Netflix's stock soars as shareholders clear way for split

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Netflix's stock climbed to new high after shareholders cleared the way for its board of directors to make the Internet video service's stock more affordable.

Shareholders set the stage for Netflix to split its stock by approving a proposal that will allow the board to increase the company's outstanding stock to as many as 5 billion shares. The previous limit had been 170 million shares.

Although the vote taken late Tuesday at Netflix's annual meeting was considered a formality, investors still celebrated the outcome because it empowers the board to split the company's stock.

Splits are a commonly used maneuver to lower a stock's trading price. This is done by increasing the number of outstanding shares. Investors generally like this tactic because a reduced trading price tends to widen the pool of people interested in buying a stock.

Netflix's stock gained nearly 4 percent to close at $671.10. Earlier in the session, the shares peaked at $692.79.

The Los Gatos, California, company announced in April that it wanted to split its stock. The board of directors is expected to vote on the stock split at its next meeting. The directors usually convene around the same time Netflix releases its quarterly earnings. Netflix's next report is scheduled to be released late next month.

If a split is approved, it will be just the second in Netflix's 13-year history as a publicly held company. The last split occurred in 2004.

Netflix's stock price has increased by seven-fold since 2012, driven the popularity of its service that streams movies and TV shows to Internet-connected devices. The company now has about 62 million subscribers worldwide, more than doubling from the end of 2012.