensation Committee; (v) any stock of the Company owned by an individual Towers Watson consultant involved in the engagement; and (vi) any business or personal relationship between Towers Watson or any individual Towers Watson consultant involved in the engagement and any executive officer of the Company.

When developing the proposed compensation framework for the Compensation Committee to consider each year, the internal committee also reviews broad-based third party surveys of executive compensation to obtain a general sense of current compensation levels and practices in the marketplace. These reviews are based on information from various publicly available databases and publications. The purpose of these reviews is to ensure compensation is aligned with the market for comparable jobs so the Company can continue to attract, retain, motivate, and reward qualified executives. In addition, the internal committee considers the average salary adjustments anticipated in the marketplace each year, and develops proposed target increases for the Company's Named Executive Officers accordingly. In this way, the Company seeks to ensure that any changes to compensation are appropriate and reflect material changes in the market.

Elements of Executive Compensation

The Company's Named Executive Officers are compensated with a combination of annual base salary, annual performance-based incentive bonus payments, and, with respect to the Named Executive Officers other than Mr. Dunlap, the issuance of shares of the Company's Class A common stock, which are typically restricted from sale for some period of time. Mr. Dunlap has historically not received equity compensation because he already owns a significant amount of the Company's common stock and controls the majority of voting rights of the Company, and thus already has significant interests aligned with the other shareholders of the Company. In determining levels of compensation, the Compensation Committee and the internal committee work together to establish targeted total compensation for each executive and then allocate that compensation among base salary and performance-based incentive compensation.

Each element of compensation is designed to be competitive with comparable companies and to align management's incentives with the long-term interests of the Company's shareholders. The Compensation Committee considers the Executive Chairman's recommendations and determines the amount of each element of compensation by reviewing the current compensation mix for each of the Named Executive Officers in view of the Company's performance, the Company's long-term objectives, and the scope of that executive's responsibilities. The Compensation Committee seeks to achieve an appropriate balance between base salaries, annual performance-based bonus incentives, and longer-term equity incentives for all of the Company's Named Executive Officers. See "Objectives of Executive Compensation" above for a summary of the various elements of executive compensation. Further details are provided below.

Base Salaries

Base salaries for the Company's Named Executive Officers are based on an evaluation of individual responsibilities of each person, market comparisons from publicly available compensation surveys to obtain a general sense of current compensation levels and practices in the marketplace, and an assessment of each individual's performance. Changes in base salaries of Named Executive Officers depend on projected changes in the external market as well as individual contributions to the Company's performance.

Base salaries for Messrs. Noordhoek, Heimes, Tewes, and Kruger were increased by 3% for 2017 primarily as a result of strong individual performances and Company results in the prior year, increased responsibilities for these officers resulting from the Company’s initiatives to pursue additional strategic investments and acquisitions to diversify the Company both within and outside of its historical core education-related businesses and to reposition the Company for the eventual runoff of all Federal Family Education Loan Program (“FFELP”) student loans, and to make adjustments that the Compensation Committee determined to be appropriate to maintain the competitiveness of the base salary levels for the corresponding officer positions. Specific increased responsibilities included the continued development of a student loan servicing platform under the Company's joint venture with Great Lakes Educational Loan Services, Inc. and developing its response to the Department of Education's (the "Department") contract procurement proposal for the Department to acquire a platform to service all loans owned by the Department; the continued build-out in Lincoln, Nebraska of ALLO Communication's ("ALLO") fiber network; expanded activities related to consumer loan servicing that build on the Company's experience, systems, and technology solutions for servicing student loans; the development of new payment products and services in the Company's Tuition Payment Processing and Campus Commerce operating segment; and recent real estate investments focused on the development of commercial properties in the Midwest, and particularly in Lincoln, Nebraska, where the Company's headquarters are located.

Executive Officers' Incentive Compensation Plan

Historically, the performance-based incentive bonus pools were determined and funded based on the Company's financial performance, while allowing for subjective modifications by the Compensation Committee to account for unique results during the year. In 2014, the Board of Directors established the Executive Officers Incentive Compensation Plan (the "Plan"), which is intended to provide the Company's executive officers with an opportunity to earn incentive compensation based on certain performance measures that may be established by the Compensation Committee, and was designed to allow compensation under the Plan to qualify as tax-deductible "performance-based compensation" under the previous provisions of Section 162(m) of the Internal Revenue Code. On December 22, 2017, Section 162(m) was amended as part of the Tax Cuts and Jobs Act such that the “performance-based compensation” exception to the limitation on tax deductibility under Section 162(m) was repealed effective for tax years beginning after December 31, 2017. The Plan provides that, in the event that the Compensation Committee determines that it is advisable to make compensation payments to executive officers covered by Section 162(m) that do not qualify as “performance-based compensation,” the Compensation Committee may make such payments without satisfying the requirements of Section 162(m). The Plan provides that it will expire on January 1, 2019.

