

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2010 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2010 or fiscal plan year beginning <u>01/01/2010</u> and ending <u>12/31/2010</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>10/01/1957</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>10/01/1957</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>10/01/1957</u>					
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) <u>WESTMORELAND COAL COMPANY</u> <u>2ND FLOOR, 2 NORTH CASCADE AVENUE</u> <u>COLORADO SPRINGS, CO 80903</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>23-1128670</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>719-442-2600</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>212110</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>23-1128670</u>	2c Sponsor's telephone number <u>719-442-2600</u>	2d Business code (see instructions) <u>212110</u>	
2b Employer Identification Number (EIN) <u>23-1128670</u>					
2c Sponsor's telephone number <u>719-442-2600</u>					
2d Business code (see instructions) <u>212110</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/07/2011	CYNTHIA BULLA
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2010)
v.092307.1

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") WESTMORELAND COAL COMPANY 2ND FLOOR, 2 NORTH CASCADE AVENUE COLORADO SPRINGS, CO 80903	3b Administrator's EIN 23-1128670 3c Administrator's telephone number 719-442-2600
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	752
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	672
b Retired or separated participants receiving benefits.....	6b	0
c Other retired or separated participants entitled to future benefits.....	6c	89
d Subtotal. Add lines 6a , 6b , and 6c	6d	761
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	0
f Total. Add lines 6d and 6e	6f	761
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	727
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 2E 2F 2H 2J 2K 3I 2T 2S

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☒ ¹ **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☒ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

<div>SCHEDULE A (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>	<div>Insurance Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> <div>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2010</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A Name of plan WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500. WESTMORELAND COAL COMPANY	D Employer Identification Number (EIN) 23-1128670

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
PRUDENTIAL RETIREMENT INSURANCE AND ANNUITY COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
06-1050034	93629	38631-001	761	01/01/2010	12/31/2010

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

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(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
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(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	7135140
5 Current value of plan's interest under this contract in separate accounts at year end	5	22835687

6 Contracts With Allocated Funds:**a** State the basis of premium rates ▶

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. Specify nature of costs ▶	6d	

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity
(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **GUARANTEED GENERAL ACCOUNT CONTRACT**

b Balance at the end of the previous year	7b	6621469
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c Additions: (1) Contributions deposited during the year	7c(1)	742569	
(2) Dividends and credits	7c(2)		
(3) Interest credited during the year	7c(3)	199051	
(4) Transferred from separate account	7c(4)	1003790	
(5) Other (specify below)	7c(5)	860153	

▶ **LOAN REPAYMENTS, FORFEITURES MISCELLANEOUS, EXCHANGES**

(6) Total additions	7c(6)	2805563
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d Total of balance and additions (add b and c(6))	7d	9427032
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	1270504	
(2) Administration charge made by carrier	7e(2)	1421	
(3) Transferred to separate account	7e(3)	375995	
(4) Other (specify below)	7e(4)	643972	

▶ **LOAN INITIATIONS MISCELLANEOUS EXCHANGES**

(5) Total deductions	7e(5)	2291892
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f Balance at the end of the current year (subtract e(5) from d)	7f	7135140
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
 b ☐ Dental
 c ☐ Vision
 d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
 f ☐ Long-term disability
 g ☐ Supplemental unemployment
 h ☐ Prescription drug
i ☐ Stop loss (large deductible)
 j ☐ HMO contract
 k ☐ PPO contract
 l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010	
A Name of plan WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 WESTMORELAND COAL COMPANY	D Employer Identification Number (EIN) 23-1128670

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).....	☒ Yes ☐ No
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b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).
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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
PRUDENTIAL RETIREMENT INSURANCE AND
06-1050034

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

NRP FINANCIAL

20-5468980

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	NONE	28420	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

PRUDENTIAL RETIREMENT INSURANCE AND

06-1050034

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13 15 37 50 64	NONE	14900	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone: <div style="border: 1px solid black; height: 40px; margin-top: 5px;"></div>

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2010 This Form is Open to Public Inspection.
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For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>WESTMORELAND COAL COMPANY</u>	D Employer Identification Number (EIN) <u>23-1128670</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>LC GR/TURNER INV PARTNERS</u>				
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>				
c EIN-PN <u>06-1050034-141</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2862978</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>LCV/BARROW HANLEY FUND</u>				
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>				
c EIN-PN <u>06-1050034-312</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2656254</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>MC GR/GOLDMAN SACHS FUND</u>				
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>				
c EIN-PN <u>06-1050034-409</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>842782</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>CORE PLUS BOND/PIMCO</u>				
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>				
c EIN-PN <u>06-1050034-299</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1483830</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SMALL CAP GROWTH/TIMESSQ</u>				
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>				
c EIN-PN <u>06-1050034-132</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2017078</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>SMALL CAP VALUE/TBCAM</u>				
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>				
c EIN-PN <u>06-1050034-410</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>1306180</u>		
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>MID CAP VALUE/CRM FUND</u>				
b Name of sponsor of entity listed in (a): <u>PRUDENTIAL RETIREMENT INS.</u>				
c EIN-PN <u>06-1050034-440</u>	d Entity code <u>P</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>650694</u>		

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a Name of MTIA, CCT, PSA, or 103-12 IE: SA/JANUS BALANCED STRAT		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-180	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3010162

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFETIME AGGRESSIVE		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-166	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1295844

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFETIME GROWTH FD		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-167	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1291533

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFETIME BALANCED FD		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-168	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1895797

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFETIME CONSERVATIVE		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-169	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 813521

a Name of MTIA, CCT, PSA, or 103-12 IE: LIFETIME INCOME & EQUITY		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-170	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 132888

a Name of MTIA, CCT, PSA, or 103-12 IE: DRYDEN S & P 500 INDEX FUND		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-123	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 2443552

a Name of MTIA, CCT, PSA, or 103-12 IE: CORE BOND ENHAN INDEX		
b Name of sponsor of entity listed in (a): PRUDENTIAL RETIREMENT INS.		
c EIN-PN 06-1050034-036	d Entity code P	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 132594

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

a Name of MTIA, CCT, PSA, or 103-12 IE:		
b Name of sponsor of entity listed in (a):		
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010		
A Name of plan WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 WESTMORELAND COAL COMPANY		
D Employer Identification Number (EIN) 23-1128670		

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	771018	501516
(2) Participant contributions	1b(2)	0	121036
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	1426899	1717403
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	20047220	22835687
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	1500768	2305511
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	6621469	7135140
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	5055564	9232661
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	35422938	43848954

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	35422938	43848954
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	2525219	
(B) Participants	2a(1)(B)	3661733	
(C) Others (including rollovers)	2a(1)(C)	94627	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		6281579

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	86314	
(F) Other	2b(1)(F)	199051	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		285365

(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	24225	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		24225

(3) Rents	2b(3)		
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(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	1566936	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	1658972	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		-92036

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	2425194	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		2425194
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		2652482
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		164990
c Other income.....	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		11741799

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	3256776	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		3256776
f Corrective distributions (see instructions)	2f		40141
g Certain deemed distributions of participant loans (see instructions).....	2g		9
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	18857	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		18857
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		3315783

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		8426016
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: EKS & H

(2) EIN: 84-0869721

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....	X		687
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		10000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2010
		This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan <u>WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>WESTMORELAND COAL COMPANY</u>	D Employer Identification Number (EIN) <u>23-1128670</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>59075</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>22-1211670</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____	If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2010
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month Day Year

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents)

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Financial Statements
and
Independent Auditors' Report
December 31, 2010 and 2009**



**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statement of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedules	
Schedule H, Line 4a – Schedule of Delinquent Participant Contributions.....	16
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	17
Schedule H, Line 4j – Schedule of Reportable Transactions	18

INDEPENDENT AUDITORS' REPORT

The Retirement Benefits Committee
Westmoreland Coal Company and Subsidiaries Employees' Savings Plan

We have audited the accompanying statements of net assets available for benefits of Westmoreland Coal Company and Subsidiaries Employees' Savings Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules, Schedule H, line 4A – schedule of delinquent participant contributions, Schedule H, line 4I – schedule of assets (held at end of year) and Schedule H, line 4J – schedule of reportable transactions, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ehrhardt Keefe Steiner & Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

June 29, 2011
Denver, Colorado

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Statements of Net Assets Available for Benefits
December 31, 2010 and 2009**

	December 31,	
	2010	2009
Investments at fair value		
Westmoreland Common Stock Fund		
Westmoreland Common Stock	\$ 8,773,122	\$ 4,771,039
Westmoreland Preferred Stock Fund		
Westmoreland Preferred Stock	459,539	284,525
Pooled separate accounts	25,141,198	21,547,988
Guaranteed income fund	7,135,140	6,621,469
Total investments	41,508,999	33,225,021
Notes receivable from participants	1,717,403	1,426,899
Company contribution receivable	501,516	771,018
Employee contribution receivable	121,036	-
Net assets available for benefits	\$ 43,848,954	\$ 35,422,938

See notes to financial statements.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2010**

Contributions	
Company contributions	\$ 2,525,219
Employee contributions	3,661,733
Employee rollover contributions	<u>94,627</u>
Total contributions	<u>6,281,579</u>
Investment income	
Interest and dividends	309,590
Net appreciation of investments, including realized and unrealized gains and losses	<u>5,150,630</u>
Total investment income	<u>5,460,220</u>
Deductions from net assets attributed to	
Distributions to participants	(3,296,926)
Administrative expenses	<u>(18,857)</u>
Total deductions	<u>(3,315,783)</u>
Increase in net assets available for benefits	8,426,016
Net assets available for benefits	
Beginning of year	<u>35,422,938</u>
End of year	<u>\$ 43,848,954</u>

See notes to financial statements.

WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

The following description of Westmoreland Coal Company and Subsidiaries Employees' Savings Plan (the "Plan") provides general information only. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General

The Plan, established October 1, 1957 (as amended), is a defined contribution plan and is sponsored by Westmoreland Coal Company, or Westmoreland, and its subsidiaries (the Company or Employer).

The Plan is administered by a retirement benefits committee, which is appointed by the chairman and CEO of the Company. Prudential Retirement Insurance and Annuity Company ("Prudential"), the trustee, has full responsibility for the control and management of the assets of the Plan. Substantially all trustee fees, administrative costs, and investment fees of the Plan are paid by the Company; however, costs of administrative expenses directly attributable to participant accounts are paid by participants.

All active employees who work 1,000 hours or more not subject to collective bargaining agreements, unless specifically negotiated, are eligible to participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Effective January 1, 2010, the Westmoreland Coal Company and Subsidiaries Employees' Savings Plan and the Savage Hourly Union plan were amended to constitute a "safe harbor" 401(k) plan under the Internal Revenue Code or, IRC. As a result, the matching contributions made to the Plan are considered safe harbor matching contributions and the contributions will automatically satisfy the nondiscrimination testing requirements under IRC section 401(m). The Dakota Westmoreland Corporation Hourly Union plan does not qualify.

The accompanying financial statements have been prepared on the accrual basis of accounting and present the net assets available for benefits and changes in those net assets.

As described in guidance issued by the Financial Accounting Standards Board, or FASB, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by this guidance, the statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value, if necessary. The statement of changes in net assets available for benefits is prepared on a contract value basis.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

General (continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions in net assets available for benefits during the reporting period. Actual results could differ significantly from those estimates.

Contributions

In 2009, participants were able to contribute between 1% and 100% of their base compensation. Effective January 1, 2010, participants may contribute between 1% and 75% of their base compensation. The participant's maximum pre-tax contribution is limited by the Internal Revenue Code to \$16,500 for both calendar years 2010 and 2009. Catch-up contributions are permitted for those eligible employees over the age of 50 years and are limited to \$5,500 in both calendar years 2010 and 2009.

Effective May 1, 2001, the Plan was amended so that employee contributions are automatically made unless the employee opts out. Under the Plan beginning May 1, 2007, employee's deferrals automatically escalate 1% annually not to exceed 6%.

Effective through June 30, 2009, the Company matched employee contributions under the Plan in Westmoreland common stock for each employee hired before July 1, 2006 as follows:

Westmoreland Coal Company, Dakota Westmoreland Corporation ("DWC") and Westmoreland Resources, Inc ("WRI") – 50% of employee contributions up to 6% of base compensation.

Texas Westmoreland Coal Co. ("TWCC") (formerly Northwestern Resources) – Less than five years of service, 70% of employee contributions up to 2% of base compensation; five to nine years of service, 70% of employee contributions up to 4% of base compensation; and ten or more years of service, 70% of employee contributions up to 6% of base compensation.

Western Energy Company ("WECO") and Westmoreland Savage Corporation ("Savage") – 100% of employee contributions up to 4% of base compensation.

WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions

Employees hired on, or after July 1, 2006, who work 1,000 or more hours per year are matched by the Company at 50% of the first 6% of compensation the employee contributes. The matching contribution is made in Westmoreland common stock and employees become vested in the matching contribution over a two-year period. Employees hired on or after July 1, 2006, also received monthly special contributions paid by the Company in Westmoreland common stock equal to 1.5% of their gross pay. Employees were immediately 100% vested in the special contribution. The special contribution was made without regard to any contributions the employees made to the Plan. Subsequent to the plan amendment effective July 1, 2009 mentioned below, this 1.5% special contribution ceased.

Effective July 1, 2009, the Company matches all non-bargained employees' contributions 100% up to a maximum of 6% of their base compensation. In addition, the Company makes a yearly 2% special employer contribution to employees that had at least 15 years of service as of December 31, 2009 and also have at least 1,000 hours of service per year and are active employees on December 31 of the plan year for which the contribution is made. Contributions will be made after the end of the plan year to which the contributions apply, but only through the plan year ending December 31, 2018. All contributions are still made in Westmoreland common stock.

Effective January 1, 2011, the Plan added a Roth 401(k) feature which allows after-tax contribution dollars to be eligible for tax-free investment earnings if the distribution is qualified. Roth 401(k) contributions and regular contributions are combined for purposes of the IRS annual deferral limit.

Notes Receivable from Participants

Each participant's account is credited with the participant's contribution and allocations of the Company's contribution and plan expenses and earnings (losses). Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Distributions

On termination of service due to death, disability, or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or in annual installments over a five-, ten-, or fifteen-year period. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In September 2010, the FASB issued guidance which requires participant loans to be measured at their unpaid principal balance plus any accrued but unpaid interest and to be classified as notes receivable from participants. Previously, loans were measured at fair value and classified as investments. This guidance is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. The adoption of this guidance did not have a material effect on the Plan's net assets available for benefits or the changes in net assets available for benefits. Participant loans have been reclassified to notes receivable from participants as of December 31, 2009.

Investments

Westmoreland common and preferred stocks are recorded at quoted market values.

Pooled separate accounts including; the Janus Adviser Balanced Fund, S&P 500 Index Fund, Large Cap Value/Barrow Hanley Fund, Large Cap Growth/Turner Investment Fund, Mid Cap Value/CRM Fund, Mid Cap Growth/Goldman Sachs Fund, Small Cap Growth/Times Square Fund, Small Cap Value/TBCAM Fund, Europacific Growth Fund, Dreyfus Mid Cap Index Fund, Dreyfus International Stock Index Fund, Dreyfus Small Cap Index Fund, Core Plus Bond/PIMCO Fund, Core Bond Enhanced Index Fund and Prudential Retirement Insurance and Annuity Company Lifetime Funds, are recorded at fair value based on quoted market prices of the securities underlying the accounts.

The Plan has entered into a benefit-responsive investment contract with Prudential. Prudential maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value as reported to the plan by Prudential. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the plan.

The guaranteed investment contract is fully benefit-responsive, and as a result, the contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract.

As of December 31, 2010 and 2009, the contract value and fair value of the investment in the Guaranteed Income Fund was equal, and amounted to \$7,135,140 and \$6,621,469, respectively. The average yield and the average crediting yield rate of the Guaranteed Income Fund were both 2.85% for the years ended December 31, 2010 and 2009. The minimum crediting interest rate under the contract is 1.5%. Generally, there are not any events that could limit the ability of the Plan to transact at contract value. In addition, there are not any events that allow the issuer to terminate the contract and which require the plan sponsor to settle at an amount different from contract value.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Investments (continued)

The Company is restricted by certain debt covenants from paying dividends on its common stock. Payment of common stock dividends is not permitted until preferred stock dividend arrearages are satisfied. In February 2011, the Company paid all dividend arrearages on its preferred stock.

The Company's quarterly preferred stock dividends of \$0.53 per depositary share accumulate if not paid in full. The cumulative unpaid preferred stock dividends relating to the shares held by the Plan at December 31, 2010 and 2009, totaled \$454,156 and \$459,838, respectively. These amounts include the dividends accumulated on January 1, 2011 and 2010, respectively. Effective April 15, 2009, Westmoreland Coal Preferred Stock Fund is no longer offered as an active investment within the Westmoreland Coal Company and Subsidiaries Employees' Savings Plan.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Net realized and unrealized gains and losses are reflected in the accompanying statement of changes in net assets available for benefits as net appreciation (depreciation) of investments and is determined as the difference between fair value at the beginning of the year (or date purchased during the year) and selling price or year-end fair value. Changes in market values after the plan year-end are not reflected in the accompanying financial statements.

Vesting

Vesting of the Company's matching contribution for participants hired is based on years of continuous service. A participant is 50% vested after one year and 100% vested after two years.

Distributions to Participants

Distributions to participants are recorded when paid.

Subsequent Events

The Plan has evaluated all events subsequent from the date of the financial statements and through June 29, 2011, the date the financial statements were available for issuance, and determined that there were no subsequent events requiring disclosure.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 2 – Notes Receivable from Participants

Participants may request loans from the Plan, which may only be taken from participant contribution account balances. No loan may be granted in an amount less than \$1,000. The maximum loan may not exceed 50% of the fair value of the participant's account balance up to a maximum of \$50,000, and may be further limited by other provisions of the Internal Revenue Code. The loans are generally repayable over a maximum period of five years and the interest rate is equal to a reasonable interest rate commensurate with current interest rates charged for loans made under similar circumstances. Loans for a primary residence may be repaid over a period of up to 15 years. Principal repaid and interest paid is credited to the participant's account. A participant may have up to two loans outstanding at any one time. The interest rates on loans outstanding at December 31, 2010 range from 4.25% to 9.50% and mature at various dates through 2017.

