

Form 5500-SF Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Short Form Annual Return/Report of Small Employee Benefit Plan This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500-SF.	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 01/01/2010 and ending 12/31/2010	
A This return/report is for:	☒ single-employer plan ☐ multiple-employer plan (not multiemployer) ☐ one-participant plan
B This return/report is for:	☐ first return/report ☐ final return/report ☐ an amended return/report ☐ short plan year return/report (less than 12 months)
C Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan PENSION PLAN FOR MAINTENANCE SHOP AND CONTAINER YARD EMPLOYEES OF HORIZON LINES, LLC	1b Three-digit plan number (PN) ▶ 003
	1c Effective date of plan 01/01/2002
2a Plan sponsor's name and address (employer, if for single-employer plan) HORIZON LINES, LLC 1601 SAND ISLAND PARKWAY HONOLULU, HI 96819	2b Employer Identification Number (EIN) 56-2098440
	2c Plan sponsor's telephone number 808-842-1515
	2d Business code (see instructions) 483000
3a Plan administrator's name and address (if same as Plan sponsor, enter "Same") HORIZON LINES, LLC 1601 SAND ISLAND PARKWAY HONOLULU, HI 96819	3b Administrator's EIN 56-2098440
	3c Administrator's telephone number 808-842-1515
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. Sponsor's name	4b EIN 4c PN
5a Total number of participants at the beginning of the plan year	5a 33
b Total number of participants at the end of the plan year	5b 33
c Total number of participants with account balances as of the end of the plan year (defined benefit plans do not complete this item)	5c
6a Were all of the plan's assets during the plan year invested in eligible assets? (See instructions.)	☒ Yes ☐ No
b Are you claiming a waiver of the annual examination and report of an independent qualified public accountant (IQPA) under 29 CFR 2520.104-46? (See instructions on waiver eligibility and conditions.)	☒ Yes ☐ No
If you answered "No" to either 6a or 6b, the plan cannot use Form 5500-SF and must instead use Form 5500.	

Part III	Financial Information
7 Plan Assets and Liabilities	
a Total plan assets	7a (a) Beginning of Year 3559221 (b) End of Year 4292402
b Total plan liabilities	7b 0 0
c Net plan assets (subtract line 7b from line 7a)	7c 3559221 4292402
8 Income, Expenses, and Transfers for this Plan Year	
a Contributions received or receivable from:	(a) Amount (b) Total
(1) Employers	8a(1) 404947
(2) Participants	8a(2) 0
(3) Others (including rollovers)	8a(3) 0
b Other income (loss)	8b 375711
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	8c 780658
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	8d 47477
e Certain deemed and/or corrective distributions (see instructions)	8e 0
f Administrative service providers (salaries, fees, commissions)	8f 0
g Other expenses	8g 0
h Total expenses (add lines 8d, 8e, 8f, and 8g)	8h 47477
i Net income (loss) (subtract line 8h from line 8c)	8i 733181
j Transfers to (from) the plan (see instructions)	8j 0

Part IV Plan Characteristics**9a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1B 1G 3H

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

		Yes	No	Amount
10	During the plan year:			
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)		X	
b	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)		X	
c	Was the plan covered by a fidelity bond?	X		5000000
d	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
e	Were any fees or commissions paid to any brokers, agents, or other persons by an insurance carrier, insurance service or other organization that provides some or all of the benefits under the plan? (See instructions.)		X	
f	Has the plan failed to provide any benefit when due under the plan?		X	
g	Did the plan have any participant loans? (If "Yes," enter amount as of year end.)		X	
h	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
i	If 10h was answered "Yes," check the box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3			