The Plan, which is administered by the Compensation Committee or a subcommittee of the Compensation Committee, was approved by the Company's shareholders at the 2014 annual meeting of shareholders. The performance measures upon which incentive compensation under the Plan may be based are generally described as follows:

- Levels of earnings per share; net income; income before income taxes; net interest income; earnings per share or net income excluding derivative market value and foreign currency adjustments; revenues from fee-based businesses (including measures related to the diversification of revenues from fee-based businesses and increases in revenues through both organic growth and acquisitions); student loan assets; and total assets;

- Return on equity, return on assets or net assets, return on capital (including return on total capital or return on invested capital), and ratio of common equity to total assets;

- Share price or shareholder return performance (including, but not limited to, growth measures and total shareholder return, which may be measured in absolute terms and/or in comparison to a group of peer companies or an index);

- Student loan servicing and other education finance or service customer measures (including loan servicing volume and service rating levels under the student loan servicing contract with the Department);

- Cash flow measures (including, but not limited to, cash flows from operating activities, cash flow return on investment, assets, equity, or capital, and generation of long-term cash flows (including net cash flows from the Company's securitized student loan portfolio));

- Market share;

- Operating performance and efficiency targets;

- Employee engagement, productivity, and satisfaction measures;

- Levels of, or increases or decreases in, operating margins, operating expenses, and/or nonoperating expenses;

- Business segment performance measures (including growth in customer base, revenues, and segment profitability, as well as management of operating expense levels);

- Consummation of acquisitions, dispositions, projects, or other specific events or transactions (including specific events or transactions intended to enhance the long-term strategic positioning of the Company);

- Performance of investments; and

- Regulatory compliance measures.

The Plan provides that in no event shall the amount paid under the Plan to a participating executive officer with respect to any calendar year exceed the lesser of (i) 150% of that officer's base salary for that year; or (ii) $1,000,000. In each Plan Year, the Compensation Committee selects those executive officers who will participate in the Plan and be eligible to earn incentive compensation based on certain performance measures as the Compensation Committee deems appropriate. The Company's Named Executive Officers have broad corporate responsibilities; therefore, their particular objectives for the year are tied to the overall company-wide performance.

While the Company strives for overall consistency in executive compensation, the Named Executive Officers' potential incentive bonus amounts can vary by business segment due to differences in roles, business models, and business performance. Incentives are generally positioned to be within a median range of the marketplace based on available broad based data.

The Company's 2017 annual performance-based incentive bonuses were paid, at the Named Executive Officers' option (other than Mr. Dunlap, who received his incentive in cash), as either 100 percent cash, 100 percent stock, or 50 percent cash/50 percent stock. Those electing stock also received an additional number of shares representing 15 percent of the amount of their bonus they elected to receive in stock, in order to promote increased and continued share ownership. All shares issued as part of the incentive bonus awards were issued pursuant to the Company's Restricted Stock Plan discussed below, and were fully vested but may not be transferred for one year from the date of issuance.

Performance of Named Executive Officers for 2017

In 2017, the Executive Chairman (Mr. Dunlap), Chief Executive Officer (Mr. Noordhoek), Chief Operating Officer (Mr. Heimes), President (Mr. Tewes), and Chief Financial Officer (Mr. Kruger) were selected by the Compensation Committee to participate in and be eligible for incentive compensation awards under the Plan for the year ended December 31, 2017. The Compensation Committee and a subcommittee of the Compensation Committee comprised of two outside directors within the meaning of the provisions of Section 162(m) of the Internal Revenue Code of 1986 in effect for the tax year ended December 31, 2017 (the “Subcommittee”) established performance goals for these individuals in early 2017 utilizing certain of the performance measures under the Plan referred to above and described in more detail below, and in early 2018 the Compensation Committee and the Subcommittee reviewed the level of attainment of the performance goals for these individuals for 2017 under the terms of the Plan in establishing incentive awards for each. For 2017, the Compensation Committee and the Subcommittee considered (i) the Company's earnings per share, as adjusted for certain items; achievements in strategic positioning and growth of the Company's core segments' operating results, including diversification, positive response, position, or award with respect to the Department's proposed new student loan servicing platform contract; successful build-out of ALLO's fiber optic communications network in Lincoln, Nebraska; implementation of a new payment processing platform; associate engagement, specifically measured by increased retention; and servicing expansion, goals with respect to which the eligible Named Executive Officers could earn incentive compensation based on a formula, and (ii) achievements in operating efficiencies; improved service ratings under the Company's current student loan servicing contract with the Department; business segment performance; and individual achievement, goals with respect to which the eligible Named Executive Officers could earn additional discretionary incentive compensation. Under the Plan, the eligible Named Executive Officers could qualify for total incentives up to 150% of their base salary (not to exceed $1,000,000). The formulaic criteria used to establish performance goals and measure performance were:

1. The Company's consolidated earnings per share for the fiscal year ended December 31, 2017, adjusted for mark to market on derivatives and foreign currency transaction adjustments ("Adjusted EPS"): In early 2017, the Compensation Committee and the Subcommittee established tiered Adjusted EPS goals whereby (i) Adjusted EPS of up to $4.50 per share would qualify for an incentive of 0-125% of salary, and (ii) Adjusted EPS of greater than $4.50 per share would qualify for an incentive of 100-150% of salary. Based on the final Adjusted EPS for 2017 of $4.43 per share as reported in the Company's 2017 Annual Report on Form 10-K, the participating Named Executive Officers qualified for an incentive of 75-125% of salary. (Adjusted EPS is a non-GAAP financial measure. For information on how this measure is calculated from the Company's financial statements and other information about this measure, please refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments on page 37 of the Company's 2017 Annual Report on Form 10-K filed with the SEC on February 27, 2018.)