Note 3 – Fair Value Accounting

The FASB issued guidance that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 3 – Fair Value Accounting (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2010 and December 31, 2009.

The following assets are measured at fair value on a recurring basis at December 31, 2010:

Description	Level 1	Level 2	Level 3	Total
Mutual funds				
Small cap	\$ -	\$ 3,323,259	\$ -	\$ 3,323,259
Mid cap	-	1,493,476	-	1,493,476
Large cap	-	5,519,234	-	5,519,234
International	-	1,757,197	-	1,757,197
Blended funds	-	2,991,866	-	2,991,866
Balanced growth fund	-	3,010,162	-	3,010,162
Intermediate – term bond	-	1,616,424	-	1,616,424
Lifetime funds	-	5,429,580	-	5,429,580
Stable value fund	-	7,135,140	-	7,135,140
Company stock	<u>9,232,661</u>	<u>-</u>	<u>-</u>	<u>9,232,661</u>
Total	<u>\$ 9,232,661</u>	<u>\$ 32,276,338</u>	<u>\$ -</u>	<u>\$ 41,508,999</u>

The following assets are measured at fair value on a recurring basis at December 31, 2009:

Description	Level 1	Level 2	Level 3	Total
Mutual funds				
Small cap	\$ -	\$ 2,912,719	\$ -	\$ 2,912,719
Mid cap	-	998,163	-	998,163
Large cap	-	4,429,587	-	4,429,587
International	-	1,455,198	-	1,455,198
Blended funds	-	2,171,061	-	2,171,061
Balanced growth fund	-	3,067,009	-	3,067,009
Intermediate – term bond	-	991,543	-	991,543
Lifetime funds	-	5,522,708	-	5,522,708
Stable value fund	-	6,621,469	-	6,621,469
Company stock	<u>5,055,564</u>	<u>-</u>	<u>-</u>	<u>5,055,564</u>
Total	<u>\$ 5,055,564</u>	<u>\$ 28,169,457</u>	<u>\$ -</u>	<u>\$ 33,225,021</u>

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 4 – Income Taxes

The Plan obtained its latest determination letter dated June 30, 2004, from the Internal Revenue Service, which stated that the Plan qualifies under the applicable provisions of the Internal Revenue Code and, therefore, is exempt from federal income taxes. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is designed and currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Note 5 – Plan Termination

Although the Company has not expressed any intent to terminate the Plan, it may do so at any time. In the event of plan termination, participants would become 100% vested in their accounts.

Note 6 – Investments

Investments representing 5% or more of net assets available for benefits as of December 31, 2010 and 2009 are as follows:

	December 31,	
	2010	2009
Westmoreland common stock	\$ 8,773,122	\$ 4,771,039
Guaranteed income fund	\$ 7,135,140	\$ 6,621,469
Janus Adviser Balanced Fund	\$ 3,010,162	\$ 3,067,009
Large Cap Growth/Turner Investment Fund	\$ 2,862,978	\$ 2,351,748
Large Cap Value/Barrow Hanley Fund	\$ 2,656,254	\$ 2,077,839
S&P 500 Index Fund	\$ 2,443,552	\$ 2,125,491
Lifetime Balanced Fund*	\$ -	\$ 1,961,322

*Balance did not exceed 5% in 2010.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 6 – Investments (continued)

Net appreciation of investments, including realized and unrealized gains and losses for the year ended December 31, 2010 is as follows:

Westmoreland common stock	\$ 2,127,864
Westmoreland preferred stock	205,294
Pooled separate accounts	<u>2,817,472</u>
Net appreciation in the value of investments	<u>\$ 5,150,630</u>

Prior to April 1, 2001, participants could direct their contributions (both employer and employee contributions) to invest in any combination of available investments. However, effective April 1, 2001, employer matching contributions are only made in Westmoreland common stock. Effective July 30, 2004, participants may redirect employer-matching contributions to other investment options when the participant becomes 100% vested in employer matching contributions. Effective April 15, 2009, Westmoreland Preferred Stock is no longer offered as an active investment option.

Westmoreland Common Stock

Westmoreland Coal Company common stock is issued at the prevailing price on the open market. The Westmoreland Common Stock Fund held 734,767 and 535,470 shares of Westmoreland common stock at December 31, 2010 and 2009, respectively. The market value of the stock on these dates was \$11.94 and \$8.91 per share, respectively.

Westmoreland Preferred Stock

This fund provided the participant the option to invest in Westmoreland Coal Company preferred stock, which offered a cumulative dividend that is preferential to common stock. Any cash dividends paid are used to purchase additional shares of Westmoreland preferred stock. The Westmoreland Preferred Stock Fund held 14,589 and 15,851 shares of Westmoreland preferred stock at December 31, 2010 and 2009, respectively. The market value of the stock on these dates was \$31.50 and \$17.95 per share, respectively.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 7 – Non-Participant-Directed Investments

Changes in non-participant-directed investments for the year ended December 31, 2010 are as follows:

	<u>Westmoreland Common Stock Fund</u>
Net assets available for benefits at December 31, 2009	\$ <u>4,771,039</u>
Additions (deductions) to net assets attributed to	
Company contributions	2,789,939
Employee contributions	196,748
Investment income (loss)	
Interest and dividends	5,954
Net appreciation of investments, including realized and unrealized gains and losses	2,127,864
Distributions to participants	(341,196)
Administrative expenses	(9,959)
Participant directed common/preferred stock transfers	<u>(767,267)</u>
Increase in net assets available for benefits	<u>4,002,083</u>
Net assets available for benefits at December 31, 2010	\$ <u><u>8,773,122</u></u>

Activity in participant directed funds and the Westmoreland Preferred Stock Fund is participant directed. Activity in the Westmoreland Common Stock Fund includes both participant and non-participant directed investments. A distinction between participant and non-participant directed assets is not maintained; therefore, the presentation above for the Westmoreland Common Stock Fund has been reported as non-participant directed.

Note 8 – Forfeitures

Forfeitures due to a participant's withdrawal prior to full vesting of employer contributions may be applied to employer contributions or used to offset administrative expenses. Forfeitures used to offset administrative expenses in 2010 were \$8,433. As of December 31, 2010 and 2009, forfeited non-vested accounts totaled \$34,636 and \$28,331, respectively.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 9 – Risks and Uncertainties

The Plan provides for various investment options in pooled separate accounts, stock funds and a guaranteed income fund. Investment securities, in general, are exposed to various risks, such as significant world events, interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect amounts presented in the statements of net assets available for benefits.

Additionally, some investments held by the Plan are invested in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those securities of comparable U.S. companies.

The Plan provides the participants the ability to invest in various pooled separate accounts which may, in turn, invest in securities with contractual cash flows, such as asset backed securities, foreign investments, collateralized mortgage obligations and commercial mortgage-backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of those securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

The Plan has a concentration of investments in Westmoreland equity securities. A change in the value of Westmoreland equity securities could cause the value of the Plan's net assets available for benefits to change due to this concentration.

Note 10 – Related Party Transactions

The Plan invests in certain pooled separate accounts and a guaranteed income fund managed by Prudential, the Plan's trustee; therefore, these transactions qualify as party-in-interest transactions. In addition, the Plan has significant investments in the Company's common and preferred stock, which qualify as party-in-interest transactions.

SUPPLEMENTAL SCHEDULES

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(a) – Schedule of Delinquent Participant Contributions
Year Ended December 31, 2010**

EIN: 23-1128670

Plan Number – 766782

Participant Contributions Transferred Late to Plan	Total that Constitute Non-Exempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
\$ -	\$ 686	\$ -	\$ -	\$ -

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)
Year Ended December 31, 2010**

EIN: 23-1128670

Plan Number – 766782

(a)	(b) Identity of Issuer, Borrower, or Other Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Fair Value
	Equity securities		
*	Westmoreland	Preferred stock, 14,589 shares	\$ 459,539
*	Westmoreland	Common stock, 734,767 shares, cost basis \$7,455,331	<u>8,773,122</u>
			<u>9,232,661</u>
	Guaranteed income fund		
*	Prudential Retirement Insurance and Annuity Company	Guaranteed income fund	<u>7,135,140</u>
	Pooled separate accounts		
*	Prudential Retirement Insurance and Annuity Company	Lifetime Income and Equity Fund	132,888
*		Lifetime Growth Fund	1,291,533
*		Lifetime Conservative Fund	813,521
*		Lifetime Balanced Fund	1,895,797
*		Lifetime Aggressive Fund	1,295,844
*		S&P 500 Index Fund	2,443,552
*		Large Cap Value/Barrow Hanley Fund	2,656,254
*		Large Cap Growth/Turner Investment Fund	2,862,978
*		Mid Cap Value/CRM Fund	650,694
*		Mid Cap Growth/Goldman Sachs Fund	842,782
*		Small Cap Growth/Times Square Fund	2,017,078
*		Small Cap Value/TBCAM Fund	1,306,180
*		Janus Adviser Balanced Fund	3,010,162
*		Core Plus Bond/PIMCO Fund	1,483,830
*		Core Bond Enhanced Index Fund	132,594
*		Europacific Growth Fund	1,735,669
*		Dreyfus Mid Cap Index Fund	282,769
*		Dreyfus International Stock Index Fund	21,528
*		Dreyfus Small Cap Index Fund	<u>265,545</u>
			<u>25,141,198</u>
	Participant loans	Interest rates ranging from 4.25% to 9.50%, various maturity dates	<u>1,717,403</u>
			<u>\$ 43,226,402</u>

