Clearwire 1Q revenue drops from 4Q on Sprint deal

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(AP) -- Clearwire Corp., which runs a wireless data network, on Thursday reported its first drop in quarter-over-quarter revenue, as a new deal with major customer Sprint Nextel Corp. kicked in.

However, the revenue beat analyst expectations, as Clearwire compensated to some extent for the decline from Sprint by selling service directly to consumers, and Clearwire shares rallied from depressed levels.

Sprint resells access to Clearwire's network as "Sprint 4G" on smartphones. But the network uses a technology that other companies have passed by, limiting Clearwire's customer base. It's now trying to raise money to build another network, using industry-standard technology.

Sprint paid Clearwire about $6 per 4G subscriber per month last year, but renegotiated that deal. Now it's paying Clearwire a flat fee of $900 million for access in 2012 and 2013, regardless of how many users the network has. On Wednesday, it said it would start selling access to the network through its low-end, pay-as-go brands, Virgin Mobile and Boost Mobile.

Sprint owns a majority of Clearwire, but doesn't control its board.

Kirkland, Wash.-based Clearwire posted a net loss for the January to March period of $181.8 million, or 44 cents per share, which compares with a loss of $227 million, or 93 cents per share, a year ago.

Revenue rose 36 percent to $322.6 million from $236.8 million a year ago, but fell 11 percent from the fourth quarter.

Analysts polled by FactSet were expecting a loss of 40 cents per share, and revenue of $308 million.

Clearwire shares rose 8 cents, or 5.4 percent, to $1.55 in extended trading, after the release of the results. In regular trading, the shares had jumped 12 cents, or 9 percent, to $1.47. They are still close to their all-time low of $1.24 hit in October.

Clearwire ended the quarter with 11 million wireless subscribers, of which 9.7 million are coming through other companies, chiefly Sprint.