2. Strategic Positioning and Growth of Core Segments' Operating Results: In early 2017, the Compensation Committee and the Subcommittee established goals whereby achievement of a majority of the following would qualify for an incentive of up to 50% of salary: (i) Loan Systems and Servicing operating segment revenues of at least $250 million and pre-tax earnings of at least $43 million for 2017; (ii) Tuition Payment Processing and Campus Commerce operating segment revenues of at least $140 million and pre-tax earnings of at least $35 million for 2017; (iii) a positive response and positioning in regards to the contract procurement process for the Department to acquire a servicing system platform to manage all student loans owned by the Department; (iv) successful progress on the build-out of ALLO's fiber optic communications network in Lincoln, Nebraska; and (v) successful development of a new payment processing platform. Based on Tuition Payment Processing and Campus Commerce operating segment revenues of $145.8 million and pre-tax earnings of $38.6 million for 2017 as reported in the Company's 2017 Annual Report on Form 10-K, a positive response by the Department in down selecting the Company's joint venture with Great Lakes and two other organizations to respond to the Department's procurement process and significant positioning achievements and platform development progress by the joint venture in relation thereto, successful progress on the build-out of ALLO's fiber optic communications network in Lincoln, Nebraska, and the successful continued development of the new payment processing platform, the participating Named Executive Officers qualified for an incentive of up to 50% of salary.

3. Associate Engagement: In early 2017, the Compensation Committee and the Subcommittee established goals related to associate retention and a significant reduction in voluntary turnover that would qualify for an incentive of up to 25% of salary. These goals were achieved for 2017, and the participating Named Executive Officers qualified for an incentive of up to 25% of salary.

4. Servicing Expansion: In early 2017, the Compensation Committee and the Subcommittee established goals whereby significant expansion in servicing operations, including FFELP, private education, and consumer loans back-up servicing, and remote hosted servicing, as measured by adding more than 800,000 borrowers to the Company's loan servicing system, would have qualified for an incentive of up to 25% of salary. However, the significant potential expansion opportunities contemplated when these goals were established ultimately did not materialize.

The Subcommittee concluded, based on the eligible Named Executive Officers' performance with respect to both formulaic and objective criteria, that incentives of up to 200% of their respective base salaries had been earned under the criteria. Considering the Plan's maximum limit on incentive payments to any participant with respect to any calendar year of the lesser of 150% of base salary or $1,000,000, and other factors, the subcommittee of the Compensation Committee awarded the participating Named Executive Officers incentives equal to 125% of their respective base salaries, as reflected in the Summary Compensation Table below.

Restricted Stock Plan

The Company maintains a Restricted Stock Plan to reward performance by associates, including the Named Executive Officers other than Mr. Dunlap. This plan permits the Compensation Committee to reward a recipient with an award of shares of the Company's Class A common stock, which, in the Compensation Committee's sole discretion, may have vesting requirements or other restrictions. These awards are designed to recognize and reward associates, and to connect the associates' financial interests directly to the Company's performance, thereby encouraging associates to focus their efforts as owners of the Company. As discussed above, shares issued in payment of annual performance-based incentive bonuses and other equity compensation awards are issued under the Restricted Stock Plan. The Company does not grant stock options, since management and the Compensation Committee believe that awards of shares of restricted stock are a better method of encouraging the Named Executive Officers to focus on the long-term value of the Company.

Employee Share Purchase Plan

The Company also has an Employee Share Purchase Plan (“ESPP”) that assists all associates, including the Named Executive Officers, in becoming owners and increasing their ownership of the Company. Under the ESPP, associates may purchase shares of the Company's Class A common stock through payroll deductions, at a discount of 15% to the lower of the average market price of the Company's stock on the first and last trading days of each calendar quarter.

Termination or Change-in-Control Compensation

Other than with respect to provisions in restricted stock award agreements for certain previous grants of restricted stock to Messrs. Kruger and Tewes whereby any unvested shares of restricted stock will become fully vested upon a termination of employment as a result of death, disability, or retirement after reaching the age to receive full social security benefits, which provisions are generally included in all agreements for restricted stock awards granted to associates, the Company does not have any contracts, agreements, plans, or arrangements with the Named Executive Officers that provide for payment in connection with any termination of employment or change-in-control of the Company.