*Denotes party-in-interest

Note: Information on cost of investments is excluded for participant-directed investments.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(j) – Schedule of Reportable Transactions
Year Ended December 31, 2010**

(a) Identify of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred with Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
*	Westmoreland Coal Company common stock	\$ 307,963	NA	NA	NA	\$ 307,963	\$ 307,963	\$ -
*	Westmoreland Coal Company common stock	NA	\$ 16,142	NA	NA	\$ 15,249	\$ 16,142	\$ 893

*Prudential Retirement Insurance and Annuity Company

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Financial Statements
and
Independent Auditors' Report
December 31, 2010 and 2009**



**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statement of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedules	
Schedule H, Line 4a – Schedule of Delinquent Participant Contributions.....	16
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	17
Schedule H, Line 4j – Schedule of Reportable Transactions	18

INDEPENDENT AUDITORS' REPORT

The Retirement Benefits Committee
Westmoreland Coal Company and Subsidiaries Employees' Savings Plan

We have audited the accompanying statements of net assets available for benefits of Westmoreland Coal Company and Subsidiaries Employees' Savings Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules, Schedule H, line 4A – schedule of delinquent participant contributions, Schedule H, line 4I – schedule of assets (held at end of year) and Schedule H, line 4J – schedule of reportable transactions, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ehrhardt Keefe Steiner & Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

June 29, 2011
Denver, Colorado

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Statements of Net Assets Available for Benefits
December 31, 2010 and 2009**

	December 31,	
	2010	2009
Investments at fair value		
Westmoreland Common Stock Fund		
Westmoreland Common Stock	\$ 8,773,122	\$ 4,771,039
Westmoreland Preferred Stock Fund		
Westmoreland Preferred Stock	459,539	284,525
Pooled separate accounts	25,141,198	21,547,988
Guaranteed income fund	7,135,140	6,621,469
Total investments	41,508,999	33,225,021
Notes receivable from participants	1,717,403	1,426,899
Company contribution receivable	501,516	771,018
Employee contribution receivable	121,036	-
Net assets available for benefits	\$ 43,848,954	\$ 35,422,938

See notes to financial statements.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2010**

Contributions	
Company contributions	\$ 2,525,219
Employee contributions	3,661,733
Employee rollover contributions	<u>94,627</u>
Total contributions	<u>6,281,579</u>
Investment income	
Interest and dividends	309,590
Net appreciation of investments, including realized and unrealized gains and losses	<u>5,150,630</u>
Total investment income	<u>5,460,220</u>
Deductions from net assets attributed to	
Distributions to participants	(3,296,926)
Administrative expenses	<u>(18,857)</u>
Total deductions	<u>(3,315,783)</u>
Increase in net assets available for benefits	8,426,016
Net assets available for benefits	
Beginning of year	<u>35,422,938</u>
End of year	<u>\$ 43,848,954</u>

See notes to financial statements.

WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

The following description of Westmoreland Coal Company and Subsidiaries Employees' Savings Plan (the "Plan") provides general information only. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General

The Plan, established October 1, 1957 (as amended), is a defined contribution plan and is sponsored by Westmoreland Coal Company, or Westmoreland, and its subsidiaries (the Company or Employer).

The Plan is administered by a retirement benefits committee, which is appointed by the chairman and CEO of the Company. Prudential Retirement Insurance and Annuity Company ("Prudential"), the trustee, has full responsibility for the control and management of the assets of the Plan. Substantially all trustee fees, administrative costs, and investment fees of the Plan are paid by the Company; however, costs of administrative expenses directly attributable to participant accounts are paid by participants.

All active employees who work 1,000 hours or more not subject to collective bargaining agreements, unless specifically negotiated, are eligible to participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Effective January 1, 2010, the Westmoreland Coal Company and Subsidiaries Employees' Savings Plan and the Savage Hourly Union plan were amended to constitute a "safe harbor" 401(k) plan under the Internal Revenue Code or, IRC. As a result, the matching contributions made to the Plan are considered safe harbor matching contributions and the contributions will automatically satisfy the nondiscrimination testing requirements under IRC section 401(m). The Dakota Westmoreland Corporation Hourly Union plan does not qualify.

The accompanying financial statements have been prepared on the accrual basis of accounting and present the net assets available for benefits and changes in those net assets.

As described in guidance issued by the Financial Accounting Standards Board, or FASB, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by this guidance, the statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value, if necessary. The statement of changes in net assets available for benefits is prepared on a contract value basis.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

General (continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions in net assets available for benefits during the reporting period. Actual results could differ significantly from those estimates.

Contributions

In 2009, participants were able to contribute between 1% and 100% of their base compensation. Effective January 1, 2010, participants may contribute between 1% and 75% of their base compensation. The participant's maximum pre-tax contribution is limited by the Internal Revenue Code to \$16,500 for both calendar years 2010 and 2009. Catch-up contributions are permitted for those eligible employees over the age of 50 years and are limited to \$5,500 in both calendar years 2010 and 2009.

Effective May 1, 2001, the Plan was amended so that employee contributions are automatically made unless the employee opts out. Under the Plan beginning May 1, 2007, employee's deferrals automatically escalate 1% annually not to exceed 6%.

Effective through June 30, 2009, the Company matched employee contributions under the Plan in Westmoreland common stock for each employee hired before July 1, 2006 as follows:

Westmoreland Coal Company, Dakota Westmoreland Corporation ("DWC") and Westmoreland Resources, Inc ("WRI") – 50% of employee contributions up to 6% of base compensation.

Texas Westmoreland Coal Co. ("TWCC") (formerly Northwestern Resources) – Less than five years of service, 70% of employee contributions up to 2% of base compensation; five to nine years of service, 70% of employee contributions up to 4% of base compensation; and ten or more years of service, 70% of employee contributions up to 6% of base compensation.

Western Energy Company ("WECO") and Westmoreland Savage Corporation ("Savage") – 100% of employee contributions up to 4% of base compensation.

WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions

Employees hired on, or after July 1, 2006, who work 1,000 or more hours per year are matched by the Company at 50% of the first 6% of compensation the employee contributes. The matching contribution is made in Westmoreland common stock and employees become vested in the matching contribution over a two-year period. Employees hired on or after July 1, 2006, also received monthly special contributions paid by the Company in Westmoreland common stock equal to 1.5% of their gross pay. Employees were immediately 100% vested in the special contribution. The special contribution was made without regard to any contributions the employees made to the Plan. Subsequent to the plan amendment effective July 1, 2009 mentioned below, this 1.5% special contribution ceased.

Effective July 1, 2009, the Company matches all non-bargained employees' contributions 100% up to a maximum of 6% of their base compensation. In addition, the Company makes a yearly 2% special employer contribution to employees that had at least 15 years of service as of December 31, 2009 and also have at least 1,000 hours of service per year and are active employees on December 31 of the plan year for which the contribution is made. Contributions will be made after the end of the plan year to which the contributions apply, but only through the plan year ending December 31, 2018. All contributions are still made in Westmoreland common stock.

Effective January 1, 2011, the Plan added a Roth 401(k) feature which allows after-tax contribution dollars to be eligible for tax-free investment earnings if the distribution is qualified. Roth 401(k) contributions and regular contributions are combined for purposes of the IRS annual deferral limit.

Notes Receivable from Participants

Each participant's account is credited with the participant's contribution and allocations of the Company's contribution and plan expenses and earnings (losses). Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Distributions

On termination of service due to death, disability, or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or in annual installments over a five-, ten-, or fifteen-year period. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In September 2010, the FASB issued guidance which requires participant loans to be measured at their unpaid principal balance plus any accrued but unpaid interest and to be classified as notes receivable from participants. Previously, loans were measured at fair value and classified as investments. This guidance is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. The adoption of this guidance did not have a material effect on the Plan's net assets available for benefits or the changes in net assets available for benefits. Participant loans have been reclassified to notes receivable from participants as of December 31, 2009.

Investments

Westmoreland common and preferred stocks are recorded at quoted market values.

