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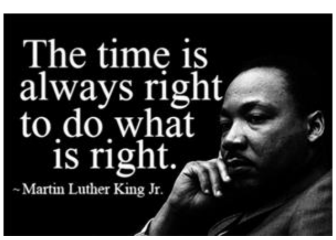

When Netflix Inc. tried to woo comedian Jerrod Carmichael away from HBO to do stand-up specials, HBO executives swung into action. They told Mr. Carmichael that Netflix, which is bingeing on TV production and has a massive stable of content, wouldn't be able to tend to Mr. Carmichael properly. "If you have 50 kids, you're not going to every soccer game," HBO Programming President Casey Bloys said in an interview. "We go to every soccer game, and we're the snack parents at every soccer game. That's how we treat our talent." Mr. Carmichael stayed put.

HBO, long regarded as the entertainment industry's gold standard in quality content, is adapting to a new era, when rivals from the tech world are pouring huge sums into original programming and luring top talent away from traditional TV stalwarts. As platforms stockpile content, HBO is resisting the impulse to bulk up, getting pickier about its programming, trimming its development pipeline and embracing the idea that it won't outbid the field on every single hot prospect. "We are not trying to do the most," said HBO Chief Executive Richard Plepler, adding, "More is not better. Only better is better."

There are risks to being choosy. HBO could miss out on hits that go to rivals. And if it places fewer bets than streaming giants, it can't afford a prolonged streak of flops. Netflix, far and away the biggest force, last year shelled out an estimated $6 billion to launch nearly 30 new original shows and is expected to spend about $8 billion this year. Amazon spent an estimated $4.5 billion on original and acquired programming in 2017, while Hulu spent $2.5 billion. That compares with $2.7 billion on programming and five shows launched at HBO last year.

Mr. Carmichael, the comedian, likened HBO to a museum that is selective about what it shows. "Where do you want to your art to live?" said Mr. Carmichael, who renewed his deal with HBO in the spring of 2016. "HBO is like The Broad," he added, referring to the Los Angeles contemporary art museum. HBO has done well financially in the face of stepped-up competition. For 2017, HBO expects to add more subscribers than it ever has before, between its traditional TV channel and streaming service, HBO Now. HBO was a main attraction for AT&T Inc. in its proposed purchase of Time Warner Inc., which is being challenged in court by the government.

Driving HBO's gains are new deals with major cable providers. Instead of raising the retail price of HBO, the pacts rely on financial incentives for the distributors that encourage them to put more marketing behind the channel. HBO's subscription revenue was up 12% in the third quarter, its biggest quarterly increase in 13 years. Total revenue in 2017 grew an estimated 7% to $6.32 billion, according to MoffettNathanson, while operating income rose 12%.

Netflix's top line, however, has surpassed HBO's and is rising at a faster clip with global expansion. Revenue in 2017 was up an estimated 31% to $11.6 billion. But as it focuses on growth, operating profit is expected to be $840 million, well short of HBO's estimated $2.15 billion. A Netflix spokeswoman said the company's volume of production makes sense for its business approach, global reach and need to appeal to a variety of audiences. Netflix isn't limited by the constraints of what can be scheduled on a TV channel, she said. And its marketing of shows is different from traditional TV: Ad campaigns and on-service recommendations are personalized based on what people watch.

In terms of original shows, HBO has 21 scripted series compared with 88 for Netflix and 28 for Amazon. Hulu, which took home the Emmy and Golden Globe for best drama for "The Handmaid's Tale," is creeping up, with 17. HBO says it won't take a show if it can't make the math work, as it did with the "Lord of the Rings," which Amazon spent heavily on. HBO used to bid aggressively on every hot prospect. There was a fear of an empty cupboard, as was the case after "The Sopranos" and "Sex and the City" ended.

Many of the projects sat on a shelf or died in production. Some costly productions fizzled out, including the Martin Scorsese-produced drama "Vinyl" about the record industry in the 1970s, which lasted only one season in 2016. Now HBO takes fewer swings. But that doesn't mean every show has to be a "Game of Thrones"-size hit. Two of HBO's most-watched shows are lighthearted, sophomoric comedies: "Ballers," about fast-living athletes, and "Vice Principals," about rival educators in Florida.

