

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Westmoreland Coal Company		2 Issuer's employer identification number (EIN) 23-1128670	
3 Name of contact for additional information Russell Werner	4 Telephone No. of contact 855-922-6463	5 Email address of contact rwerner@westmoreland.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 9540 S. Maroon Circle #200		7 City, town, or post office, state, and Zip, code of contact Englewood, CO 80112	
8 Date of action See Part II, #14	9 Classification and description Preferred Stock		
10 CUSIP number 960878304	11 Serial number(s)	12 Ticker symbol WLBZ	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶

The Company declared dividends on September 7, 2012, payable on October 1, 2012 to holders of record as of September 20, 2012 on its Preferred Stock.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶

**The cash dividends declared are to be treated as non-dividend distributions for federal income tax purposes.
 The amount per preferred share is \$2.125.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶

The change in the stockholder's basis is based on the amount of each distribution that does not come from either accumulated or current earnings and profits ("E&P"). The amount not coming from accumulated or current E&P is a non-dividend distribution.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
IRC Sect 301(c)(2) and IRC Sect 301(c)(3)

18 Can any resulting loss be recognized? ▶
The tax treatment of the non-dividend distributions needs to be determined by each shareholder in consultation with his/her tax advisor.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *RM Werner* Date ▶ 10-4-12

Print your name ▶ Russell Werner Title ▶ Corporate Controller

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>Tamara Rash</u>	<u><i>Tamara Rash</i></u>	<u>10/4/12</u>		<u>P00798670</u>
	Firm's name ▶ <u>Experis Finance US LLC</u>			Firm's EIN ▶	<u>39-1845657</u>
	Firm's address ▶ <u>1125 Seventeenth Street, Denver, CO 80202</u>			Phone no.	<u>303-298-1786</u>