Part VI Pension Funding Compliance**11** Is this a defined benefit plan subject to minimum funding requirements? (If "Yes," see instructions and complete Schedule SB (Form 5500))..... ☒ Yes ☐ No**12** Is this a defined contribution plan subject to the minimum funding requirements of section 412 of the Code or section 302 of ERISA? .. ☐ Yes ☒ No
(If "Yes," complete 12a or 12b, 12c, 12d, and 12e below, as applicable.)**a** 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 letter ruling granting the waiver. Month _____ Day _____ Year _____**If you completed line 12a, complete lines 3, 9, and 10 of Schedule MB (Form 5500), and skip to line 13.**

b Enter the minimum required contribution for this plan year.....	12b	
c Enter the amount contributed by the employer to the plan for this plan year.....	12c	
d Subtract the amount in line 12c from the amount in line 12b. Enter the result (enter a minus sign to the left of a negative amount)	12d	
e Will the minimum funding amount reported on line 12d be met by the funding deadline?.....	☐ Yes ☐ No ☐ N/A	

Part VII Plan Terminations and Transfers of Assets**13a** Has a resolution to terminate the plan been adopted during the plan year or any prior year? ☐ Yes ☒ NoIf "Yes," enter the amount of any plan assets that reverted to the employer this year..... **13a** **b** Were all the plan assets distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC? ☐ Yes ☒ No**c** 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.)

13c(1) Name of plan(s):	13c(2) EIN(s)	13c(3) PN(s)

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, if applicable, a Schedule SB or Schedule MB completed and signed by an enrolled actuary, 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.	10/13/2011	ERIC BEDE
	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

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	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

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>PENSION PLAN FOR MAINTENANCE SHOP AND CONTAINER YARD EMPLOYEES OF HORIZON LINES, LLC</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>HORIZON LINES, LLC</u>	D Employer Identification Number (EIN) <u>56-2098440</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☒ 100 or fewer ☐ 101-500 ☐ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2010</u>
2	Assets:
a	Market value 2a <u>3557094</u>
b	Actuarial value 2b <u>3490848</u>
3	Funding target/participant count breakdown
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>2</u> <u>242461</u>
b	For terminated vested participants 3b <u>5</u> <u>254150</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>189727</u>
(2)	Vested benefits 3c(2) <u>3192381</u>
(3)	Total active 3c(3) <u>26</u> <u>3382108</u>
d	Total 3d <u>33</u> <u>3878719</u>
4	If the plan is at-risk, check the box and complete items (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>6.75</u> %
6	Target normal cost 6 <u>337034</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/07/2011</u>
Signature of actuary	Date
<u>MISTY LAM, EA, MSPA, MAAA</u>	<u>11-06737</u>
Type or print name of actuary	Most recent enrollment number
<u>BUCK CONSULTANTS, LLC</u>	<u>808-533-6002</u>
Firm name	Telephone number (including area code)
<u>1001 BISHOP ST. SUITE 700</u> <u>HONOLULU, HI 96813-3696</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2010
v.092308.1

Part II	Beginning of year carryover and prefunding balances	(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9	Amount remaining (Item 7 minus item 8).....	0	0
10	Interest on item 9 using prior year's actual return of <u>22.68</u> %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		372285
b	Interest on (a) using prior year's effective rate of <u>7.97</u> %		29671
c	Total available at beginning of current plan year to add to prefunding balance		401956
d	Portion of (c) to be added to prefunding balance.....		0
12	Reduction in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	0	0

Part III	Funding percentages		
14	Funding target attainment percentage.....	14	90.00 %
15	Adjusted funding target attainment percentage.....	15	90.00 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	106.93 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls						
18 Contributions made to the plan for the plan year by employer(s) and employees:							
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees		
07/15/2010	84456						
10/22/2010	85674						
04/15/2011	94050						
07/15/2011	94050						
09/15/2011	46717						
			Totals ►	18(b)	404947	18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:			
a	Contributions allocated toward unpaid minimum required contribution from prior years.....	19a	0
b	Contributions made to avoid restrictions adjusted to valuation date	19b	0
c	Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	376199
20 Quarterly contributions and liquidity shortfalls:			
a	Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No	
b	If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No	
c	If 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 %	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	337034
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	232722	39165
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	376199
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	0	0
36 Additional cash requirement (item 34 minus item 35).....	36	376199
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	376199
38 Interest-adjusted excess contributions for current year (see instructions).....	38	0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, line 22 – Description of Weighted Average Retirement Age

The assumed retirement age is the plan's normal retirement age (age 62).

