

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **March 3, 2018**

WESTMORELAND COAL COMPANY
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-11155
(Commission
File Number)

23-1128670
(I.R.S. Employer
Identification No.)

**9540 South Maroon Circle,
Suite 300
Englewood, CO**
(Address of Principal Executive Offices)

80112
(Zip Code)

Registrant's telephone number, including area code: **(855) 922-6463**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition.

On March 7, 2018, Westmoreland Coal Company (the "Company") issued a press release announcing preliminary unaudited full year selected financial results for the fiscal year ended December 31, 2017 and certain other operational updates. A copy of this press release is furnished hereto as Exhibit 99.1 and is incorporated by reference herein.

The information in this Item 2.02 of the Current Report on Form 8-K and the exhibit attached hereto are being furnished and shall not be deemed "filed" for purpose of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) Adoption of Material Compensatory Arrangement

Named Executive Officer Base Salaries

On March 3, 2018, the board of directors (the "Board") of the Company, upon the recommendation of the Compensation and Benefits Committee (the "Committee"), set base salaries for each of the Company's named executive officers: Michael Hutchinson, Gary Kohn, Joseph Micheletti, Jennifer Grafton and Nate Troup (each, an "NEO"). The base salaries for the NEOs, effective as of January 1, 2018, are as follows: \$700,000 for Mr. Hutchinson, \$375,000 for Mr. Kohn, \$450,000 for Mr. Micheletti, \$370,000 for Ms. Grafton and \$250,000 for Mr. Troup.

Adoption of Incentive Plan

On March 3, 2018, the Board of the Company adopted an incentive compensation plan for fiscal year 2018 (the "Incentive Plan"), effective as of January 1, 2018, which applies to each of the NEOs. Under the terms of the Incentive Plan, each NEO is eligible to earn quarterly cash payments based on the Company's achievement of certain quarterly performance goals (the "Target Goal"). The NEO's annual target bonus under the Incentive Plan are as follows: 157% of base salary for Mr. Hutchinson, 123% for Mr. Kohn, 128% for Mr. Micheletti, 119% for Ms. Grafton and 50% for Mr. Troup.

The Committee of the Company will be meeting prior to the end of the quarter to finalize all features of the Incentive Plan and to set cumulative performance metrics for the year. The foregoing description of the terms and conditions of the Incentive Plan does not purport to be a complete description of its terms and conditions, and is qualified in its entirety by reference to the Incentive Plan which will be filed with the Securities and Exchange Commission as required.

Letter Agreements

On March 3, 2018, the Board of the Company approved, and on March 7 the Company entered into, certain letter agreements (collectively, the "Letter Agreements") with each of the NEOs.

Under the Letter Agreements, each of the NEOs will receive a one-time cash payment (the "Bonus") in the following amounts: 157% of base salary for Mr. Hutchinson, 123% for Mr. Kohn, 128% for Mr. Micheletti, 119% for Ms. Grafton and 50% for Mr. Troup. Each NEO is required to repay the after tax value of the Bonus (as defined in the Letter Agreements) if the NEO's employment is terminated before December 31, 2018 for any reason other than (i) if the NEO resigns with Good Reason (as defined in the Letter Agreements), (ii) by the Company without Cause (as defined in the Letter Agreements) or (iii) upon the death or disability of the NEO.

A form version of the Letter Agreements has been attached as an exhibit to this Current Report on Form 8-K. This summary description of the Letter Agreements does not purport to be complete and is qualified in its entirety by reference to the form version of the Letter Agreements, which is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(d) *Exhibits*

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form version of Letter Agreement dated March 7, 2018
99.1	Press Release dated March 7, 2018

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

WESTMORELAND COAL COMPANY

Date: March 7, 2018

By: /s/ Jennifer S. Grafton

Jennifer S. Grafton
Chief Legal Officer, Chief Administrative Officer and
Secretary

Personal and Confidential

March 7, 2018

[Named Executive Officer]

Re: Retention Bonus Agreement

Dear [Named Executive Officer]:

On behalf of Westmoreland Coal Company (the “Company”), I am pleased to offer you the opportunity to receive a retention bonus, if you agree to the terms and conditions contained in this Retention Bonus Agreement (this “Agreement”), which shall be effective as of the date set forth below in Section 7 (the “Effective Date”).

