

Termination Clauses

Termination for Breach or Nonperformance

(1) If either party commits a breach of its obligations under this agreement, the other party may terminate this agreement by giving the breaching party at least [number, e.g., ten (10)] days' prior notice, except that any such notice will not result in termination if the breaching party cures that breach before the [number, e.g., ten (10)] day period elapses.

A breach of this agreement includes, but is not limited to, the following: customer's failure to pay any amount hereunder which is more than [number, e.g. thirty (30)] days past due, vendor's failure to timely deliver any goods or services, vendor's failure to repair or replace any defective item within [number, e.g., 10] of notice from customer, [insert any other applicable events of default].

(2) Either party may terminate this Agreement at any time in the event of a breach by the other party that remains uncured after: (i) in the event of a monetary breach, [number, e.g., ten (10)] calendar days following written notice thereof; and (ii) in the event of a non-monetary breach, [number, e.g., thirty (30)] days following written notice thereof. Such termination shall be effective immediately and automatically upon the expiration of the applicable notice period, without further notice or action by either Party. Termination shall be in addition to any other remedies that may be available to the non-breaching party.

Termination on Change of Control

In the event that, at any time during the Executive's employment under this Agreement, the Company experiences a Change of Control (as hereinafter defined) and, within either [number, e.g., six (6)] months before the Change of Control or [number, e.g., six (6)] months after the Change of Control, Executive's employment is terminated without Cause, then, provided that Executive shall have executed a release in the form and substance acceptable to the Company, and subject to the other terms and conditions contained in this Agreement, the Executive shall be entitled to receive the severance benefits described above in Section [insert applicable section #] above.

For purposes of this Agreement, a "Change of Control" shall mean, and be deemed to have occurred upon: (i) a sale or transfer of substantially all of the issues of the Company in any transaction or series of related transactions (other than sales in the ordinary course of business); (ii) any merger, consolidation or reorganization to which the Company is a party, except for merger, consolidation or reorganization in which the Company is the surviving corporation and, after giving effect to such merger, consolidation or reorganization, the holders of the Company's outstanding Common Stock (on a fully-diluted basis) immediately prior to the merger, consolidations or reorganization, capital stock holding a majority of the voting power of the Company; (iii) any sale or series of sales of shares of the Company's capital stock by the holders thereof which results in any person or group of affiliated persons owning capital stock holding a majority of the voting power of the Company; or (iv) any circumstance by which the persons who constitute the Company's Board of Directors as of the date hereof cease for any reason to constitute a majority of the directors of the Company.

Termination At-Will

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The employees of the Company are at-will employees. This means that the employment relationship is for no fixed period and is terminable at will at any time by either party. You and the Company are free to end the employment relationship at any time with, or without, reason and with, or without, notice. Also, please understand that your at-will employment status may only be modified in writing by the Chief Executive Officer and signed by both parties and no other management official may verbally or otherwise modify or make any assurance or promise of continued employment.

Termination for Convenience

(1) [Client] may terminate this agreement for any reason or no reason at all by giving the Vendor at least [number, e.g., 30] days' prior notice.

(2) Either party to this Agreement shall have the absolute right at any time to terminate this Agreement by giving at least [number, e.g., sixty (60)] days advance written notice.

Termination – Long Form

This Agreement shall be terminated:

Upon the expiration of [number, e.g., thirty (30)] days after either party hereto shall give written notice to the other party of its intention to terminate.

At the option of either party hereto in the event that the other party:

a. breaches any obligation hereunder and fails to remedy such breach within the [number, e.g., thirty (30)] calendar days after being given written notice to that effect; or

b. makes an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts as they become due, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file any answer admitting or not contesting the material allegations of a petition filed against such party in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of such party or of all or any substantial part of the properties of such party, or such party or its directors or majority stockholders shall take any action looking to the dissolution or liquidation of such party;

Either party may also terminate this Agreement in the event that a law, decree or regulation is enacted or adopted by any governmental authority which would impair or restrict in any manner whatsoever the right of such party to terminate or elect not to renew this Agreement; provided, however, that such termination shall not take effect until the day prior to the effective date of the aforementioned law, decree or regulation.

Termination of Agreement with Indefinite Term

This Agreement is perpetual but may be terminated as to any party, for or without cause, upon [number, e.g., thirty (30)] days' written notice to the other.

Termination to be Effective after Specified Period

Either party may terminate this Agreement at any time after [insert time period after which agreement can be terminated, e.g., one (1) year], with or without cause, by written notice to the other, such termination to become effective [number, e.g., sixty (60)] days after receipt of such notice.

Termination of Agreement Subject to Specified Limitations

(1) Either party may terminate this Agreement, upon not less than [number, e.g., two (2)] month's prior written notice, subject, however, to the limitations set forth in Section [insert applicable sections] hereof.

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Certain Obligations Survive Upon Termination

Either party may terminate this Agreement upon not less than [number, e.g., two (2)] months' prior written notice, subject, however, to the provisions of Section [insert applicable sections] hereof, which shall survive the termination of this Agreement.

End of Document

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Drafting Notes

Drafting Note to Section 1 of Termination for Breach or Nonperformance

A termination clause may spell out specific acts or omissions that warrant termination or it may simply make any uncured breach a cause of termination.

Drafting Note to Section 2 of Termination for Breach or Nonperformance

Termination clauses for breach can also provide a shorter cure period for monetary breaches, with a longer period for all other breaches, which may be desirable to the seller or vendor who will be receiving all or most of the payments under the agreement.

Drafting Note to Termination on Change of Control

Some executive employment contracts contain a provision, sometimes pejoratively referred to as a “golden parachute,” that spells out the executive’s severance rights in the event he or she is terminated pursuant to a change in control of the company (e.g., a merger or acquisition). Such clauses are intended to give the executive incentive to remain with, and help steer, the company during periods when there is a reasonable possibility of a change in control. A typical “change in control” provision will spell out the following, often in meticulous detail: (1) the definition of Change of Control, (2) specific benefits afforded to a terminated executive, (3) the kinds of terminations that trigger the benefits under the provision.

Drafting Note to Termination At-Will

In the employment setting, absent a contract providing for a term or otherwise imposing a limitation on an employer’s right to discharge an employee (e.g., by limiting discharge to “just cause”), an employer may discharge an employee without liability at any time and for any or no reason. This rule is so deeply engrained in American jurisprudence that there is a presumption that employment is at-will.

Drafting Note to Termination for Convenience

If a party wants to reserve for itself the right to terminate a contract for its convenience, it is generally necessary to provide advance notice for the termination or else the contract could be construed as illusory.