Date: **<u>(Put in the date when the Notice is mailed)</u>**

NOTICE TO INTERESTED PERSONS

1. As a participant or beneficiary in the Westmoreland Coal Company and Subsidiaries Employee' Savings Plan (the Plan), you are hereby notified that a written submission has been filed on behalf of the Plan with the United States Department of Labor (the Department) seeking authorization, pursuant to class exemption 96-62 (PTCE 96-62), 61 FR 39988, July 31, 1996, as amended by 67 FR 44622, July 3, 2002, for an exemption from the prohibitions of section 406 of the Employee Retirement Income Security Act of 1974 (the Act) and the sanctions resulting from the application of section 4975 of the Internal Revenue Code of 1986, as amended (the Code), to the proposed transactions (the Proposed Transactions) described below.

2. The submission has met the requirements for tentative authorization under PTCE 96-62.

3. If authorized by the Department, pursuant to PTCE 96-62, the restrictions of section 406(a) and 406(b)(1) and (b)(2) of the Act and the sanctions resulting from the application of 4975 of the Code by reason of section 4975(c)(1)(A) through (E) of the Code shall not apply to the Proposed Transactions described, below, in connection with a public offering (the Offering) of subscription rights (the Rights) for the purchase of the common stock (the Common Stock) of the Westmoreland Coal Company (the Company). The Proposed Transactions for which authorization is requested include: (1) the acquisition of such Rights by individual accounts of participants of the Plan; (2) the holding of the Rights by such accounts in the Plan; and (3) the exercise of the Rights by each participant on behalf of his or her account in the Plan or, if applicable, by a beneficiary who beneficially holds the Rights under the Plan.

4. The authorization, if granted, will not provide relief from the general fiduciary provisions of the Act or the Code, nor will such authorization constitute an endorsement by the Department of the Proposed Transactions that are the subject of this submission, nor will this authorization provide relief from any transactions, other than the Proposed Transactions.

This Notice to Interested Persons is not an offer to sell or the solicitation of an offer to buy shares of Common Stock or any other securities, whether under the terms of the Offering or otherwise. Offers and sales of Common Stock issuable in the Offering will only be made by means of a prospectus meeting the requirements of the Securities Act of 1933, as amended, and applicable state securities laws, on the terms and subject to the conditions set forth in such prospectus.

5. The Plan was established on October 1, 1957. The Plan is a tax-qualified defined contribution profit sharing plan, pursuant to 401(a) of the Code which incorporates a cash or deferred (**<u>i.e.</u>**, 401(k)) arrangement. The Plan provides for several types of contributions in addition to tax-deferred 401(k) contributions, including after-tax employee contributions, Company matching contributions, additional discretionary matching contributions, qualified matching contributions, qualified non-elective contributions, and rollover contributions. Company matching contributions are invested in the Employer Common Stock Investment Fund. The Plan permits individual participants to direct employee contributions among several different investment options, including the Employer Preferred Stock Investment Fund.

The Plan had assets with a fair market value totaling $36,344,126, as of May 31, 2007. As of the same date, the Plan had 787 participants and beneficiaries. Each such participant of the Plan holds Common Stock in his or her individual account in the Plan. The aggregate number of shares of Common Stock held in the participants' accounts in the Plan, as of May 31, 2007, totals 327,466 shares. Based on the closing price of the Common Stock on August 15, 2007, of $20.40 per share, the aggregate fair market value of the Common Stock held in such participants' accounts in the Plan totals $6,680,306 on that date. If contributed, the Rights would constitute a small fraction of the assets of the Plan. The trustee of the Plan (the Trustee) is Prudential Bank and Trust, FSB. The administrator of the Plan is the Retirement Benefits Administrative Committee. The Company is the sponsor of the Plan.

6. The Company is a Delaware corporation headquartered in Colorado Springs, Colorado. The Company is an energy company that owns interests in power-generating plants and mines coal, which is used to produce electric power. The Common Stock and depositary shares representing preferred stock of the Company are traded on the American Stock Exchange, respectively, under the ticker symbols WLB and WLB.pr.

As of August 15, 2007, the authorized capital stock of the Company consists of 20,000,000 shares of Common Stock, par value $2.50 per share and 5,000,000 shares of preferred stock, par value $1.00 per share. As of March 31, 2007, there were 9,014,078 shares of Common Stock and 160,130 shares of preferred stock issued and outstanding.

7. The Company intends to engage in the Offering to provide additional liquidity for working capital to support its growth and development strategy, to redeem outstanding shares of its Series A convertible exchangeable preferred stock,[1] and for other general corporate purposes. The Company estimates that the amount sought in the Offering will range between $85 million to $117 million dollars.