An HBO veteran, Mr. Bloys became programming chief in 2016 after Mike Lombardo stepped down from the role. Many of HBO's biggest shows—"Game of Thrones," "True Blood," "Boardwalk Empire"—were shepherded by Mr. Lombardo. New projects Mr. Bloys is championing include "Succession," about a dysfunctional family that controls a media empire, and "Lovecraft Country," from "Get Out" director Jordan Peele based on the Matt Ruff novel about America in the Jim Crow era. "HBO's still the place to be" and an "iconic brand," said Rick Rosen, partner and television head at the powerful talent agency WME. Still, the network's high bar and limited space can be a challenge. "If I'm selling a high-end drama or comedy, am I going to be able to get on the schedule?" he said. "That's not a factor at Netflix."

Since HBO doesn't release all the episodes in a series at once, as Netflix does, it has more marketing flexibility. In the case of "Big Little Lies," HBO used half of its marketing efforts in the latter stage of the show's run, helping boost ratings heading into the finale. "Their marketing is so strong," said Nicole Kidman, co-star and a producer of HBO's "Big Little Lies," which won her an Emmy and a Golden Globe. "They were completely engaged." HBO gets credit from talent for having a light touch. "They know how to get out of the way," said Issa Rae, co-creator and star of the comedy "Insecure," about a black woman trying to navigate work and romance in Los Angeles, a world that probably doesn't resonate with most HBO executives. Ms. Rae added, "they've never claimed to understand all the jokes on the show." – ***Wall Street Journal***

Two tech titans are leaving Walt Disney Co.'s board of directors as the media giant moves into their territory, creating conflicts. Facebook Inc. Chief Operating Officer Sheryl Sandberg and Twitter Inc. Chief Executive Jack Dorsey aren't standing for re-election at Disney's annual meeting March 8, the company disclosed in a regulatory filing Friday. "Given our evolving business and the businesses Ms. Sandberg and Mr. Dorsey are in, it has become increasingly difficult for them to avoid conflicts relating to board matters," a Disney spokeswoman said in a statement.

The company is developing a new ESPN streaming video service it will launch this year and a Disney-branded one scheduled to debut in 2019. Facebook and Twitter, meanwhile, are expanding their own video products and Facebook has begun buying and streaming original programming. In addition, Disney's longtime lead independent director, Orin C. Smith, is stepping down because he has hit the company's retirement age of 74. Disney's board will elect a new lead independent director when it meets after the annual meeting, the spokeswoman said.

One more board member, Robert Matschullat, is stepping down because he has served for 15 years, the maximum tenure. Disney already said that Safra Catz, Oracle Corp.'s co-chief executive, and Illumina Inc. CEO Francis deSouza will join the board starting Feb. 1. If they, along with eight incumbent members, are elected at the annual meeting, Disney will end up with 10 directors. CEO Robert Iger will remain chairman.

Mr. Iger's total compensation in fiscal 2017 fell 17% from the year earlier on lower bonus pay, the company also revealed in its proxy statement. Mr. Iger's total compensation was $36.3 million for the year ended Sept. 30, down from $43.9 million the prior year. While Mr. Iger's base pay stayed unchanged at $2.5 million, he received $15.2 million in performance-based cash bonus, above the $12 million target but substantially down from the $20 million he received in fiscal 2016. "Despite strong performance in the face of known comparability challenges and Mr. Iger's ongoing strategic leadership, the absence of growth in fiscal 2017 led to a decline of $4.8 million in Mr. Iger's bonus compared to fiscal 2016," the company said in a securities filing on Friday.

It was bumped to $3 million on Jan. 1 under a new agreement signed last month as Disney **agreed to acquire some assets** of 21st Century Fox. Fox and Wall Street Journal parent News Corp share common ownership. Under the new agreement, Disney extended Mr. Iger's contract through 2021, from July of 2019, should the Fox deal close. Disney's net income fell 4% last fiscal year to $8.98 billion and revenue declined 1% to $55.14 billion. The company's stock closed Friday at $112.47, up 4% over the past 12 months. – ***Wall Street Journal***

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