Share Ownership Guidelines and Trading Requirements

The Compensation Committee believes that the Named Executive Officers should have a significant equity interest in the Company. In order to promote equity ownership and further align the interests of management with the Company's shareholders, the Board of Directors has adopted Share Ownership Guidelines for management associates at certain levels. Under these guidelines, each Named Executive Officer is encouraged to own at least 15,000 shares of Company stock. As of February 28, 2018, all of the Named Executive Officers met these guidelines, and are thereby subject to downside risk in the Company's equity performance.

The Company has adopted a policy requiring officers who wish to buy or sell the Company's stock to do so only through Rule 10b5-1 stock trading plans. This requirement is designed to enable officers to diversify a portion of their holdings in an orderly manner as part of their retirement and tax planning or other financial planning activities. The use of Rule 10b5-1 stock trading plans serves to reduce the risk that investors will view routine portfolio diversification stock sales by executive officers as a signal of negative expectations with respect to the future value of the Company's stock. In addition, the use of Rule 10b5-1 stock trading plans reduces the potential for concerns about trading on the basis of material non-public information that could damage the reputation of the Company.

Other Compensation

In addition to base salaries and annual performance-based incentive compensation, the Company provides the Named Executive Officers with certain other customary benefits, including health, dental, and vision coverage to assist the Company in remaining competitive for superior talent and to encourage executive retention. A critical aspect of the Company's health benefits program is its focus on associate health and wellness. The Company encourages all associates, including the Named Executive Officers, to take a proactive approach to their personal health and wellbeing. The Company has implemented wellness programs which encourage and reward associates for healthy habits by offering the opportunity to lower their insurance premiums.

The Company owns a controlling interest in an aircraft due to the frequent business travel needs of the Named Executive Officers and the limited availability of commercial flights in Lincoln, Nebraska, where the Company's headquarters are located. Union Financial Services, Inc., which is owned by Mr. Dunlap and Stephen F. Butterfield, Vice Chairman of the Board of Directors, owns the remaining interest in the aircraft. Consistent with guidance issued in 2010 from the Federal Aviation Administration, the Company can be reimbursed for the pro rata cost of owning, operating, and maintaining the aircraft when used for routine personal travel by certain individuals whose positions with the Company require them to routinely change travel plans within a short time period. Accordingly, the Company allows certain members of executive management to utilize its interest in the aircraft for personal travel when it is not required for business travel. The value of the personal use of the aircraft is computed based on the Company's aggregate incremental costs, which include variable operating costs such as fuel costs, mileage costs, trip-related maintenance and hangar costs, on-board catering, landing/ramp fees, and other miscellaneous variable costs. In 2017, Messrs. Dunlap, Noordhoek, and Tewes received $33,441, $2,492, and $725, respectively, in personal travel benefits with respect to the Company's interest in the aircraft.

The Company also offers the Named Executive Officers other perquisites, including indoor parking and use of Company-sponsored suites at local venues for personal use when not occupied for business purposes.

Tax Treatment of Compensation

The Compensation Committee considers and evaluates the impact of applicable tax laws with respect to the Company’s executive compensation policies, plans, and arrangements. For example, Section 162(m) of the Internal Revenue Code, as amended by the Tax Cuts and Jobs Act enacted on December 22, 2017, imposes a $1,000,000 limitation on a public company's income tax deductibility in any tax year with respect to compensation paid to any individual who served as the chief executive officer or the chief financial officer at any time during the taxable year and the three other most highly compensated executive officers of the company (other than the chief executive officer or the chief financial officer) for the taxable year, and once an executive becomes covered by Section 162(m), any compensation paid to him or her in future years (including post-employment) becomes subject to the Section 162(m) limitation on tax deductibility. Prior to the enactment of the Tax Cuts and Jobs Act on December 22, 2017, which became effective for the Company on January 1, 2018, and the amendments to Section 162(m) thereunder, the $1,000,000 limitation did not apply to certain “performance-based” compensation paid under a shareholder approved plan that met the previous requirements of Section 162(m) and related regulations. As a result of the amendments to Section 162(m), all compensation paid to any of our covered executive officers in excess of $1,000,000 will not be deductible for federal income tax purposes in tax years beginning after December 31, 2017.

For the year ended December 31, 2017, the Company believes that none of the compensation paid to the Named Executive Officers will be subject to the Section 162(m) limitation on deductibility. However, due to ambiguities and uncertainties with respect to the interpretation of the provisions of the Tax Cuts and Jobs Act, no assurance can be given that compensation originally intended to satisfy the requirements for full deductibility under Section 162(m) will, in fact, be fully deductible.

The Compensation Committee believes that the Section 162(m) limitation on tax deductibility is only one of several relevant considerations in setting executive compensation. The Compensation Committee also believes that the Section 162(m) limitation on tax deductibility should not prevent the Compensation Committee from designing and maintaining executive compensation arrangements that, considering all relevant factors, are necessary to attract, retain, and motivate talented, high-performing executives who are critical to the Company’s success. Accordingly, the Compensation Committee retains the flexibility to provide for compensation to the Company’s executives that the Compensation Committee determines to be in the best interests of the Company and its shareholders, even if that compensation is not fully deductible under Section 162(m).