8. The Company filed with the Securities and Exchange Commission (the SEC) on June 25, 2007, a registration statement (the Registration Statement) (Form S-1) under the Securities Act of 1933, including a Prospectus. The Registration Statement and Prospectus are currently under review by the SEC. Within 120 days after the DOL authorizes this exemption, the Company will request that the SEC declare effective the registration statement filed by the Company with respect to the Offering, and the Company will commence the mailing of the Prospectus for the Offering to its shareholders.

Under the terms of the Offering, each shareholder of the Common Stock, including the participants in the Plan, will receive detailed information, including a Prospectus, along with documentation about the number of Rights allocated to each such shareholder, and information on how to exercise such Rights. Please refer to the Prospectus for more detailed information regarding the Offering, including the reasons for the Offering, the terms of the Offering, and the investment risks associated with exercise of the Rights and the purchase of the Common Stock.

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[1] The Company intends to rely on the relief provided by the statutory exemption, pursuant to section 408(e) of the Act for the redemption of the Series A convertible exchangeable preferred stock. The Department is offering no view, as to whether the redemption of such preferred stock is covered by the statutory exemption provided in section 408(e) of the Act and the Department's regulations, pursuant to 29 CFR 2550.408(e). The Company has not requested an exemption from the prohibited transaction provisions of the Act or Code, and the Department, herein, is not providing any relief from such prohibited transaction provisions with respect to the redemption of such preferred stock.

The period within which to exercise the Rights (the Subscription Period) will begin on a date to be established by the Company. The Subscription Period is expected to last 30 days, unless extended by the Company.

The Company intends to issue, pursuant to the Offering, non-transferable Rights to purchase shares of the Common Stock for $18.00 per share (the Subscription Price) or the price per share determined through negotiation between the Company and Tontine Capital Partners, L.P. (the Standby Purchaser). All shareholders have this basic subscription privilege (the Basic Subscription Privilege). The Standby Purchaser currently owns 17 percent (17%) of the Company's outstanding Common Stock. Pursuant to an agreement, the Company is obligated to sell and the Standby Purchaser is obligated to subscribe for and purchase all shares of Common Stock purchasable with its Basic Subscription Privilege. In addition, the Standby Purchaser has agreed to purchase any and all shares of Common Stock which are not purchased by other Rights holders. Further, if after such acquisitions, the Standby Purchaser owns less than 25 percent (25%) of the fully diluted Common Stock, it will have the option to purchase through a concurrent private placement additional shares of Common Stock up to such amount as will result in the Standby Purchaser's owning 25 percent (25%) of the fully diluted Common Stock. The Standby Purchaser may not purchase Common Stock which would result in it or any group of which it is a member owning more than 30 percent (30%) of the fully diluted Common Stock.

The Company and the Standby Purchaser have amended their agreement to add an additional standby purchaser. Silverhawk Capital Partners GP, LLC (the Additional Standby Purchaser) has agreed to act as an additional standby purchaser to purchase up to 566,667 shares of Common Stock that were offered to but not purchased by shareholders in the Offering. The Company has agreed that if, following the purchase of those shares, the Additional Standby Purchaser has acquired fewer than 566,667 shares of Common Stock, the Additional Standby Purchaser will have the option to purchase enough shares so that, following its purchases, the Additional Standby Purchaser will own 566,667 shares of Common Stock. The sales of Common Stock to the Additional Standby Purchaser are being conducted at the same $18.00 per share price as the sales to shareholders in the Offering. The Additional Standby Purchaser is not currently a shareholder of the Company. All sales to the Standby Purchaser and Additional Standby Purchaser are being made in the concurrent private placement.

It is anticipated that the Rights will be distributed at no charge to each shareholder of record as of the close of business on a date (the Record Date) that will be established by the Company's Board of Directors shortly before the commencement of the Offering. Under the Registration Statement, each shareholder will receive one Right for each share of Common Stock held as of the Record Date. Holders of the Rights cannot sell the Rights nor acquire additional Rights. Each of the Rights will entitle the holder to purchase a fraction of a share of the Common Stock, estimated to be in the range of from .45 to .72 of a share of Common Stock. The fraction will depend on the number of shares of Common Stock and preferred stock that is outstanding on the Record Date and the amount that is needed to redeem the outstanding shares of the preferred stock.

The participants in the Plan may choose whether or not to exercise such Rights to purchase shares of Common Stock. Rights may be exercised in part or in full. Participants must submit their elections and ensure that sufficient funds are in their accounts seven (7) days prior to the conclusion of the

Subscription Period. Upon receipt of instructions from each participant in the Plan, the Trustee will withdraw the necessary funds from each such participant's Guaranteed Income Fund account. Any election to exercise the Rights may not be revoked once made, unless the Company gives holders of the Rights, including the participants in the Plan, an option to cancel. Any unexercised Rights will expire upon the conclusion of the Subscription Period. No fees or expenses of the Offering will be paid by the Plan.