1. **Retention Bonus.** Subject to the terms and conditions set forth herein, you will receive a cash payment in the gross amount of [\$X] (the “Retention Bonus”), subject to the Company’s receipt of your countersignature on this Agreement.

Notwithstanding the foregoing, in the event you voluntarily terminate your employment with the Company without Good Reason (defined below), or the Company terminates your employment for Cause (defined below), in either case, before the earlier of December 31, 2018 or the consummation of a confirmed plan of reorganization (as applicable, the “Retention Date”), you will be required to promptly repay to the Company (and in any event no later than ten (10) days of such termination), an amount equal to the After-Tax Value of the Retention Bonus. The “After-Tax Value of the Retention Bonus” is equal to the Retention Bonus, reduced by all taxes the Company actually withholds therefrom. For the avoidance of doubt, in the event of your death or termination due to your disability, termination by the Company without Cause or by you for Good Reason prior to the Retention Date, you (or your estate, as applicable), shall not be subject to the repayment obligations of this Agreement.

For purposes of this Agreement, “Cause” means (A) your willful breach or habitual neglect of assigned duties to the Company, including compliance with Company policies; (B) your conviction (including any plea of nolo contendere) of any felony or crime involving dishonesty or moral turpitude; (C) any act of personal dishonesty knowingly taken by you in connection with your responsibilities as an employee and intended to result in your personal enrichment or the enrichment of any other person; (D) bad faith conduct that is materially detrimental to the Company; (E) your inability to perform your duties due to alcohol or illegal drug use; (G) any act or omission by you which is of substantial detriment to the Company because your intentional failure to comply with any statute, rule or regulation, except any act or omission you believe in good faith to have been in or not opposed to the best interest of the Company (without an intent to gain, directly or indirectly,

a profit to which you were not legally entitled) and except that Cause shall not mean bad judgment or negligence other than habitual neglect of duty; or (H) any other act or failure to act or other conduct which is determined by the Compensation Committee of the Board, in its sole discretion, to be demonstrably and materially injurious to the Company, monetarily or otherwise.

For purposes of this Agreement, “Good Reason” means any of the following, in each case, without your consent: (a) a reduction of 20% or more of your annual base salary as in effect on the Effective Date or as the same may be increased from time to time, or (b) a relocation of the geographic location of your principal place of employment by more than 50 miles from the principal place of business.

The occurrence of an event that would otherwise constitute Good Reason will cease to be an event constituting Good Reason, if you do not timely provide notice to the Company within thirty (30) days of the date on which you first become aware of the occurrence of that event. The Company shall have fifteen (15) days following receipt of your written notice in which to correct in all material respects the circumstances constituting Good Reason, and you must terminate employment within thirty (30) days following expiration of the Company’s fifteen (15)-day cure period. Otherwise, any claim of such circumstances constituting “Good Reason” shall be deemed irrevocably waived by you.

For purposes of this Agreement, “Affiliate” means with respect to any person, any other person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the person in question. As used herein, the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.