Pooled separate accounts including; the Janus Adviser Balanced Fund, S&P 500 Index Fund, Large Cap Value/Barrow Hanley Fund, Large Cap Growth/Turner Investment Fund, Mid Cap Value/CRM Fund, Mid Cap Growth/Goldman Sachs Fund, Small Cap Growth/Times Square Fund, Small Cap Value/TBCAM Fund, Europacific Growth Fund, Dreyfus Mid Cap Index Fund, Dreyfus International Stock Index Fund, Dreyfus Small Cap Index Fund, Core Plus Bond/PIMCO Fund, Core Bond Enhanced Index Fund and Prudential Retirement Insurance and Annuity Company Lifetime Funds, are recorded at fair value based on quoted market prices of the securities underlying the accounts.

The Plan has entered into a benefit-responsive investment contract with Prudential. Prudential maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value as reported to the plan by Prudential. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the plan.

The guaranteed investment contract is fully benefit-responsive, and as a result, the contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract.

As of December 31, 2010 and 2009, the contract value and fair value of the investment in the Guaranteed Income Fund was equal, and amounted to \$7,135,140 and \$6,621,469, respectively. The average yield and the average crediting yield rate of the Guaranteed Income Fund were both 2.85% for the years ended December 31, 2010 and 2009. The minimum crediting interest rate under the contract is 1.5%. Generally, there are not any events that could limit the ability of the Plan to transact at contract value. In addition, there are not any events that allow the issuer to terminate the contract and which require the plan sponsor to settle at an amount different from contract value.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Investments (continued)

The Company is restricted by certain debt covenants from paying dividends on its common stock. Payment of common stock dividends is not permitted until preferred stock dividend arrearages are satisfied. In February 2011, the Company paid all dividend arrearages on its preferred stock.

The Company's quarterly preferred stock dividends of \$0.53 per depositary share accumulate if not paid in full. The cumulative unpaid preferred stock dividends relating to the shares held by the Plan at December 31, 2010 and 2009, totaled \$454,156 and \$459,838, respectively. These amounts include the dividends accumulated on January 1, 2011 and 2010, respectively. Effective April 15, 2009, Westmoreland Coal Preferred Stock Fund is no longer offered as an active investment within the Westmoreland Coal Company and Subsidiaries Employees' Savings Plan.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Net realized and unrealized gains and losses are reflected in the accompanying statement of changes in net assets available for benefits as net appreciation (depreciation) of investments and is determined as the difference between fair value at the beginning of the year (or date purchased during the year) and selling price or year-end fair value. Changes in market values after the plan year-end are not reflected in the accompanying financial statements.

Vesting

Vesting of the Company's matching contribution for participants hired is based on years of continuous service. A participant is 50% vested after one year and 100% vested after two years.

Distributions to Participants

Distributions to participants are recorded when paid.

Subsequent Events

The Plan has evaluated all events subsequent from the date of the financial statements and through June 29, 2011, the date the financial statements were available for issuance, and determined that there were no subsequent events requiring disclosure.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 2 – Notes Receivable from Participants

Participants may request loans from the Plan, which may only be taken from participant contribution account balances. No loan may be granted in an amount less than \$1,000. The maximum loan may not exceed 50% of the fair value of the participant's account balance up to a maximum of \$50,000, and may be further limited by other provisions of the Internal Revenue Code. The loans are generally repayable over a maximum period of five years and the interest rate is equal to a reasonable interest rate commensurate with current interest rates charged for loans made under similar circumstances. Loans for a primary residence may be repaid over a period of up to 15 years. Principal repaid and interest paid is credited to the participant's account. A participant may have up to two loans outstanding at any one time. The interest rates on loans outstanding at December 31, 2010 range from 4.25% to 9.50% and mature at various dates through 2017.

Note 3 – Fair Value Accounting

The FASB issued guidance that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 3 – Fair Value Accounting (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2010 and December 31, 2009.

The following assets are measured at fair value on a recurring basis at December 31, 2010:

Description	Level 1	Level 2	Level 3	Total
Mutual funds				
Small cap	\$ -	\$ 3,323,259	\$ -	\$ 3,323,259
Mid cap	-	1,493,476	-	1,493,476
Large cap	-	5,519,234	-	5,519,234
International	-	1,757,197	-	1,757,197
Blended funds	-	2,991,866	-	2,991,866
Balanced growth fund	-	3,010,162	-	3,010,162
Intermediate – term bond	-	1,616,424	-	1,616,424
Lifetime funds	-	5,429,580	-	5,429,580
Stable value fund	-	7,135,140	-	7,135,140
Company stock	<u>9,232,661</u>	<u>-</u>	<u>-</u>	<u>9,232,661</u>
Total	<u>\$ 9,232,661</u>	<u>\$ 32,276,338</u>	<u>\$ -</u>	<u>\$ 41,508,999</u>

The following assets are measured at fair value on a recurring basis at December 31, 2009:

Description	Level 1	Level 2	Level 3	Total
Mutual funds				
Small cap	\$ -	\$ 2,912,719	\$ -	\$ 2,912,719
Mid cap	-	998,163	-	998,163
Large cap	-	4,429,587	-	4,429,587
International	-	1,455,198	-	1,455,198
Blended funds	-	2,171,061	-	2,171,061
Balanced growth fund	-	3,067,009	-	3,067,009
Intermediate – term bond	-	991,543	-	991,543
Lifetime funds	-	5,522,708	-	5,522,708
Stable value fund	-	6,621,469	-	6,621,469
Company stock	<u>5,055,564</u>	<u>-</u>	<u>-</u>	<u>5,055,564</u>
Total	<u>\$ 5,055,564</u>	<u>\$ 28,169,457</u>	<u>\$ -</u>	<u>\$ 33,225,021</u>

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 4 – Income Taxes

The Plan obtained its latest determination letter dated June 30, 2004, from the Internal Revenue Service, which stated that the Plan qualifies under the applicable provisions of the Internal Revenue Code and, therefore, is exempt from federal income taxes. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is designed and currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Note 5 – Plan Termination

Although the Company has not expressed any intent to terminate the Plan, it may do so at any time. In the event of plan termination, participants would become 100% vested in their accounts.

Note 6 – Investments

Investments representing 5% or more of net assets available for benefits as of December 31, 2010 and 2009 are as follows:

	December 31,	
	2010	2009
Westmoreland common stock	\$ 8,773,122	\$ 4,771,039
Guaranteed income fund	\$ 7,135,140	\$ 6,621,469
Janus Adviser Balanced Fund	\$ 3,010,162	\$ 3,067,009
Large Cap Growth/Turner Investment Fund	\$ 2,862,978	\$ 2,351,748
Large Cap Value/Barrow Hanley Fund	\$ 2,656,254	\$ 2,077,839
S&P 500 Index Fund	\$ 2,443,552	\$ 2,125,491
Lifetime Balanced Fund*	\$ -	\$ 1,961,322

*Balance did not exceed 5% in 2010.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 6 – Investments (continued)

Net appreciation of investments, including realized and unrealized gains and losses for the year ended December 31, 2010 is as follows:

Westmoreland common stock	\$ 2,127,864
Westmoreland preferred stock	205,294
Pooled separate accounts	<u>2,817,472</u>
Net appreciation in the value of investments	<u>\$ 5,150,630</u>

Prior to April 1, 2001, participants could direct their contributions (both employer and employee contributions) to invest in any combination of available investments. However, effective April 1, 2001, employer matching contributions are only made in Westmoreland common stock. Effective July 30, 2004, participants may redirect employer-matching contributions to other investment options when the participant becomes 100% vested in employer matching contributions. Effective April 15, 2009, Westmoreland Preferred Stock is no longer offered as an active investment option.

Westmoreland Common Stock

Westmoreland Coal Company common stock is issued at the prevailing price on the open market. The Westmoreland Common Stock Fund held 734,767 and 535,470 shares of Westmoreland common stock at December 31, 2010 and 2009, respectively. The market value of the stock on these dates was \$11.94 and \$8.91 per share, respectively.

Westmoreland Preferred Stock

This fund provided the participant the option to invest in Westmoreland Coal Company preferred stock, which offered a cumulative dividend that is preferential to common stock. Any cash dividends paid are used to purchase additional shares of Westmoreland preferred stock. The Westmoreland Preferred Stock Fund held 14,589 and 15,851 shares of Westmoreland preferred stock at December 31, 2010 and 2009, respectively. The market value of the stock on these dates was \$31.50 and \$17.95 per share, respectively.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 7 – Non-Participant-Directed Investments

Changes in non-participant-directed investments for the year ended December 31, 2010 are as follows:

	<u>Westmoreland Common Stock Fund</u>
Net assets available for benefits at December 31, 2009	\$ <u>4,771,039</u>
Additions (deductions) to net assets attributed to	
Company contributions	2,789,939
Employee contributions	196,748
Investment income (loss)	
Interest and dividends	5,954
Net appreciation of investments, including realized and unrealized gains and losses	2,127,864
Distributions to participants	(341,196)
Administrative expenses	(9,959)
Participant directed common/preferred stock transfers	<u>(767,267)</u>
Increase in net assets available for benefits	<u>4,002,083</u>
Net assets available for benefits at December 31, 2010	\$ <u><u>8,773,122</u></u>

Activity in participant directed funds and the Westmoreland Preferred Stock Fund is participant directed. Activity in the Westmoreland Common Stock Fund includes both participant and non-participant directed investments. A distinction between participant and non-participant directed assets is not maintained; therefore, the presentation above for the Westmoreland Common Stock Fund has been reported as non-participant directed.