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, line 25 – Change in Method

- o The interest rate used for funding purposes was changed effective January 1, 2010 from full yield curve interest rates with a 2-month lookback to 3-segment interest rates with a 4-month lookback. This change receives automatic IRS approval in accordance with final regulations under IRC §430.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
 EIN: 56-2098440; PN: 003
 Schedule SB, line 32 – Schedule of Amortization Bases

Date Established	Initial Amount	Remaining Installments	Shortfall Amortization Installment	Present Value of Remaining Installments as of January 1, 2010
January 1, 2010	232,722	7	<u>39,165</u>	<u>232,722</u>
Total charge			\$ 39,165	\$ 232,722

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB Notes for 2010 Plan Year

In preparing Schedule SB, the actuary relied on the following information provided by other parties:

- (a) Contribution information as provided by plan sponsor.
- (b) Financial information as provided by the trustee.
- (c) Data on people covered by the Plan and compensation information, as provided by the plan sponsor. While not verifying the data at the source, the actuary performed tests for consistency and reasonability.
- (d) Information on the Plan provisions, as provided by the plan sponsor.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, line 26 – Schedule of Active Participant Data

Attained Age	Years of Credited Service									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	0	1	0	0	0	0	0	0	0	0
35 to 39	0	1	2	1	1	0	0	0	0	0
40 to 44	0	0	0	0	1	1	0	0	0	0
45 to 49	0	2	0	0	3	2	0	0	0	0
50 to 54	0	0	0	2	1	0	2	0	0	0
55 to 59	0	0	0	1	0	0	2	0	1	0
60 to 64	0	0	0	0	1	1	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0
Total	0	4	2	4	7	4	4	0	1	0

Average compensation not shown since the plan has less than 1000 active participants.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, line 24 – Change in Actuarial Assumptions

- o Assumptions for the election of optional forms or payment were clarified to better reflect actual and expected plan experience.

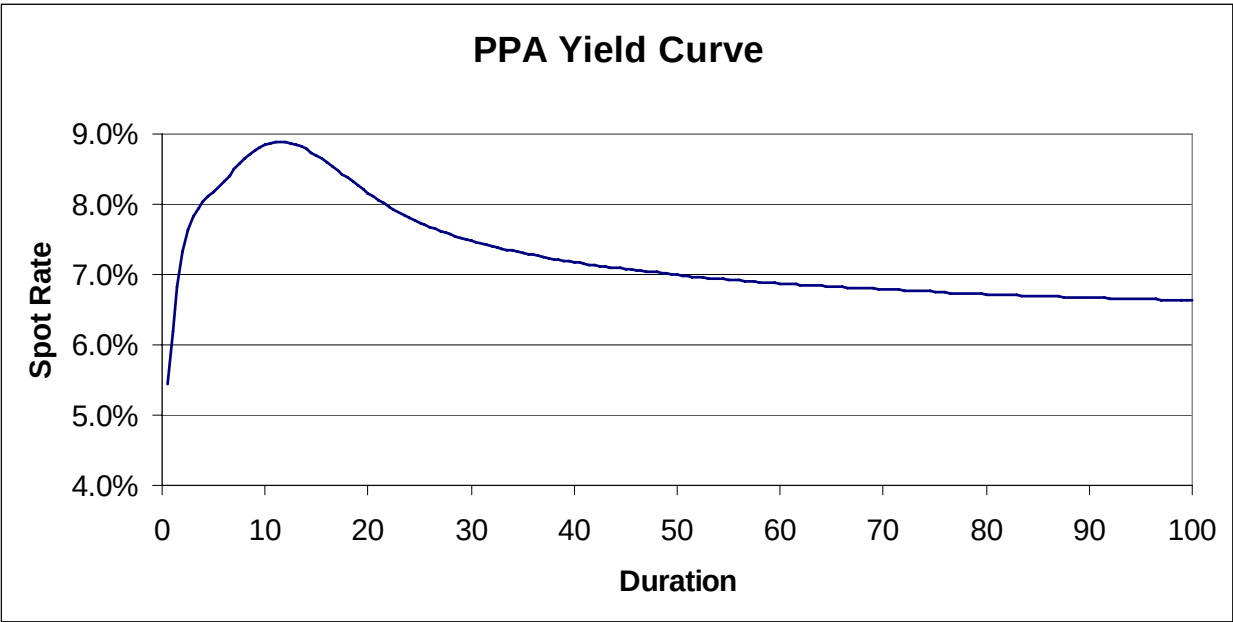
Prescribed Funding Assumptions and Methods