Matching Gift Program

The Company offers a matching gift program in which all associates with at least six months of service and all members of the Board of Directors are eligible to participate. Under this program, for every dollar ($100 minimum) that an associate or Board member contributes to an eligible charitable organization or educational institution, the Company will make matching donations of additional funds, subject to terms and conditions applicable in an equal manner to all associates and Board members. The total maximum dollar amount payable under the program is $25,000 per associate or Board member per calendar year. Any amounts matched by the Company for the Named Executive

Officers per the provisions of the program are included in the summary compensation table below.

Conclusion

By ensuring market competitive compensation that is aligned with a performance-based organization philosophy, the Company expects to attract, motivate, and retain the executive talent required to achieve the Company's long-term goals. This is critical, as management and the Compensation Committee know that the Company's success hinges on having engaged executives who are committed to the Company.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the above Compensation Discussion and Analysis with management. Based on this review and discussion, and such other matters deemed relevant and appropriate by the Compensation Committee, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 2017.

Respectfully submitted,

Kimberly K. Rath, Chair
James P. Abel
Michael D. Reardon

Summary Compensation Table for Fiscal Years 2017, 2016, and 2015
The following table sets forth summary information with respect to the compensation paid and bonuses granted for services rendered by the Company's Chief Executive Officer and Chief Financial Officer, as well as each of the Company's other three most highly compensated executive officers during the year ended December 31, 2017 (collectively, the “Named Executive Officers”). The information presented in the table relates to the fiscal years ended December 31, 2017, 2016, and 2015. Salaries and bonuses are paid at the discretion of the Board of Directors.

		Annual compensation				
Name and principal position	Year	Salary ($)	Bonus ($) (a)	Stock awards ($) (b)	All other compensation ($) (c)	Total ($)
Michael S. Dunlap	2017	515,000	643,750	—	50,199	1,208,949
Executive Chairman	2016	500,000	562,500	—	27,583	1,090,083
	2015	500,000	625,000	—	25,819	1,150,819
Jeffrey R. Noordhoek	2017	695,250	999,436	—	43,956	1,738,642
Chief Executive Officer	2016	675,000	816,338	—	40,524	1,531,862
	2015	625,000	898,466	—	40,357	1,563,823
Terry J. Heimes	2017	695,250	869,063	—	36,645	1,600,958
Chief Operating Officer	2016	675,000	759,375	—	29,539	1,463,914
	2015	625,000	839,877	—	38,415	1,503,292
James D. Kruger	2017	515,000	643,750	—	39,573	1,198,323
Chief Financial Officer	2016	500,000	646,916	—	36,991	1,183,907
	2015	450,000	604,698	200,036 (d)	38,476	1,293,210
Timothy A. Tewes	2017	515,000	643,750	—	20,327	1,179,077
President	2016	500,000	646,916	—	32,511	1,179,427
	2015	450,000	646,896	200,036 (d)	28,424	1,325,356

(a) Amounts represent bonuses paid in 2018, 2017, and 2016 for services rendered during the 2017, 2016, and 2015 calendar years, respectively. The Company's annual performance-based incentive bonuses were paid, at the executives' option (other than to the Executive Chairman, who received his incentive in cash), as either 100 percent cash, 100 percent stock, or 50 percent cash/50 percent stock. Those electing stock also received an additional number of shares representing 15 percent of the amount of their bonus they elected to receive in stock, to promote increased and continued share ownership. All shares issued as part of the incentive bonus award were issued pursuant to the Company's Restricted Stock Plan and were fully vested, but may not be transferred for one year from the date of issuance. The stock issuances for annual performance bonuses were not made as equity incentive plan awards contemplating future service or performance. See "Grants of Plan-Based Awards Table for Fiscal Year 2017" below for information relating to the shares issued in 2017 with respect to 2016 annual incentive bonus payments.

(b) Amounts represent the grant date fair values of the various restricted stock awards (subject to vesting conditions) computed in accordance with FASB ASC Topic 718. Additional information about the Company's accounting for stock-based compensation under FASB ASC Topic 718 can be found in Note 3 - "Summary of Significant Accounting Policies and Practices - Compensation Expense for Stock Based Awards" and Note 19 - "Stock Based Compensation Plans - Restricted Stock Plan" of the Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

(c) "All other compensation" includes the following:

	Year	All other compensation Employer matching contributions under 401(k) Plan ($)	Premiums on life insurance ($)	Matching gift program ($) (1)	Dividends on restricted stock ($) (2)	Personal use of company aircraft ($) (3)	Personal use of company suite at sporting events ($) (3)	Other ($) (4)	Total ($)
Michael S. Dunlap	2017	10,800	420	—	—	33,441	5,538	—	50,199
	2016	10,600	420	100	—	16,463	—	—	27,583
	2015	10,600	420	200	—	14,440	159	—	25,819
Jeffrey R. Noordhoek	2017	10,800	420	25,000	—	2,492	5,244	—	43,956
	2016	10,600	420	25,000	—	3,119	1,385	—	40,524
	2015	10,600	420	25,000	—	4,337	—	—	40,357
Terry J. Heimes	2017	10,800	420	23,100	—	—	2,325	—	36,645
	2016	10,600	420	15,000	—	3,119	—	400	29,539
	2015	10,600	420	25,000	—	2,335	—	60	38,415
James D. Kruger	2017	10,800	420	18,780	3,382	—	4,591	1,600	39,573
	2016	10,600	420	19,380	4,891	—	—	1,700	36,991
	2015	10,600	420	22,200	5,256	—	—	—	38,476
Timothy A. Tewes	2017	10,800	420	4,000	3,382	725	500	500	20,327
	2016	10,600	420	16,100	4,891	—	—	500	32,511
	2015	10,600	420	12,000	5,256	—	—	148	28,424