2. **Release of Claims.** In exchange for the promises of the Company set forth in this Agreement, the sufficiency of which you acknowledge, you, with the intention of binding yourself and your heirs, executors, administrators and assigns, do hereby release, remise, acquit and forever discharge the Company, its present and former officers, directors, executives, shareholders, agents, attorneys, employees and employee benefit plans (and the fiduciaries thereof), and the successors, predecessors and assigns of each of the foregoing (collectively, the “Company Released Parties”), of and from any and all claims, actions, causes of action, complaints, charges, demands, rights, damages, debts, sums of money, accounts, financial obligations, suits, expenses, attorneys’ fees and liabilities of whatever kind or nature in law, equity or otherwise, whether accrued, absolute, contingent, unliquidated or otherwise and whether now known or unknown, suspected or unsuspected, which you, individually or as a member of a class, now has, owns or holds, or has at any time heretofore had, owned or held, arising on or prior to the date hereof, against any Company Released Party; provided that this Section 4 shall not waive existing rights to (i) accrued and vested compensation or benefits, (ii) any claims or rights arising after you sign this Agreement that you may have in your capacity as a stockholder of the Company or to

payments or benefits under any equity award agreement between you and the Company, or (iii) indemnity for acts taken in your capacity as an officer of the Company.

3. **Taxes.** The Company may withhold from any and all amounts payable to you hereunder such federal, state and local taxes as the Company determines in its sole discretion may be required to be withheld pursuant to any applicable law or regulation.

4. **No Right to Continued Employment.** Nothing in this Agreement will confer upon you any right to continued employment with the Company (or its subsidiaries or their respective successors) or to interfere in any way with the right of the Company (or its subsidiaries or their respective successors) to terminate your employment at any time.

5. **Other Benefits.** The Retention Bonus is a special payment to you and will not be taken into account in computing the amount of salary or compensation for purposes of determining any bonus, incentive, pension, retirement, death or other benefit under any other bonus, incentive, pension, retirement, insurance or other employee benefit plan of the Company, unless such plan or agreement expressly provides otherwise.

6. **No Assignments; Successors.** This Agreement is personal to each of the parties hereto. Except as provided in this paragraph, no party may assign or delegate any right or obligation hereunder without first obtaining the written consent of the other party hereto. The Company may assign this Agreement to any successor to all or substantially all of the business and/or assets of the Company; provided that the Company will require such successor to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

7. **Effectiveness.** This Agreement shall be effective March 7, 2018.

8. **Governing Law.** This Agreement will be governed by, and construed under and in accordance with, the internal laws of the State of Colorado, without reference to rules relating to conflicts of laws.

9. **No Unauthorized Use or Disclosure.** For purposes of this Section 9, "Company" shall include the Company and each of its Affiliates. The term "Confidential Information" shall mean any and all confidential or proprietary information and materials, as well as all trade secrets, belonging to the Company. Confidential Information includes, regardless of whether such information or materials are expressly identified or marked as confidential or proprietary, and whether or not patentable: (1) technical information and materials of the Company; (2) business information and materials of the Company; (3) any information or material that gives the Company an advantage with respect to its competitors by virtue of not being known by those competitors; and (4) other valuable, confidential information and materials and/or trade secrets of the Company. All Confidential Information shall be the sole and exclusive property of the Company.

You agree to preserve and protect the confidentiality of all Confidential Information. You agree that you will not, at any time during your term of employment or thereafter, make any unauthorized disclosure of Confidential Information, or make any use thereof, except, in each case, in the carrying out your responsibilities to the Company. You further agree to preserve and protect the confidentiality of all confidential information of third parties provided to the Company by such third parties with an expectation of confidentiality. You shall use commercially reasonable efforts to cause all persons or entities to whom any Confidential Information shall be disclosed by you hereunder to preserve and protect the confidentiality of such Confidential Information. You shall have no obligation hereunder to keep confidential any Confidential Information if and to the extent disclosure thereof is specifically required by applicable laws; provided, however, that in the event disclosure is required by applicable laws and you are making such disclosure, you shall provide the Company with prompt notice of such requirement prior to making any such disclosure, so that the Company may seek an appropriate protective order.

Nothing in this Agreement will prevent you from: (a) making a good faith report of possible violations of applicable law to any governmental agency or entity; or (b) making disclosures that are protected under the whistleblower provisions of applicable law.

10. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

11. **Entire Agreement; Amendment.** This Agreement constitutes the entire agreement between you and the Company with respect to the Retention Bonus and supersedes any and all prior agreements or understandings between you and the Company with respect to the Retention Bonus, whether written or oral. This Agreement may be amended or modified only by a written instrument executed by you and the Company.

12. **Section 409A Compliance.** Although the Company does not guarantee the tax treatment of the Retention Bonus, the intent of the parties is that the Retention Bonus be exempt from the requirements of Section 409A of the Internal Revenue Code and the regulations and guidance promulgated thereunder, and accordingly, to the maximum extent permitted, this Agreement shall be interpreted in a manner consistent therewith.

This Agreement is intended to be a binding obligation on you and the Company. If this Agreement accurately reflects your understanding as to the terms and conditions of the Retention Bonus, please sign and date one copy of this Agreement no later than March 9, 2018 and return the same to me for the Company's records. You should make a copy of the executed Retention Bonus Agreement for your records.

Very truly yours,

WESTMORELAND COAL COMPANY

The above terms and conditions accurately reflect our understanding regarding the terms and conditions of the Retention Bonus, and I hereby confirm my agreement to the same.

Signature

Dated:

Print Name

Print Title



**Westmoreland Tightens 2017 Adjusted EBITDA and Free Cash Flow Guidance;
Commits to Running Coal Valley with Favorable Economics Secured;
Engages Restructuring Advisers to Develop Options for Consolidated Capital
Structure Improvement**

Englewood, CO – March 7, 2018 - Westmoreland Coal Company (Nasdaq:WLB) today stated that it expects 2017 adjusted EBITDA to be near the high end of its previously issued range of \$250 to \$270 million and for free cash flow to be in the middle of the previously issued guidance range of \$90 to \$115 million.

“Our team remained focused on operations and ensured we met our adjusted EBITDA and free cash flow expectations for the year,” said Michael Hutchinson, Interim Chief Executive Officer. “As we entered 2018, we reassessed our Coal Valley strategy and seized the opportunity to lock in favorable economics. On the strength of Newcastle pricing, we secured positive Coal Valley EBITDA and cash flow for 2018 through locked-in offtake commitments and secured rail and port contracts for the large majority of our production this year.”

Gary Kohn, Chief Financial Officer, commenting on the capital structure activities noted, “While our efforts on both the MLP and San Juan debt continue, we are now diligently working on the next step in our capital structure improvement process: a holistic solution for all of Westmoreland. Accordingly, we have engaged advisers, Alvarez & Marsal and Centerview Partners, to assist us in the evaluation of all options available to us to improve our overall balance sheet health.”

About Westmoreland Coal Company

Westmoreland Coal Company is the oldest independent coal company in the United States. Westmoreland’s coal operations include surface coal mines in the United States and Canada, underground coal mines in Ohio and New Mexico, a char production facility, and a 50% interest in an activated carbon plant. Westmoreland also owns the general partner of and a majority interest in Westmoreland Resource Partners, LP, a publicly-traded coal master limited partnership (NYSE:WMLP). For more information, visit www.westmoreland.com.

Notes:

Unaudited financial data for the full year ended December 31, 2017, as presented above are preliminary, based upon good faith estimates and subject to completion of Westmoreland’s financial closing procedures. Westmoreland has provided ranges for its expectations described above because its financial reporting closing procedures are not yet complete. While the Company expects its final financial results for full year ended December 31, 2017, following the completion of its financial closing procedures, will be within the ranges described above, actual results may differ materially from these estimates as a result of the completion of Westmoreland’s financial closing procedures as well as final adjustments and other developments that may arise between now and the time that its financial results for the full year are finalized. All of the data presented above has been prepared by and is the responsibility of management. This summary is not a comprehensive statement of Westmoreland’s financial results. Adjusted EBITDA and free cash flow are non-GAAP financial measures. Adjusted EBITDA excludes from net income the

