

WESTMORELAND COAL COMPANY

COMPENSATION AND BENEFITS COMMITTEE CHARTER

The Compensation and Benefits Committee of the Board of Directors of Westmoreland Coal Company shall consist of not less than three or more than six independent members of the Board of Directors, as that term is defined by the Rules of the American Stock Exchange, one of whom shall be the Chair. Unless the Board elects a Chair of the Committee, the Committee shall elect a Chair by majority vote. Members of the Committee shall be selected by the Board. The Board may remove members of the Committee with or without cause. The compensation of the Committee shall be as determined by the Board.

The Board of Directors delegates to the Compensation and Benefits Committee strategic and administrative responsibility on a broad range of issues related to compensation and benefits. The committee's basic responsibility is to assure that the Chief Executive Officer, other officers and key management of the Company are compensated effectively in a manner consistent with the approved compensation strategy of the Company, internal equity considerations, competitive practice, and the requirements of the appropriate regulatory bodies. The Committee has the authority to retain, at the Company's expense, special legal or other consultants and experts it deems necessary in the performance of its duties. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such legal or other consultants or experts.

More specifically, the committee shall be responsible for the following:

1. Review annually and approve the Company's compensation strategy to ensure that management are rewarded appropriately for their contributions to company growth and profitability and that the executive compensation strategy supports organization objectives and shareholder interests.

2. Review annually and determine the individual elements of total compensation for the Chief Executive Officer and communicate in the annual Board Compensation and Benefits Committee Report to shareholders the factors and criteria on which the Chief Executive Officer's compensation for the last year was based, including the relationship of the Company's performance to the Chief Executive Officer's compensation. The Chief Executive Officer may not be present during the Committee's review and consideration of his/her compensation.
3. Review and approve the individual elements of total compensation for the executive officers and key management other than the Chief Executive Officer and communicate in the annual Board Compensation and Benefits Committee Report to shareholders the specific relationship of corporate performance to executive compensation.
4. Ensure that the annual incentive compensation plan is administered in a manner consistent with the Company's compensation strategy and the terms of the plan as to the following:
 - Participation
 - Target annual incentive awards
 - Corporate financial goals
 - Actual awards paid to senior management
 - Total funds reserved for payment under the plan
 - Qualification under IRS Code Section 162(m)

5. Approve for submission to shareholders all new equity-related incentive plans and ensure the Company's long-term incentive programs are administered in a manner consistent with the terms of the plans as to the following:
 - Participation
 - Vesting requirements
 - Awards to senior management
 - Total shares reserved for awards
6. Fix the terms and awards of stock compensation for members of the Board in accordance with the rules in effect under Section 16 of the Securities and Exchange Act of 1934 and approve an annual aggregate amount that may be used by the Chief Executive Officer for special incentive awards.
7. Approve revisions to the Company's salary range structure, salary increase guidelines, and executive promotions.
8. Review with the Chief Executive Officer compensation matters relating to management succession.
9. Review the Company's employee benefit programs and approve changes, subject where appropriate, to shareholder or Board of Director approval.
10. Communicate to shareholders the Company's compensation policies and the reasoning behind such policies as required by the Securities and Exchange Commission.
11. The Committee shall discharge its responsibilities, and shall assess the information provided by the Company's management, in accordance with its business judgment.

The Committee shall meet at least once a year at a time and place determined by the Committee Chairperson, with additional meetings to occur when deemed necessary or desirable by the Committee Chairperson. Members of the Committee may participate in a meeting of the Committee by means of conference call or other similar communications equipment by which all persons participating in the meeting can hear each other. The affirmative vote of a majority of the members of the Committee present and participating at the meeting is necessary for the adoption of any resolution. The Committee shall keep such records of its meetings as it shall deem appropriate. The Committee shall report to the Board on a regular basis and not less than once a year.