(1) See "Compensation Discussion and Analysis - Matching Gift Program" above for a description of this program.

(2) The Company's cash dividend payments on its Class A and Class B common stock include dividend payments on unvested shares of Class A common stock issued pursuant to the Company's Restricted Stock Plan. Dividends paid to the Named Executive Officers on unvested restricted stock are included in the table above.

(3) See "Compensation Discussion and Analysis - Other Compensation" above for a description of these arrangements.

(4) Executive officers may receive other perquisites and other personal benefits, the aggregate annual dollar amounts of which are below the current SEC threshold of $10,000 for reporting.

(d)

Amount represents the grant date fair value of 4,257 shares of restricted Class A common stock (subject to vesting conditions) issued to each of Mr. Kruger and Mr. Tewes on March 13, 2015 pursuant to the Company's Restricted Stock Plan. The grant date fair value of this award was determined based on the average of the closing market prices of the Company's Class A common stock on February 27, 2015 through March 5, 2015, which was $46.99.

Grants of Plan-Based Awards Table for Fiscal Year 2017

The following table sets forth summary information relating to each grant of an award made to the Company's Named Executive Officers in the fiscal year ended December 31, 2017 under the Company's Restricted Stock Plan.

Name	Grant date	Approval of grant by Compensation Committee	Number of shares of stock	Grant date fair value of stock awards ($)
Michael S. Dunlap	—	—	—	—
Jeffrey R. Noordhoek	March 10, 2017 (a)	February 2, 2017	9,561	436,651 (b)
Terry J. Heimes	—	—	—	—
James D. Kruger	March 10, 2017 (a)	February 2, 2017	14,165	646,916 (b)
Timothy A. Tewes	March 10, 2017 (a)	February 2, 2017	14,165	646,916 (b)

(a) On March 10, 2017, the Company issued stock to pay fiscal year 2016 bonuses for those employees who elected to receive stock instead of cash for such bonuses. The stock issuances were not made as equity incentive plan awards. All 2016 bonuses (paid in 2017) were paid in fully vested shares of Class A common stock issued pursuant to the Company's Restricted Stock Plan.

(b) The Company determined the value of these awards based on the average of the closing market prices for the Company's Class A common stock on February 28, 2017 through March 6, 2017, which was $45.67.

Outstanding Equity Awards at Fiscal Year-End Table (As of December 31, 2017)

The following table sets forth summary information relating to the outstanding unvested equity awards for the Company's Named Executive Officers as of December 31, 2017.

	Stock awards	
Name	Number of shares of stock that have not vested	Market value of shares of stock that have not vested ($) (a)
Michael S. Dunlap	—	—
Jeffrey R. Noordhoek	—	—
Terry J. Heimes	—	—
James D. Kruger	4,876 (b)	267,107

Timothy A. Tewes	4,876(b)	267,107

(a) Based on the closing market price of the Company's Class A common stock on December 29, 2017, the last market trading day in the year ended December 31, 2017, of $54.78.

(b) Amount represents (i) 885 shares of restricted Class A common stock issued to each of Mr. Kruger and Mr. Tewes on March 8, 2013 pursuant to the Company's Restricted Stock Plan, which vested on March 10, 2018, (ii) 1,438 shares of restricted Class A common stock issued to each of Mr. Kruger and Mr. Tewes on March 14, 2014 pursuant to the Company's Restricted Stock Plan, of which 720 shares vested on March 10, 2018, and 718 shares are scheduled to vest on March 10, 2019, and (iii) 2,553 shares of restricted Class A common stock issued to each of Mr. Kruger and Mr. Tewes on March 13, 2015 pursuant to the Company's Restricted Stock Plan, of which 852 shares vested on March 10, 2018, 852 shares are scheduled to vest on March 10, 2019, and 849 shares are scheduled to vest on March 10, 2020.

Stock Vested Table for Fiscal Year 2017

The following table sets forth summary information relating to the stock vested for the Company's Named Executive Officers during the fiscal year ended December 31, 2017.

Name	Stock awards Number of shares acquired on vesting	Value realized on vesting ($) (c)
Michael S. Dunlap	—	—
Jeffrey R. Noordhoek	—	—
Terry J. Heimes	—	—
James D. Kruger	3,957 (a)	170,426
Timothy A. Tewes	3,957 (b)	170,426

(a) Amount includes 375, 1,125, 885, 720, and 852 shares of restricted Class A common stock issued on July 23, 2007, March 9, 2012, March 8, 2013, March 10, 2014, and March 13, 2015, respectively, pursuant to the Company's Restricted Stock Plan.

