

WESTMORELAND COAL COMPANY
COMPENSATION AND BENEFITS COMMITTEE CHARTER

Adopted March 1, 2010

I. Purpose of the Committee

The purpose of the Compensation and Benefits Committee (the "Committee") of the Board of Directors (the "Board") of Westmoreland Coal Company (the "Company") shall be: to discharge the Board's duties and responsibilities relating to compensation of the Company's directors and executive officers; oversight of the management of the various pension, long-term incentive, savings, health and welfare plans that cover the Company's employees; oversight of plans for executive officer development and succession; and to fulfill all other responsibilities as set forth in this Charter.

II. Composition of the Committee

The Committee shall consist of three or more directors, as determined from time-to-time by the Board. The members of the Committee shall be appointed annually to a one-year term by a majority vote of the Board at the first meeting of the Board following the annual meeting of the Company's stockholders. Each committee member shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation, removal from office, death or incapacity. The members of the Committee may be removed, with or without cause, only by a majority vote of the Board. Vacancies shall be filled only by a majority of the Board at the next Board meeting following the occurrence of the vacancy or as soon as practicable thereafter.

Each member of the Committee shall (a) meet the independence requirements established by the Board and applicable laws, regulations and listing requirements, (b) be a "non-employee director" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, and (c) be an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code.

The Chairperson shall be designated by the full Board. The Chairperson will chair all meetings of the Committee and set the agenda for the Committee meetings.

III. Authority

The Committee will have the resources and authority necessary to discharge its duties and responsibilities. The Committee has sole authority to retain and terminate outside counsel, compensation consultants, or other experts or consultants, as it deems appropriate, including sole authority to approve the fees and other retention terms for such persons, with such fees paid at the Company's expense. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications.

Except as otherwise delegated by the Board or the Committee, the Committee will act on behalf of the Board.

The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee. The Committee may delegate to one or more executive officers

the authority to make grants of equity-based compensation to eligible individuals who are not executive officers. Any executive officer to whom the Committee grants such authority shall regularly report to the Committee grants so made and the Committee may revoke any delegation of authority at any time.

IV. Meetings and Procedures of the Committee

The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities. The Committee, in its discretion, may ask other directors, members of management or others to attend its meetings and to provide pertinent information as necessary. The Chairperson may invite non-committee directors, members of management or other outside individuals to attend meetings of the Committee; however, such individuals may not vote on Committee business. The Chairperson may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

A majority of the members of the Committee present in person or by telephonic means shall constitute a quorum. The Committee shall act upon the vote of a majority of its members at a meeting called in accordance with the bylaws at which quorum is present. Unless otherwise restricted by the certificate of incorporation or bylaws of the Company, any action may be taken by a written instrument signed by all of the members of the Committee.

The Committee shall maintain minutes of its meetings and records relating to those meetings. Following each of its meetings, the Committee shall report its deliberations at the next meeting of the Board, including a description of all actions taken by the Committee at the meeting and an identification of any matter that requires action by the Board.

V. Duties and Responsibilities of the Committee

1. Board Compensation. Review on an annual basis the compensation paid to non-employee directors and make recommendations to the Board for any adjustments. No member of the Committee will act to fix his or her own compensation except for uniform compensation to directors for their services as a director.
2. Chief Executive Officer Evaluation and Compensation
 - a. Review and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer (the "CEO"), evaluate the performance of the CEO in light of those goals and objectives, and recommend to the Board the CEO's compensation based on such evaluation, for full Board approval.
 - i. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider, among other factors, the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable/ peer companies, the awards given to the CEO in past years, and any other factors the Committee deems appropriate.

- ii. The CEO may not be present during deliberations or voting concerning the CEO's compensation.

3. Other Executive Officer Compensation

- a. Oversee an evaluation of the performance of the Company's executive officers (as such term applies to the term "officer" as defined by Securities Exchange Rule 16a-1) and approve the annual compensation, including salary, bonus, incentive and equity compensation, for the executive officers.
- b. Review the structure and competitiveness of the Company's executive officer compensation programs considering the following factors: (i) the attraction and retention of executive officers; (ii) the motivation of executive officers to achieve the Company's business objectives; and (iii) the alignment of the interests of executive officers with the long-term interests of the Company's stockholders.
- c. Review and approve compensation packages for new executive officers and termination packages for executive officers.

4. Development and Succession Planning. Review and discuss with the CEO and report to the Board plans for executive officer development and corporate succession plans for the CEO and other executive officers.

5. General Compensation Oversight. Monitor and evaluate matters relating to the compensation and benefits structure of the Company as the Committee deems appropriate, including:

- a. In consultation with senior management, establish, review and evaluate the long-term strategy of employee compensation and the types of stock and other compensation plans used by the Company. Review, at least annually, the goals and objectives of the Company's incentive-compensation and equity-based plans, and amend as appropriate.
- b. The Committee shall review and provide oversight of the Company's compensation philosophy and composition of the peer company community used for market comparison, and shall approve the establishment of competitive targets versus the peer community.
- c. Provide input to management on whether compensation arrangements for Company executives and employees incentivize unnecessary and excessive risk taking.
- d. In consultation with senior management, oversee regulatory compliance with respect to compensation matters, including overseeing the Company's policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and determining that performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.

6. Equity and Other Benefit Plan Oversight. Serve as the "Committee" established to administer the Company's equity-based and employee benefit plans, and perform the duties of the Committee under those plans. The Committee may delegate those responsibilities to senior management as it deems appropriate.
7. Compensation Consultant Oversight
 - a. Retain and terminate compensation consultants that advise the Committee, as it deems appropriate, including approval of the consultants' fees and other retention terms.
 - b. Determine that the compensation consultant retained by the Committee is independent of the Company.
8. Disclosure. Discuss with management the Company's Compensation Discussion and Analysis ("CD&A") for the annual proxy statement; based on the review and discussion, recommend to the Board that the CD&A be included in the Company's annual report or annual proxy statement; and produce an annual report of the Compensation Committee on executive compensation for the Company's annual proxy statement in compliance with and to the extent required by applicable Securities and Exchange Commission rules and regulations and relevant listing authority.
9. Other Responsibilities
 - a. Regularly review and make recommendations to the Board about changes to the charter of the Committee.
 - b. Perform an annual evaluation of the Committee's performance and make applicable recommendations.