Funding interest rates

Current Year:	Segment Rates with 4-month lookback:	
	First Segment Rate	5.03%
	Second Segment Rate	6.73%
	Third Segment Rate	6.82%
	Effective Interest Rate	6.75%

Prior Year:

IRS Yield Curve for applicable month that is 2 months prior to the valuation date (i.e., for November, derived from daily yield curves during October). All interest rates are compounded annually.



Sample Rates:	Year	Rate	Year	Rate
	1	5.45%	35	7.32%
	2	6.83%	40	7.19%
	3	7.64%	45	7.09%
	4	7.95%	50	7.00%
	5	8.11%	55	6.94%
	6	8.25%	60	6.88%
	7	8.41%	65	6.83%
	8	8.57%	70	6.79%
	9	8.71%	75	6.76%
	10	8.81%	80	6.73%
	15	8.74%	85	6.70%
	20	8.22%	90	6.67%
	25	7.77%	95	6.65%
	30	7.50%	100	6.63%

Effective Interest Rate of Yield Curve 7.97%

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Statement of Actuarial Assumptions/ Methods

Prescribed Funding Assumptions and Methods (continued)

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, using the blended annuitant/non-annuitant table applicable to small plans.

Actuarial cost method

The Funding Target is the present value of accrued benefits and based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year and including expected administrative expenses to be paid from plan assets during the year.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

N/A.

Expenses

Prior year's actual administrative expenses are added to the Target Normal Cost (\$0 for 2010).

Frequency of optional payment forms

100% of single participants are assumed to elect a Single Life Annuity. 100% of married participants are assumed to elect an unreduced 50% Joint and Survivor Annuity.

Marital percentage

88% of participants are assumed to be married at death. Husbands are assumed to be 3 years older than their wives.

Mortality table

The mortality table is applied on a static basis. A blended annuitant and non-annuitant table was used.

Retirement rates

Age 62, or attained age if greater.

Disability rates

None.

Non-Prescribed Funding Assumptions and Methods (continued)

Withdrawal rates ¹

None.

Asset valuation method

The Actuarial Value of Assets is market value as of the valuation date, including discounted receivable contributions, reduced by 2/3 of the gain/(loss) for the immediately preceding plan year and reduced by 1/3 of the gain/(loss) for the next immediately preceding plan year. The gain/(loss) for each period is determined as the actual return during the period less the expected return based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value, including discounted receivable contributions.

The expected return on plan assets is 7.50% per annum, limited by PPA to the applicable third segment rate as follows:

2009 measurement periods:	6.69%
2008 measurement periods:	6.43%

Summary of Changes from the January 1, 2009 Valuation

- o The frequency of optional payment forms assumption was changed from 50% assumed to elect a Single Life Annuity and 50% assumed to elect an unreduced 50% Joint and Survivor Annuity to 100% of single participants assumed to elect a Single Life Annuity and 100% of married participants assumed to elect a unreduced 50% Joint and Survivor Annuity to better anticipate plan experience.
- o The mortality tables used for funding purposes were updated with projections specified by IRS Regulation 1.430(h)(3)-1.
- o The interest rate used for funding purposes was changed effective January 1, 2010 from full yield curve interest rates with a 2-month lookback to 3-segment interest rates with a 4-month lookback. This change receives automatic IRS approval in accordance with final regulations under IRC §430.