(b) Amount includes 375, 1,125, 885, 720, and 852 shares of restricted Class A common stock issued on October 1, 2007, March 9, 2012, March 8, 2013, March 10, 2014, and March 13, 2015, respectively, pursuant to the Company's Restricted Stock Plan.

(c) The closing market price of the Company's Class A common stock as of March 9, 2017 (the vesting date for the shares issued in 2012), March 10, 2017 (the vesting date for the shares issued in 2013-2015), and March 15, 2017 (the vesting date for the shares issued in 2007) was $42.97 per share, $43.08 per share, and $43.30 per share, respectively.

Stock Option, Stock Appreciation Right, Long-Term Incentive, and Defined Benefit Plans

The Company does not have any stock option, stock appreciation right, long-term incentive, or defined benefit plans covering its Named Executive Officers.

Potential Payments Upon Termination or Change-in-Control

Other than with respect to provisions in restricted stock award agreements for certain previous grants of restricted stock to James D. Kruger and Timothy A. Tewes whereby any unvested shares of restricted stock will become fully vested upon a termination of employment as a result of death, disability, or retirement after reaching the age to receive full social security benefits, which provisions are generally included in all agreements for restricted stock awards granted to employees, the Company does not have any contracts, agreements, plans, or arrangements with the Named Executive Officers that provide for payment in connection with any termination of employment or change-in-control of the Company. As set forth above under “Outstanding Equity Awards at Fiscal Year-End Table (As of December 31, 2017),” the market value of the 4,876 shares of unvested restricted stock held by each of Messrs. Kruger and Tewes as of December 31, 2017 was $267,107, based on the closing market price of the Company's Class A common stock on

December 29, 2017, the last market trading day in the year ended December 31, 2017, of $54.78. On March 10, 2018, a total of 2,457 of such shares for each of Messrs. Kruger and Tewes vested pursuant to the normal time-based employment service vesting provisions of the underlying restricted stock award agreements.

Pay Ratio Disclosure

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and Item 402(u) of the SEC's Regulation S-K, the Company is providing the following information about the relationship of the annual total compensation of the employees of the Company and its consolidated subsidiaries and the annual total compensation of Jeffrey R. Noordhoek, the Company's Chief Executive Officer (the "CEO").

For 2017, the Company’s last completed fiscal year:

- the median of the annual total compensation of all employees of the Company and its consolidated subsidiaries (other than the CEO) was $36,200; and

- the annual total compensation of the CEO, as disclosed above in the "Summary Compensation Table for Fiscal Years 2017, 2016, and 2015", was $1,738,642.

Based on this information, for 2017 the ratio of the annual total compensation of the CEO to the median of the annual total compensation of all employees was 48 to 1. This ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of the SEC’s Regulation S-K. Given the different methodologies that various public companies may use to compute estimates of their pay ratios, the Company’s estimated pay ratio may not be comparable with the estimated pay ratios of other public companies.

To identify the median of the annual total compensation of all employees of the Company and its consolidated subsidiaries, as well as to determine the annual total compensation of the median employee and the CEO, the methodology and the material assumptions, adjustments, and estimates that the Company used were as follows:

1. The Company determined that, as of December 18, 2017, the last Monday of 2017 that was a business day, the total number of employees of the Company and its consolidated subsidiaries (excluding the CEO) was 4,259, with 4,239 (99.5%) of these employees located in the United States, and 20 (less than 1%) of these employees located in Australia and France. Accordingly, the total numbers of U.S. employees and non-U.S. employees, before taking into consideration the adjustments permitted by SEC rules (as described below), were 4,239 and 20, respectively. These employees included all full-time, part-time, seasonal, and temporary employees of the Company and its consolidated subsidiaries. The Company selected the last Monday of 2017 that was a business day as the date within the last three months of the Company’s last completed fiscal year that the Company would use to identify the median employee because it enabled the Company to make such identification for 2017 in a reasonably efficient and economical manner from its existing internal payroll reporting system.

2. The employee population used to identify the median employee, after taking into consideration the adjustments permitted by SEC rules, consisted of all of the 4,239 employees (excluding the CEO) located in the U.S. As permitted by SEC rules, the Company chose to exclude all non-U.S. employees, consisting of all of the 20 employees who are employed in Australia and France, from the employee population used to identify the median employee, given the small numbers of employees in those jurisdictions and the estimated additional costs of obtaining, analyzing, and including their compensation information for purposes of identifying the median employee and determining the annual total compensation of the median employee. Based on the total numbers of U.S. employees and non-U.S. employees (before taking into consideration the adjustments permitted by SEC rules) as set forth above, the Company excluded a total of less than 5% of the total workforce of the Company and its consolidated subsidiaries (20 employees) from the employee population used to identify the median employee, as permitted by SEC rules.