Note 8 – Forfeitures

Forfeitures due to a participant's withdrawal prior to full vesting of employer contributions may be applied to employer contributions or used to offset administrative expenses. Forfeitures used to offset administrative expenses in 2010 were \$8,433. As of December 31, 2010 and 2009, forfeited non-vested accounts totaled \$34,636 and \$28,331, respectively.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 9 – Risks and Uncertainties

The Plan provides for various investment options in pooled separate accounts, stock funds and a guaranteed income fund. Investment securities, in general, are exposed to various risks, such as significant world events, interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect amounts presented in the statements of net assets available for benefits.

Additionally, some investments held by the Plan are invested in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those securities of comparable U.S. companies.

The Plan provides the participants the ability to invest in various pooled separate accounts which may, in turn, invest in securities with contractual cash flows, such as asset backed securities, foreign investments, collateralized mortgage obligations and commercial mortgage-backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of those securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

The Plan has a concentration of investments in Westmoreland equity securities. A change in the value of Westmoreland equity securities could cause the value of the Plan's net assets available for benefits to change due to this concentration.

Note 10 – Related Party Transactions

The Plan invests in certain pooled separate accounts and a guaranteed income fund managed by Prudential, the Plan's trustee; therefore, these transactions qualify as party-in-interest transactions. In addition, the Plan has significant investments in the Company's common and preferred stock, which qualify as party-in-interest transactions.

SUPPLEMENTAL SCHEDULES

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(a) – Schedule of Delinquent Participant Contributions
Year Ended December 31, 2010**

EIN: 23-1128670

Plan Number – 766782

Participant Contributions Transferred Late to Plan	Total that Constitute Non-Exempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
\$ -	\$ 686	\$ -	\$ -	\$ -

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)
Year Ended December 31, 2010**

EIN: 23-1128670

Plan Number – 766782

(a)	(b) Identity of Issuer, Borrower, or Other Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Fair Value
	Equity securities		
*	Westmoreland	Preferred stock, 14,589 shares	\$ 459,539
*	Westmoreland	Common stock, 734,767 shares, cost basis \$7,455,331	<u>8,773,122</u>
			<u>9,232,661</u>
	Guaranteed income fund		
*	Prudential Retirement Insurance and Annuity Company	Guaranteed income fund	<u>7,135,140</u>
	Pooled separate accounts		
*	Prudential Retirement Insurance and Annuity Company	Lifetime Income and Equity Fund	132,888
*		Lifetime Growth Fund	1,291,533
*		Lifetime Conservative Fund	813,521
*		Lifetime Balanced Fund	1,895,797
*		Lifetime Aggressive Fund	1,295,844
*		S&P 500 Index Fund	2,443,552
*		Large Cap Value/Barrow Hanley Fund	2,656,254
*		Large Cap Growth/Turner Investment Fund	2,862,978
*		Mid Cap Value/CRM Fund	650,694
*		Mid Cap Growth/Goldman Sachs Fund	842,782
*		Small Cap Growth/Times Square Fund	2,017,078
*		Small Cap Value/TBCAM Fund	1,306,180
*		Janus Adviser Balanced Fund	3,010,162
*		Core Plus Bond/PIMCO Fund	1,483,830
*		Core Bond Enhanced Index Fund	132,594
*		Europacific Growth Fund	1,735,669
*		Dreyfus Mid Cap Index Fund	282,769
*		Dreyfus International Stock Index Fund	21,528
*		Dreyfus Small Cap Index Fund	<u>265,545</u>
			<u>25,141,198</u>
	Participant loans	Interest rates ranging from 4.25% to 9.50%, various maturity dates	<u>1,717,403</u>
			<u>\$ 43,226,402</u>

*Denotes party-in-interest

Note: Information on cost of investments is excluded for participant-directed investments.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(j) – Schedule of Reportable Transactions
Year Ended December 31, 2010**

(a) Identify of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred with Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
*	Westmoreland Coal Company common stock	\$ 307,963	NA	NA	NA	\$ 307,963	\$ 307,963	\$ -
*	Westmoreland Coal Company common stock	NA	\$ 16,142	NA	NA	\$ 15,249	\$ 16,142	\$ 893

*Prudential Retirement Insurance and Annuity Company

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Financial Statements
and
Independent Auditors' Report
December 31, 2010 and 2009**



**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Net Assets Available for Benefits.....	2
Statement of Changes in Net Assets Available for Benefits	3
Notes to Financial Statements	4
Supplemental Schedules	
Schedule H, Line 4a – Schedule of Delinquent Participant Contributions.....	16
Schedule H, Line 4i – Schedule of Assets (Held at End of Year)	17
Schedule H, Line 4j – Schedule of Reportable Transactions	18

INDEPENDENT AUDITORS' REPORT

The Retirement Benefits Committee
Westmoreland Coal Company and Subsidiaries Employees' Savings Plan

We have audited the accompanying statements of net assets available for benefits of Westmoreland Coal Company and Subsidiaries Employees' Savings Plan (the "Plan") as of December 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended December 31, 2010. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules, Schedule H, line 4A – schedule of delinquent participant contributions, Schedule H, line 4I – schedule of assets (held at end of year) and Schedule H, line 4J – schedule of reportable transactions, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ehrhardt Keefe Steiner & Hottman PC

Ehrhardt Keefe Steiner & Hottman PC

June 29, 2011
Denver, Colorado

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Statements of Net Assets Available for Benefits
December 31, 2010 and 2009**

	December 31,	
	2010	2009
Investments at fair value		
Westmoreland Common Stock Fund		
Westmoreland Common Stock	\$ 8,773,122	\$ 4,771,039
Westmoreland Preferred Stock Fund		
Westmoreland Preferred Stock	459,539	284,525
Pooled separate accounts	25,141,198	21,547,988
Guaranteed income fund	7,135,140	6,621,469
Total investments	41,508,999	33,225,021
Notes receivable from participants	1,717,403	1,426,899
Company contribution receivable	501,516	771,018
Employee contribution receivable	121,036	-
Net assets available for benefits	\$ 43,848,954	\$ 35,422,938

See notes to financial statements.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Statement of Changes in Net Assets Available for Benefits
Year Ended December 31, 2010**

Contributions	
Company contributions	\$ 2,525,219
Employee contributions	3,661,733
Employee rollover contributions	<u>94,627</u>
Total contributions	<u>6,281,579</u>
Investment income	
Interest and dividends	309,590
Net appreciation of investments, including realized and unrealized gains and losses	<u>5,150,630</u>
Total investment income	<u>5,460,220</u>
Deductions from net assets attributed to	
Distributions to participants	(3,296,926)
Administrative expenses	<u>(18,857)</u>
Total deductions	<u>(3,315,783)</u>
Increase in net assets available for benefits	8,426,016
Net assets available for benefits	
Beginning of year	<u>35,422,938</u>
End of year	<u>\$ 43,848,954</u>

See notes to financial statements.

WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

The following description of Westmoreland Coal Company and Subsidiaries Employees' Savings Plan (the "Plan") provides general information only. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General

The Plan, established October 1, 1957 (as amended), is a defined contribution plan and is sponsored by Westmoreland Coal Company, or Westmoreland, and its subsidiaries (the Company or Employer).

The Plan is administered by a retirement benefits committee, which is appointed by the chairman and CEO of the Company. Prudential Retirement Insurance and Annuity Company ("Prudential"), the trustee, has full responsibility for the control and management of the assets of the Plan. Substantially all trustee fees, administrative costs, and investment fees of the Plan are paid by the Company; however, costs of administrative expenses directly attributable to participant accounts are paid by participants.

All active employees who work 1,000 hours or more not subject to collective bargaining agreements, unless specifically negotiated, are eligible to participate in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended.

Effective January 1, 2010, the Westmoreland Coal Company and Subsidiaries Employees' Savings Plan and the Savage Hourly Union plan were amended to constitute a "safe harbor" 401(k) plan under the Internal Revenue Code or, IRC. As a result, the matching contributions made to the Plan are considered safe harbor matching contributions and the contributions will automatically satisfy the nondiscrimination testing requirements under IRC section 401(m). The Dakota Westmoreland Corporation Hourly Union plan does not qualify.

The accompanying financial statements have been prepared on the accrual basis of accounting and present the net assets available for benefits and changes in those net assets.

As described in guidance issued by the Financial Accounting Standards Board, or FASB, investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by this guidance, the statement of net assets available for benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value, if necessary. The statement of changes in net assets available for benefits is prepared on a contract value basis.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

General (continued)

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions in net assets available for benefits during the reporting period. Actual results could differ significantly from those estimates.

Contributions

In 2009, participants were able to contribute between 1% and 100% of their base compensation. Effective January 1, 2010, participants may contribute between 1% and 75% of their base compensation. The participant's maximum pre-tax contribution is limited by the Internal Revenue Code to \$16,500 for both calendar years 2010 and 2009. Catch-up contributions are permitted for those eligible employees over the age of 50 years and are limited to \$5,500 in both calendar years 2010 and 2009.