Holders of Rights who exercise in full all of the Rights received pursuant to the Basic Subscription Privilege will have an over-subscription privilege (the Over-Subscription Privilege) to purchase additional shares of Common Stock at the same Subscription Price per share, to the extent that other shareholders have not exercised their Rights in full. If an insufficient number of shares of Common Stock are available to fully satisfy the Over-Subscription Privilege requests, the available shares will be sold pro rata among the Rights holders who exercised their Over-Subscription Privilege based on the number of shares each such Rights holder subscribed for under their Basic Subscription Privilege.

9. As the Company is a party in interest with respect to the Plan, the acquisition, holding, and exercise of the Rights by the individual account of participants of the Plan are prohibited transactions which are not permitted under the Act or the Code, unless such transactions are authorized by the Department.

10. The Company has applied to the Department in order to obtain authorization for the acquisition, holding, and exercise of the Rights by the individual accounts of participants of the Plan.

11. If the authorization is granted by the Department, the Proposed Transactions will be subject to the following conditions:

(1) The Plan's acquisition of the Rights will result from a business decision on behalf of the Company in its capacity as issuer of the Rights, and not in its capacity as a fiduciary of the Plan (**i.e.**, the Offering will be an independent act of the Company as a corporate entity);

(2) All record holders of the Common Stock as of the Record Date, including the Plan will receive Rights under the Offering;

(3) The Plan will be treated in the same manner as any other shareholder of the Common Stock with respect to the Offering;

(4) The Plan will receive the same proportionate number of Rights as other shareholders of the Common Stock;

(5) The participants in the Plan will receive the same information concerning the Offering that will be provided to all shareholders of the Common Stock;

(6) All decisions with respect to the Plan's holding and exercise of the Rights will be made in accordance with Plan provisions for individually-directed investment of participant accounts by the individual participants of the Plan whose accounts in the Plan receive the Rights in connection with

the Offering;

(7) Neither the Company, nor any of its officers or employees, will exert influence on the participants of the Plan to exercise the Rights;

(8) The Company shall, within 120 days after the authorization: (i) request that the SEC declare effective the registration statement filed by the Company with respect to the Offering, and (ii) commence the mailing of the Prospectus for the Offering to its shareholders; and

(9) No commissions or fees will be charged to the Plan on the exercise of the Rights by the individual accounts of the participants of such Plan and any administrative fee, if charged, will be paid by the Company.

12. If the authorization is granted, the Company shall, within 120 days after the authorization, (i) request that the SEC declare effective the registration statement filed by the Company with respect to the Offering, and (ii) commence the mailing of the Prospectus for the Offering to its shareholders

13. It is represented that the Proposed Transactions pose little, if any, risk of abuse or loss to the Plan participants and beneficiaries and are protective of the rights of such participants and beneficiaries.

14. It is represented that the Proposed Transactions are administratively feasible, because they will involve the acquisition and short-term holding of the Rights by the individual accounts of participants in the Plan and a one-time exercise of the Rights as directed by the individual participants of the accounts in such Plan.

15. It is represented that the Proposed Transactions are in the interest of the Plan, in that; the participants of the Plan will at no cost obtain Rights which will provide the Plan with an investment opportunity to purchase shares of the Common Stock at a potential discount without being charged any commissions or fees. Because there will be more shares of Common Stock outstanding after the Offering, any shareholder who chooses not to exercise the Rights will own a smaller percentage of the Company after the Offering. Accordingly, exercise of the Rights by participants of the Plan will reduce or limit the dilution that would otherwise occur with respect to the shares of Common Stock held by the individual accounts of the participants in the Plan after the Offering.

16. Relying on PTCE 96-62, the Company has identified as substantially similar to the Proposed Transactions the following individual exemption granted by the Department within the past 120 months and the following final authorization issued by the Department within the past 60 months:

° Prohibited Transaction Exemption 2001-24, issued to Alpha Technologies Group, Inc., 66 FR 40734 (Aug. 3, 2001). This exemption provided retroactive relief, effective November 30, 2000, for the acquisition, and holding of stock rights by a plan and for the disposition or exercise of such rights by such plan.

° Final Authorization Number 2004-18E (E-00362) issued on September 7, 2004, to the Milacron Retirement Savings Plan and to the Milacron Retirement Plan. This authorization permitted the acquisition and holding of stock rights by the plans and the exercise of such rights by the plans

17. As a person who may be affected by the Proposed Transactions, you have the right to comment on the Proposed Transactions. Written comments should be addressed to:

Office of Exemption Determinations
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Ave, NW
Room N-5700
Washington, D.C. 20210
Attention Submission No. E-00557

Comments may also be submitted by facsimile to 202-219-0204, and by e-mail to leblanc.angelena@dol.gov.

18. The comment period will close 25 days following completion of the distribution of this Notice to Interested Persons. Your comment must be submitted to the Department by **(Fill in the appropriate date), 2007**. Final Authorization of the Proposed Transactions will not occur until the Department reviews all comments received in response to this Notice to Interested Persons.