3. To identify the median employee from the employee population, the Company compared the amounts of salary and wages of the employees for 2017 that are taxable for U.S. federal income tax purposes and reportable to the U.S. Internal Revenue Service on Form W-2, as reflected in the Company’s existing internal payroll system reports as of December 18, 2017, and this compensation measure was consistently applied to all employees included in the calculation. In making this determination, the Company annualized the compensation of all permanent employees (full-time or part-time) included in the employee population who were hired during 2017 but did not work for the Company or a consolidated subsidiary for the entire fiscal year.

4. After the Company identified the median employee, the Company combined all of the elements of such employee's compensation for 2017 in accordance with the requirements of Item 402(c)(x) of the SEC's Regulation S-K, resulting in annual total compensation of $36,200.

5. With respect to the annual total compensation of the CEO, the Company used the amount disclosed in the "Total" column of the 2017 row for Mr. Noordhoek in the "Summary Compensation Table for Fiscal Years 2017, 2016, and 2015" included in this Proxy Statement and incorporated by reference under Item 11 of Part III of the Company's 2017 Annual Report on Form 10-K.

SECURITY OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS, AND PRINCIPAL SHAREHOLDERS

Stock Ownership

The authorized common stock of the Company consists of 660,000,000 shares, $0.01 par value. The authorized common stock is divided into two classes, consisting of 600,000,000 shares of Class A common stock and 60,000,000 shares of Class B common stock. The Company also has authorized 50,000,000 shares of preferred stock, $0.01 par value.

The following table sets forth information as of February 28, 2018, regarding the beneficial ownership of each class of the Company's common stock by:

- each person, entity, or group known by the Company to beneficially own more than five percent of the outstanding shares of any class of common stock
- each of the Named Executive Officers
- each incumbent director and each nominee for director
- all executive officers and directors as a group

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. Under these rules, a person is deemed to beneficially own a share of the Company's common stock if that person has or shares voting power or investment power with respect to that share, or has the right to acquire beneficial ownership of that share within 60 days, including through the exercise of any option, warrant, or other right or the conversion of any other security. With respect to the shares for which certain non-employee directors have elected to defer delivery pursuant to the deferral election provisions of the Company’s Directors Stock Compensation Plan as indicated in certain footnotes to the following table, such shares are reported as beneficially owned by the respective director since, pursuant to such deferral election provisions, such shares shall be distributed to such director as the lump sum payment of deferred shares at the time of the termination of the director’s service on the Board (which the director has the unilateral right to cause within 60 days if the director were to resign from the Board within such time period), or as the initial installment of up to five annual installments commencing at the time of termination of the director’s service on the Board, as elected by the director.

Each share of Class B common stock is convertible at any time at the holder's option into one share of Class A common stock. The number of shares of Class B common stock for each person in the table below assumes such person does not convert any Class B common stock into Class A common stock. Unless otherwise indicated in a footnote, the address of each five percent beneficial owner is c/o Nelnet, Inc., 121 South 13th Street, Suite 100, Lincoln, Nebraska 68508. Unless otherwise indicated in a footnote, the persons named in the tables below have sole voting and investment power with respect to all shares of common stock shown as being beneficially owned by them.

Beneficial Ownership - As of February 28, 2018

Name	Number of shares beneficially owned					Percentage of shares beneficially owned (1)			Percentage of combined voting power of all classes of stock (2)
	Class A		Class B		Total	Class A	Class B	Total	
Michael S. Dunlap	6,771,858	(3)	10,516,924	(4)	17,288,782	23.2%	91.7%	42.5%	77.8 %
Stephen F. Butterfield	—		3,925,574	(5)	3,925,574	—	34.2%	9.7 %	27.3 %
Angela L. Muhleisen	6,302,116	(6)	1,162,045	(7)	7,464,161	21.6%	10.1%	18.3%	12.5 %
Union Bank and Trust Company	4,664,926	(8)	1,162,045	(9)	5,826,971	16.0%	10.1%	14.3%	11.3 %
Dimensional Fund Advisors LP	2,373,373	(10)	—		2,373,373	8.1 %	—	5.8 %	1.6 %
Deborah Bartels	1,916,487	(11)	—		1,916,487	6.6 %	—	4.7 %	1.3 %
The Vanguard Group	1,605,558	(12)	—		1,605,558	5.5 %	—	3.9 %	1.1 %
Whitetail Rock Capital Management, LLC	—		6,287,291	(13)	6,287,291	—	54.8%	15.5%	43.7 %
Union Financial Services, Inc.	—		1,586,691	(14)	1,586,691	—	13.8%	3.9 %	11.0 %
Terry J. Heimes	203,689	(15)	—		203,689	*	—	*	*
James D. Kruger	154,401	(16)	—		154,401	*	—	*	*
Jeffrey R. Noordhoek	487,115	(17)	—		487,115	1.7 %	—	1.2 %	*
Timothy A. Tewes	54,854	(18)	—		54,854	*	—	*	*
James P. Abel	61,078	(19)	—		61,078	*	—	*	*
William R. Cintani	19,130	(20)	—		19,130	*	—	*	