effects of income tax expense and benefit; interest income and expense; depreciation, depletion and amortization; accretion of asset retirement obligations; amortization of intangible assets and liabilities; and certain other non-recurring or non-cash items including advisory fees paid to advisors related to the Company's capital structure review; gains and losses on foreign exchange; losses on impairments; acquisition-related costs; customer payments received under loan and lease receivables; derivative gains and losses; gains and losses on the sale or disposal of assets and other adjustments; and share-based compensation. Free cash flow is calculated as net cash provided by or used in operating activities less cash paid for property, plant and equipment, plus net customer payments received under loan and lease receivables. Reconciliations to 2017 GAAP net income or net cash provided by operating activities have not been provided because doing so would require an unreasonable effort due to the nature of providing a range of possible outcomes for such results, which inherently involves a level of variability and complexity for the adjusting items that would be excluded from the non-GAAP financial measures. Further, final GAAP figures are still under audit review and any changes arising from the audit could provide additional variability as to the final calculations of these items. When planning, forecasting and analyzing its business, for periods for which final results are unavailable, Westmoreland does so primarily on a non-GAAP basis without preparing a GAAP analysis as that would require estimates for reconciling items which are inherently difficult to predict with reasonable accuracy.

For further information please contact:

Gary Kohn, Chief Financial Officer
1-720-354-4467
gkohn@westmoreland.com

Cautionary Note Regarding Forward-Looking Statements

Forward-looking statements contained in this news release are based on Westmoreland's current expectations and assumptions regarding its business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual results may differ materially from those contemplated by the forward-looking statements.

Westmoreland cautions you against relying on any of these forward-looking statements. They are statements neither of historical fact nor guarantees or assurances of future performance. Possible events or factors that could cause actual results or performance to differ materially from those anticipated in our forward-looking statements include, but are not limited to the following:

- our substantial level of indebtedness and our ability to adhere to financial covenants related to our borrowing arrangements;
- our ability to successfully manage the upcoming maturities of the Revolver and the WMLP Term Loan;
- the effect of legal and administrative proceedings, settlements, investigations and claims, including any related to citations and orders issued by regulatory authorities, and the availability of related insurance coverage;
- existing and future legislation and regulation affecting both our coal mining operations and our customers' coal usage, governmental policies and taxes, including those aimed at reducing emissions of elements such as mercury, sulfur dioxides, nitrogen oxides, particulate matter or greenhouse gases;
- the effect of the Environmental Protection Agency's and Canadian and provincial governments' inquiries and regulations on the operations of the power plants to which we provide coal;

- Alberta's Climate Leadership Plan to phase out coal-fired electricity generation by 2030;
- changes in our post-retirement medical benefit and pension obligations and the impact of the recently enacted healthcare legislation on our employee health benefit costs;
- inaccuracies in our estimates of our coal reserves;
- our potential inability to expand or continue current coal operations due to limitations in obtaining bonding capacity for new mining permits, and/or increases in our mining costs as a result of increased bonding expenses;
- the effect of prolonged maintenance or unplanned outages at our operations or those of our major power generating customers;
- the inability to control costs, recognize favorable tax credits and/or receive adequate train traffic at our open market mine operations;
- competition within our industry and with producers of competing energy sources;
- our relationships with, and other conditions affecting, our customers, including how power prices affect our customers' decision to run their plants;
- seasonal variations and inclement weather, which may cause fluctuations in our operating results, profitability, cash flow and working capital needs related to our operating segments;
- the availability and costs of key supplies or commodities, such as diesel fuel, steel and explosives;
- potential title defects or loss of leasehold interests in our properties, which could result in unanticipated costs or an inability to mine the properties;
- other factors that are described under the heading "Risk Factors" found in our reports filed with the Securities and Exchange Commission, including our Annual Reports on Form 10-K and our Quarterly Reports on Form 10-Q.

Any forward-looking statements made by Westmoreland in this news release speak only as of the date on which it was made. Westmoreland undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise, except as may be required by law.