Effective May 1, 2001, the Plan was amended so that employee contributions are automatically made unless the employee opts out. Under the Plan beginning May 1, 2007, employee's deferrals automatically escalate 1% annually not to exceed 6%.

Effective through June 30, 2009, the Company matched employee contributions under the Plan in Westmoreland common stock for each employee hired before July 1, 2006 as follows:

Westmoreland Coal Company, Dakota Westmoreland Corporation ("DWC") and Westmoreland Resources, Inc ("WRI") – 50% of employee contributions up to 6% of base compensation.

Texas Westmoreland Coal Co. ("TWCC") (formerly Northwestern Resources) – Less than five years of service, 70% of employee contributions up to 2% of base compensation; five to nine years of service, 70% of employee contributions up to 4% of base compensation; and ten or more years of service, 70% of employee contributions up to 6% of base compensation.

Western Energy Company ("WECO") and Westmoreland Savage Corporation ("Savage") – 100% of employee contributions up to 4% of base compensation.

WESTMORELAND COAL COMPANY AND SUBSIDIARIES EMPLOYEES' SAVINGS PLAN

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Contributions

Employees hired on, or after July 1, 2006, who work 1,000 or more hours per year are matched by the Company at 50% of the first 6% of compensation the employee contributes. The matching contribution is made in Westmoreland common stock and employees become vested in the matching contribution over a two-year period. Employees hired on or after July 1, 2006, also received monthly special contributions paid by the Company in Westmoreland common stock equal to 1.5% of their gross pay. Employees were immediately 100% vested in the special contribution. The special contribution was made without regard to any contributions the employees made to the Plan. Subsequent to the plan amendment effective July 1, 2009 mentioned below, this 1.5% special contribution ceased.

Effective July 1, 2009, the Company matches all non-bargained employees' contributions 100% up to a maximum of 6% of their base compensation. In addition, the Company makes a yearly 2% special employer contribution to employees that had at least 15 years of service as of December 31, 2009 and also have at least 1,000 hours of service per year and are active employees on December 31 of the plan year for which the contribution is made. Contributions will be made after the end of the plan year to which the contributions apply, but only through the plan year ending December 31, 2018. All contributions are still made in Westmoreland common stock.

Effective January 1, 2011, the Plan added a Roth 401(k) feature which allows after-tax contribution dollars to be eligible for tax-free investment earnings if the distribution is qualified. Roth 401(k) contributions and regular contributions are combined for purposes of the IRS annual deferral limit.

Notes Receivable from Participants

Each participant's account is credited with the participant's contribution and allocations of the Company's contribution and plan expenses and earnings (losses). Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Distributions

On termination of service due to death, disability, or retirement, a participant may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or in annual installments over a five-, ten-, or fifteen-year period. For termination of service due to other reasons, a participant may receive the value of the vested interest in his or her account as a lump-sum distribution.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements

In September 2010, the FASB issued guidance which requires participant loans to be measured at their unpaid principal balance plus any accrued but unpaid interest and to be classified as notes receivable from participants. Previously, loans were measured at fair value and classified as investments. This guidance is effective for fiscal years ending after December 15, 2010 and is required to be applied retrospectively. The adoption of this guidance did not have a material effect on the Plan's net assets available for benefits or the changes in net assets available for benefits. Participant loans have been reclassified to notes receivable from participants as of December 31, 2009.

Investments

Westmoreland common and preferred stocks are recorded at quoted market values.

Pooled separate accounts including; the Janus Adviser Balanced Fund, S&P 500 Index Fund, Large Cap Value/Barrow Hanley Fund, Large Cap Growth/Turner Investment Fund, Mid Cap Value/CRM Fund, Mid Cap Growth/Goldman Sachs Fund, Small Cap Growth/Times Square Fund, Small Cap Value/TBCAM Fund, Europacific Growth Fund, Dreyfus Mid Cap Index Fund, Dreyfus International Stock Index Fund, Dreyfus Small Cap Index Fund, Core Plus Bond/PIMCO Fund, Core Bond Enhanced Index Fund and Prudential Retirement Insurance and Annuity Company Lifetime Funds, are recorded at fair value based on quoted market prices of the securities underlying the accounts.

The Plan has entered into a benefit-responsive investment contract with Prudential. Prudential maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The contract is included in the financial statements at contract value as reported to the plan by Prudential. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the plan.

The guaranteed investment contract is fully benefit-responsive, and as a result, the contract value is the relevant measurement attribute for that portion of the net assets available for benefits attributable to the guaranteed investment contract.

As of December 31, 2010 and 2009, the contract value and fair value of the investment in the Guaranteed Income Fund was equal, and amounted to \$7,135,140 and \$6,621,469, respectively. The average yield and the average crediting yield rate of the Guaranteed Income Fund were both 2.85% for the years ended December 31, 2010 and 2009. The minimum crediting interest rate under the contract is 1.5%. Generally, there are not any events that could limit the ability of the Plan to transact at contract value. In addition, there are not any events that allow the issuer to terminate the contract and which require the plan sponsor to settle at an amount different from contract value.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Investments (continued)

The Company is restricted by certain debt covenants from paying dividends on its common stock. Payment of common stock dividends is not permitted until preferred stock dividend arrearages are satisfied. In February 2011, the Company paid all dividend arrearages on its preferred stock.

The Company's quarterly preferred stock dividends of \$0.53 per depositary share accumulate if not paid in full. The cumulative unpaid preferred stock dividends relating to the shares held by the Plan at December 31, 2010 and 2009, totaled \$454,156 and \$459,838, respectively. These amounts include the dividends accumulated on January 1, 2011 and 2010, respectively. Effective April 15, 2009, Westmoreland Coal Preferred Stock Fund is no longer offered as an active investment within the Westmoreland Coal Company and Subsidiaries Employees' Savings Plan.

Purchases and sales of securities are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest income is recorded on the accrual basis. Net realized and unrealized gains and losses are reflected in the accompanying statement of changes in net assets available for benefits as net appreciation (depreciation) of investments and is determined as the difference between fair value at the beginning of the year (or date purchased during the year) and selling price or year-end fair value. Changes in market values after the plan year-end are not reflected in the accompanying financial statements.

Vesting

Vesting of the Company's matching contribution for participants hired is based on years of continuous service. A participant is 50% vested after one year and 100% vested after two years.

Distributions to Participants

Distributions to participants are recorded when paid.

Subsequent Events

The Plan has evaluated all events subsequent from the date of the financial statements and through June 29, 2011, the date the financial statements were available for issuance, and determined that there were no subsequent events requiring disclosure.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 2 – Notes Receivable from Participants

Participants may request loans from the Plan, which may only be taken from participant contribution account balances. No loan may be granted in an amount less than \$1,000. The maximum loan may not exceed 50% of the fair value of the participant's account balance up to a maximum of \$50,000, and may be further limited by other provisions of the Internal Revenue Code. The loans are generally repayable over a maximum period of five years and the interest rate is equal to a reasonable interest rate commensurate with current interest rates charged for loans made under similar circumstances. Loans for a primary residence may be repaid over a period of up to 15 years. Principal repaid and interest paid is credited to the participant's account. A participant may have up to two loans outstanding at any one time. The interest rates on loans outstanding at December 31, 2010 range from 4.25% to 9.50% and mature at various dates through 2017.

Note 3 – Fair Value Accounting

The FASB issued guidance that establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 3 – Fair Value Accounting (continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's investment assets at fair value as of December 31, 2010 and December 31, 2009.

The following assets are measured at fair value on a recurring basis at December 31, 2010:

Description	Level 1	Level 2	Level 3	Total
Mutual funds				
Small cap	\$ -	\$ 3,323,259	\$ -	\$ 3,323,259
Mid cap	-	1,493,476	-	1,493,476
Large cap	-	5,519,234	-	5,519,234
International	-	1,757,197	-	1,757,197
Blended funds	-	2,991,866	-	2,991,866
Balanced growth fund	-	3,010,162	-	3,010,162
Intermediate – term bond	-	1,616,424	-	1,616,424
Lifetime funds	-	5,429,580	-	5,429,580
Stable value fund	-	7,135,140	-	7,135,140
Company stock	<u>9,232,661</u>	<u>-</u>	<u>-</u>	<u>9,232,661</u>
Total	<u>\$ 9,232,661</u>	<u>\$ 32,276,338</u>	<u>\$ -</u>	<u>\$ 41,508,999</u>

The following assets are measured at fair value on a recurring basis at December 31, 2009:

Description	Level 1	Level 2	Level 3	Total
Mutual funds				
Small cap	\$ -	\$ 2,912,719	\$ -	\$ 2,912,719
Mid cap	-	998,163	-	998,163
Large cap	-	4,429,587	-	4,429,587
International	-	1,455,198	-	1,455,198
Blended funds	-	2,171,061	-	2,171,061
Balanced growth fund	-	3,067,009	-	3,067,009
Intermediate – term bond	-	991,543	-	991,543
Lifetime funds	-	5,522,708	-	5,522,708
Stable value fund	-	6,621,469	-	6,621,469
Company stock	<u>5,055,564</u>	<u>-</u>	<u>-</u>	<u>5,055,564</u>
Total	<u>\$ 5,055,564</u>	<u>\$ 28,169,457</u>	<u>\$ -</u>	<u>\$ 33,225,021</u>

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 4 – Income Taxes

The Plan obtained its latest determination letter dated June 30, 2004, from the Internal Revenue Service, which stated that the Plan qualifies under the applicable provisions of the Internal Revenue Code and, therefore, is exempt from federal income taxes. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is designed and currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

The Financial Accounting Standards Board issued guidance on accounting for uncertainty in income taxes. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax exempt status and had taken no uncertain tax positions that require adjustment to the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements.