¹ For active participants not eligible for retirement.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Effective Date: January 1, 2002. Amended through September 15, 2009.

Eligibility to Participate:

Employees who have completed one Year of Service whose terms and conditions of employment are subject to or covered by the collective bargaining agreement with respect to maintenance shop or container yard employees between Horizon Lines, LLC and the ILWU Local 142. However, an eligible employee on January 1, 2002 who was a member of the Retirement Plan for Maintenance Shop Employees of Hawaii Stevedores, Inc. ("Former Plan") on December 2, 2001 became a member of this Plan on January 1, 2002.

Service:

Credited Vesting Service - One year of Credited Vesting Service is earned for the twelve-month period commencing on an employee's hire date and each anniversary thereof. In addition, Credited Vesting Service includes all vesting service prior to January 1, 2002 credited under the Former Plan.

Credited Benefit Service - One-twelfth of a year of Credited Benefit Service is earned for each month of employment in which the member is eligible to participate in the Plan and had at least one Hour of Service. In addition, all benefit service credited under the Former Plan is included, as well as the month of December 2001 in the case of a member who had at least one Hour of Service during that month and was eligible at January 1, 2002.

Normal Retirement:

Eligibility - Age 62.

Amount of Benefit - The monthly benefit is equal to the greater of (1) and (2) below:

- (1) Basic Retirement Income - $\frac{1}{12}$ of 1% of compensation during Credited Benefit Service prior to January 1, 2004.
- (2) Minimum Retirement Income - Years of Credited Benefit Service (up to maximum amounts specified in the plan) times the benefit level in effect on the earlier of the employee's retirement or termination of covered employment. For active members who retire on or after January 1, 2002 and prior to July 1, 2008, the maximum Credited Benefit Service for this benefit is 35 years, and the benefit level is \$100.00 from July 1, 2002 through June 30, 2003; \$105.00 from July 1, 2003 through June 30, 2004; \$110.00 from July 1, 2004 through June 30, 2005; \$115.00 from July 1, 2005 through June 30, 2006; \$125.00 from July 1, 2006 through June 30, 2007; and \$150.00 from July 1, 2007 through June 30, 2008. For active members who retire on or after July 1, 2008, the maximum Credited Benefit Service for this benefit is 37 years, and the benefit level is \$160.00 from July 1, 2008 through June 30, 2009; \$165.00 from July 1, 2009 through June 30, 2012; \$170.00* from July 1, 2012 through June 30, 2013; and \$180.00* thereafter (* not reflected in calculation of funding target and target normal cost for members not yet eligible for retirement in 2010).

Benefits are based on total service recognized by the bargaining agreement and are net of benefits payable from the Former Plan for any of that service.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Time and Form of Payment - The normal form of benefit is a life annuity payable beginning on the first of the month coincident with or next following eligibility for normal retirement. The automatic form of payment for a married member is an unreduced 50% joint and survivor benefit. For retirements on or after July 1, 2011, the automatic form of payment for a married member is an unreduced 60% joint and survivor benefit (not reflected in calculation of funding target and target normal cost for 2010 valuation).

Supplemental Normal Retirement Benefit:

Eligibility - Retirement from active service after age 55 and before age 65. If retirement from active service on or after July 1, 2008, after age 55 and before Social Security full retirement age.

Amount of Benefit - If age 62 or over, \$200 per month. If under age 62, \$200 per month actuarially reduced for early retirement. If retirement occurs on or after July 1, 2008, \$300 per month; if under age 62, \$300 per month reduced for early retirement.

