

MALONE TESTS A FAMILY'S TIES

By HILARY KRAMER

Media titan John Malone may spend as much as \$5 billion to win back a spot among cable's power elite — if he can navigate the messy Cablevision breakup.

Malone was once the king of cable TV, but lost much of his power base after he sold his TCI cable empire to AT&T in 1999.

As a new Cablevision board member, he's now in the center of one of the biggest transfers of cable assets and has a vote in who gets what.

He also faces the perils of doing a deal among a family widely involved — and often divided — in Cablevision's operations. But he's picked his side, choosing Chairman Chuck Dolan over Dolan's son, CEO Jim, in a bitter family feud over Cablevision's far-flung media empire.

The future, the elder Dolan believes, rests on high-definition TV providers like Cablevision's Voom.

He put up \$10 million last week to keep the struggling Voom operating for another three weeks until other financing is secured so he can spin it off from the parent company.

Industry watchers say a chunk of that financing will come from Malone, predicting that Malone and Dolan will team up for a joint venture to acquire Voom from the Cablevision stable. Sources say Dolan will likely borrow against his shares, and Malone, who's worth \$2 billion, will tap his deep lines of credit.

Malone, a tech savvy cable pioneer who sees the same potential riches in Voom, is ready to invest billions, say industry sources.

Some investment bankers say Malone will pony up as much as \$5 billion, depending on which Cablevision assets he would pick.

The dealmaking comes as patriarch Chuck Dolan packed his board a week ago with pals including Malone and media titans Frank Biondi and Leonard Tow. Bankers say Malone, whose

trademark is creating intricate financial vehicles for his wheeling and dealing, is quietly hatching plans to create a similar vehicle for Cablevision assets.

One scenario in discussion, say bankers, is that Malone would wind up with about 40 percent of the new Voom.

Dolan, with his own financing and help from Malone, would take Voom private and then create one of Malone's trademark financial vehicles to run the company.

One banker said, "The alternative plan is that Malone makes an investment in Voom and then Voom buys the national cable networks from Cablevision."

The remaining Cablevision assets would be public and include three million cable subscribers, Madison Square Garden and Radio City Entertainment.

The plan not only allows Malone to put a stake in the burgeoning HDTV market and grow his own TV channel empire, it also gives him the opportunity to reemerge as a power player.

Malone once topped Entertainment Weekly's list of the most influential people in entertainment and was dubbed "Darth Vader of Cable" for his aggressive reign.

And in the last few months, he's beginning to flex his muscles again. In addition to his new power role on the Cablevision board, he's also taken increased stakes in News Corp. (News Corp. is the parent of The Post.)

Malone's Liberty Media holding company has significant stakes in Interactive Corp. and Time Warner.

But his overall interests lie in HDTV and Cablevision's content say bankers close to the situation.

Cablevision's programming through channels such as American Movie Classics, WE: Women's Entertainment and IFC will also help supplement the other TV holdings under Malone's Liberty Media.

"It is logical to think that John Malone's interest is in content rather than in the cable com-

Media mogul Malone has designs on satellite business.



pany," said UBS cable and satellite analyst Aryeh Bourkoff.

"The vision for Voom is high definition but it may be related more to content. The impression we have of Voom is that it is a

money losing bad business, but with Malone and Biondi involved it may be a content play and not just an HD distribution business."