

SETTLEMENT MEMORANDUM

This Settlement Memorandum is made and entered into this 21st day of December, 2021 (the "Effective Date") by and between Shambhala USA ("SUSA"), a Colorado non-profit corporation and The Sakyong Potrang (the "Potrang"), a Colorado nonprofit corporation. SUSA and the Potrang are referred to collectively herein as the "Parties" and each a "Party."

Pursuant to the statements and proposals exchange between the Parties in connection with the mediation facilitated by Michael D. Zimmerman, this memorandum is to confirm the Parties' agreement to the following material terms of settlement:

1. Joint Statement. The Parties shall cooperate and create a small work group to draft and publish a joint statement regarding the outcomes of mediation that is respectful, clear, direct, and truthful.

2. Amendments to the Articles of Incorporation of SUSA. The Third Amended and Restated Articles of Incorporation of Shambhala USA shall be amended and restated consistent with and incorporating the following terms:

a. Eliminate the sole member, remove all references to the sole member (including Article Fourth), and state that SUSA shall not have members.

b. Amend Article Three paragraph 2 to read as follows:

To establish, maintain, and administer a church and an association of churches for religious practice and worship in accordance with the teachings and practices of the Shambhala and Buddhist

traditions as taught by the Lineage of the Sakyongs of Shambhala.

c. Amend Article Three paragraph 4 to read as follows: To participate as an integrated member of the International Shambhala Mandala and a part of its association of churches and organizations throughout the world, and in that role to present, propagate, and support the teachings of the Lineage of the Sakyongs of Shambhala.

3. Amendments to the Bylaws of SUSA. The Bylaws of Shambhala USA dated May 23, 2019 shall be amended and restated consistent with and incorporating the following terms:

a. Eliminate the sole member, remove all references to the sole member, and state that SUSA shall not have members.

b. Amend the purposes of the corporation consistent with the changes to the Articles set forth in paragraph 2(b) and 2(c) above.

c. The affirmative consent of the Board of Directors and a representative of the holder of the Sakyong Lineage shall be required for the following actions:

i. Amendment of the Articles of Incorporation;

ii. Amendment of the Bylaws; and

iii. Sale of substantially all of the assets or the liquidation or dissolution of SUSA.

d. The power to determine the number of directors, appointment and removal of the directors, and appointment of officers, shall be vested solely in the Board of Directors. The Board may choose to designate a nominating committee and develop standards and processes for appointment and removal of directors.

4. Trademarks. The Potrang shall grant to SUSa a perpetual, royalty-free, fully-paid, nonexclusive license (the “Trademark License”) to use the following trademarks:

Shambhala (U.S. Reg. No. 2499500);

Shambhala Center (U.S. Reg. No. 2467099);

Shambhala Meditation Centers (U.S. Reg. No. 2460982);

Shambhala Training (U.S. Reg. No. 2468864);

Way of Shambhala (U.S. Reg. No. 3912908);

Shambhala Mountain Center (U.S. Reg. No. 2819624); and

Shambhala Art (U.S. Reg. No. 2906535) (collectively, the “Marks”)

a. The Trademark License shall not require periodic review by the Potrang, renewal by SUSa, and shall be irrevocable provided that SUSa uses the Marks in a manner consistent with the purposes set forth in the Articles of Incorporation.

b. The Trademark License shall allow SUSa the right to grant sublicenses to use the Marks provided that any such sublicenses require that the Marks be used in a manner consistent with the purposes set forth in the Articles of Incorporation.

5. Shambhala Canada. The organizational documents (Articles and Bylaws) of Shambhala Canada Society (“Shambhala Canada”) will be amended in a manner that is consistent with the changes made to the organizational documents of SUSa and applicable Canadian law.

6. Miscellaneous Terms.

a. The Parties agree to a continuing dialogue structure and possible future mediation or facilitation about issues that arise in their ongoing relationships and mutual interest in the teaching, enriching and propagation of the Shambhala dharma.

b. SUSa will agree not to contest any past transfer of assets by SUSa to the Potrang.

c. SUSa will provide an option for members of the SUSa mailing list to request that their data be transferred or shared with the Potrang.

d. SUSa, SCAN and the Potrang agree to execute a mutual release of all claims against one another relating to the Marks and any transfer of assets from SUSa and/or SCAN to the Potrang arising on or before the Effective Date.

e. The negotiations leading up to this settlement are to be maintained as confidential, but the terms of the final settlement are permitted to be communicated clearly to all stakeholders.

7. Further Assurances. On or before **February 20th**, the Parties shall cooperate in the drafting and execution of all such other agreements and documents required in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby, including without limitation: (i) Joint Statement; (ii) Amended and Restated Articles of Incorporation; (iii) Amended and Restated Bylaws; (iv) Resolution of the Sole Member consenting to the adoption Amended and Restate Articles of Incorporation and Amended and Restated Bylaws; (v) Trademark License; and (vi) any agreements and documents required to amend the organizational documents of Shambhala Canada consistent with the changes to made to the organizational documents of SUSA, including the removal of the Sakyong as the sole member.

8. Binding Agreement. The Parties understand and agree that although this Agreement contemplates the drafting and execution of such further agreements to accomplish its terms, that upon execution this document is binding and enforceable as to the material terms set forth herein and may be submitted to a court to prove the existence of a settlement or for enforcement.

[Signature Pages to Follow]

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Settlement Memorandum as of the date set forth above.

SHAMBHALA USA

Susan S. Ryan Date: January 4, 2022
By: Susan S. Ryan
Title: Chair of the Board

THE SAKYONG POTRANG

Landon Mallery Date: December 21, 2021
By: Landon Mallery
Title: Chairman of the Board