

49.304-1 General.

(a) In a *partial termination*, the TCO *shall* limit the settlement to an adjustment of the fee, if any, and with the concurrence of the *contracting office* to a reduction in the estimated cost. The TCO *shall* adjust the fee as provided in [49.304-2](#) and [49.305](#), unless-

(1) The terminated portion is clearly severable from the balance of the contract; or

(2) Performance of the contract is virtually complete, or performance of any continued portion is only on subsidiary items or spare parts, or is otherwise not substantial.

(b) In the case of the exceptions in paragraph (a), the procedures in [49.302](#) and [49.303](#) apply.

Parent topic: [49.304 Procedure for partial termination.](#)