Note 5 – Plan Termination

Although the Company has not expressed any intent to terminate the Plan, it may do so at any time. In the event of plan termination, participants would become 100% vested in their accounts.

Note 6 – Investments

Investments representing 5% or more of net assets available for benefits as of December 31, 2010 and 2009 are as follows:

	December 31,	
	2010	2009
Westmoreland common stock	\$ 8,773,122	\$ 4,771,039
Guaranteed income fund	\$ 7,135,140	\$ 6,621,469
Janus Adviser Balanced Fund	\$ 3,010,162	\$ 3,067,009
Large Cap Growth/Turner Investment Fund	\$ 2,862,978	\$ 2,351,748
Large Cap Value/Barrow Hanley Fund	\$ 2,656,254	\$ 2,077,839
S&P 500 Index Fund	\$ 2,443,552	\$ 2,125,491
Lifetime Balanced Fund*	\$ -	\$ 1,961,322

*Balance did not exceed 5% in 2010.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 6 – Investments (continued)

Net appreciation of investments, including realized and unrealized gains and losses for the year ended December 31, 2010 is as follows:

Westmoreland common stock	\$ 2,127,864
Westmoreland preferred stock	205,294
Pooled separate accounts	<u>2,817,472</u>
Net appreciation in the value of investments	<u>\$ 5,150,630</u>

Prior to April 1, 2001, participants could direct their contributions (both employer and employee contributions) to invest in any combination of available investments. However, effective April 1, 2001, employer matching contributions are only made in Westmoreland common stock. Effective July 30, 2004, participants may redirect employer-matching contributions to other investment options when the participant becomes 100% vested in employer matching contributions. Effective April 15, 2009, Westmoreland Preferred Stock is no longer offered as an active investment option.

Westmoreland Common Stock

Westmoreland Coal Company common stock is issued at the prevailing price on the open market. The Westmoreland Common Stock Fund held 734,767 and 535,470 shares of Westmoreland common stock at December 31, 2010 and 2009, respectively. The market value of the stock on these dates was \$11.94 and \$8.91 per share, respectively.

Westmoreland Preferred Stock

This fund provided the participant the option to invest in Westmoreland Coal Company preferred stock, which offered a cumulative dividend that is preferential to common stock. Any cash dividends paid are used to purchase additional shares of Westmoreland preferred stock. The Westmoreland Preferred Stock Fund held 14,589 and 15,851 shares of Westmoreland preferred stock at December 31, 2010 and 2009, respectively. The market value of the stock on these dates was \$31.50 and \$17.95 per share, respectively.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 7 – Non-Participant-Directed Investments

Changes in non-participant-directed investments for the year ended December 31, 2010 are as follows:

	<u>Westmoreland Common Stock Fund</u>
Net assets available for benefits at December 31, 2009	\$ <u>4,771,039</u>
Additions (deductions) to net assets attributed to	
Company contributions	2,789,939
Employee contributions	196,748
Investment income (loss)	
Interest and dividends	5,954
Net appreciation of investments, including realized and unrealized gains and losses	2,127,864
Distributions to participants	(341,196)
Administrative expenses	(9,959)
Participant directed common/preferred stock transfers	<u>(767,267)</u>
Increase in net assets available for benefits	<u>4,002,083</u>
Net assets available for benefits at December 31, 2010	\$ <u><u>8,773,122</u></u>

Activity in participant directed funds and the Westmoreland Preferred Stock Fund is participant directed. Activity in the Westmoreland Common Stock Fund includes both participant and non-participant directed investments. A distinction between participant and non-participant directed assets is not maintained; therefore, the presentation above for the Westmoreland Common Stock Fund has been reported as non-participant directed.

Note 8 – Forfeitures

Forfeitures due to a participant's withdrawal prior to full vesting of employer contributions may be applied to employer contributions or used to offset administrative expenses. Forfeitures used to offset administrative expenses in 2010 were \$8,433. As of December 31, 2010 and 2009, forfeited non-vested accounts totaled \$34,636 and \$28,331, respectively.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

Notes to Financial Statements

Note 9 – Risks and Uncertainties

The Plan provides for various investment options in pooled separate accounts, stock funds and a guaranteed income fund. Investment securities, in general, are exposed to various risks, such as significant world events, interest rate, credit, and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect amounts presented in the statements of net assets available for benefits.

Additionally, some investments held by the Plan are invested in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in U.S. companies. These risks include devaluation of currencies, less reliable information about issuers, different securities transaction clearance and settlement practices, and possible adverse political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than those securities of comparable U.S. companies.

The Plan provides the participants the ability to invest in various pooled separate accounts which may, in turn, invest in securities with contractual cash flows, such as asset backed securities, foreign investments, collateralized mortgage obligations and commercial mortgage-backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of those securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

The Plan has a concentration of investments in Westmoreland equity securities. A change in the value of Westmoreland equity securities could cause the value of the Plan's net assets available for benefits to change due to this concentration.

Note 10 – Related Party Transactions

The Plan invests in certain pooled separate accounts and a guaranteed income fund managed by Prudential, the Plan's trustee; therefore, these transactions qualify as party-in-interest transactions. In addition, the Plan has significant investments in the Company's common and preferred stock, which qualify as party-in-interest transactions.

SUPPLEMENTAL SCHEDULES

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(a) – Schedule of Delinquent Participant Contributions
Year Ended December 31, 2010**

EIN: 23-1128670

Plan Number – 766782

Participant Contributions Transferred Late to Plan	Total that Constitute Non-Exempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	
\$ -	\$ 686	\$ -	\$ -	\$ -

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)
Year Ended December 31, 2010**

EIN: 23-1128670

Plan Number – 766782

(a)	(b) Identity of Issuer, Borrower, or Other Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	(d) Fair Value
	Equity securities		
*	Westmoreland	Preferred stock, 14,589 shares	\$ 459,539
*	Westmoreland	Common stock, 734,767 shares, cost basis \$7,455,331	<u>8,773,122</u>
			<u>9,232,661</u>
	Guaranteed income fund		
*	Prudential Retirement Insurance and Annuity Company	Guaranteed income fund	<u>7,135,140</u>
	Pooled separate accounts		
*	Prudential Retirement Insurance and Annuity Company	Lifetime Income and Equity Fund	132,888
*		Lifetime Growth Fund	1,291,533
*		Lifetime Conservative Fund	813,521
*		Lifetime Balanced Fund	1,895,797
*		Lifetime Aggressive Fund	1,295,844
*		S&P 500 Index Fund	2,443,552
*		Large Cap Value/Barrow Hanley Fund	2,656,254
*		Large Cap Growth/Turner Investment Fund	2,862,978
*		Mid Cap Value/CRM Fund	650,694
*		Mid Cap Growth/Goldman Sachs Fund	842,782
*		Small Cap Growth/Times Square Fund	2,017,078
*		Small Cap Value/TBCAM Fund	1,306,180
*		Janus Adviser Balanced Fund	3,010,162
*		Core Plus Bond/PIMCO Fund	1,483,830
*		Core Bond Enhanced Index Fund	132,594
*		Europacific Growth Fund	1,735,669
*		Dreyfus Mid Cap Index Fund	282,769
*		Dreyfus International Stock Index Fund	21,528
*		Dreyfus Small Cap Index Fund	<u>265,545</u>
			<u>25,141,198</u>
	Participant loans	Interest rates ranging from 4.25% to 9.50%, various maturity dates	<u>1,717,403</u>
			<u>\$ 43,226,402</u>

*Denotes party-in-interest

Note: Information on cost of investments is excluded for participant-directed investments.

**WESTMORELAND COAL COMPANY AND
SUBSIDIARIES EMPLOYEES' SAVINGS PLAN**

**Schedule H, Line 4(j) – Schedule of Reportable Transactions
Year Ended December 31, 2010**

(a) Identify of Party Involved	(b) Description of Asset	(c) Purchase Price	(d) Selling Price	(e) Lease Rental	(f) Expense Incurred with Transaction	(g) Cost of Asset	(h) Current Value of Asset on Transaction Date	(i) Net Gain or (Loss)
*	Westmoreland Coal Company common stock	\$ 307,963	NA	NA	NA	\$ 307,963	\$ 307,963	\$ -
*	Westmoreland Coal Company common stock	NA	\$ 16,142	NA	NA	\$ 15,249	\$ 16,142	\$ 893

*Prudential Retirement Insurance and Annuity Company