Time and Form of Benefit - Payable from date of retirement to the earlier of age 65 or death. If retired on or after July 1, 2008, payable from date of retirement to the earlier of Social Security full retirement age or death; if member retires with 25 or more years of Credited Benefit Service, payable to survivor to the earlier of the date member would have reached Social Security full retirement age or survivor's death.

Early Retirement:

Eligibility - Age 55.

Amount of Benefit - For employees who retire after age 60, or employees who complete 5 or more years of Credited Vesting Service, benefits are the same as for Normal Retirement, but are reduced five-twelfths of 1% for each month by which the Early Retirement Date precedes the Normal Retirement Date. For employees who retire before age 60 or before completing 5 years of Credited Vesting Service, benefits are equal to the Basic Retirement Income only, reduced by five-twelfths of 1% for each month by which the Early Retirement Date precedes the Normal Retirement Date.

Time and Form of Payment - Normal form of payment is a life annuity beginning on any first of the month coincident with or following eligibility for Early Retirement. As for Normal Retirement, the automatic form for married members is an unreduced 50% joint and survivor benefit. For retirements on or after July 1, 2011, the automatic form of payment for a married member is an unreduced 60% joint and survivor benefit (not reflected in calculation of funding target and target normal cost for 2010 valuation).

Deferred Retirement:

Eligibility - Any time after eligibility for Normal Retirement.

Amount of Benefit - Benefits are the same as for Normal Retirement, using Compensation and Credited Benefit Service earned up to the Deferred Retirement Date.

Time and Form of Payment - Normal form of payment is a life annuity beginning on any first of the month following eligibility for Normal Retirement. As for Normal Retirement, the automatic form for married members is an unreduced 50% joint and survivor benefit. For retirements on or after July 1, 2011, the automatic form of payment for a married member is an unreduced 60% joint and survivor benefit (not reflected in calculation of funding target and target normal cost for 2010 valuation).

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Termination:

Eligibility - 5 years of Credited Vesting Service to be vested in accrued benefit. A benefit based on the Basic Retirement Income (if applicable) is available after 3 years of Credited Vesting Service.

Amount of Benefit - If an employee completes at least 5 years of Credited Vesting Service or terminates after age 60, the amount of the termination benefit is the same as that earned under the Normal Retirement benefit; otherwise, the benefit is limited to the Basic Retirement Income (if applicable).

Time and Form of Payment - Normal form of payment for the termination benefit is a life annuity beginning at Normal Retirement age. The automatic form for a married member is a reduced 50% joint and survivor benefit. The member may elect to receive the termination benefit starting any time after eligibility for Early Retirement, but the benefit will be reduced 5/9% for each of the first 60 months by which early retirement precedes age 62 and 5/18% for each month over 60.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Pre-Retirement Death:

Eligibility - Eligible for a vested benefit or retirement, and married at least one year at time of death.

Amount of Benefit -

(1) If active, age 59 with 25 years of Credited Benefit Service: 50% of the Normal Retirement Benefit. If death occurs on or after July 1, 2011, 60% of the Normal Retirement Benefit reduction (not reflected in calculation of funding target and target normal cost for 2010 valuation).

(2) (a) If active, not eligible for benefit in (1) above, and either
(b) with at least 5 years of Credited Vesting Service and age 55, or
(c) with at least 5 years of Credited Vesting Service and with 25 years of Credited Benefit Service:

50% of Normal Retirement Benefit, reduced 5/12 of 1% for each month before age 62, subject to a maximum 35% reduction. If death occurs on or after July 1, 2011, 60% of Normal Retirement benefit, reduced 5/12 of 1% for each month before age 62, subject to a maximum 35% reduction (not reflected in calculation of funding target and target normal cost for 2010 valuation).

(3) If active, age 55 but not eligible for benefits in (1) or (2) above: 50% of Basic Retirement Income, reduced 5/12 of 1% for each month before age 62. If death occurs on or after July 1, 2011, 60% of Basic Retirement Income, reduced 5/12 of 1% for each month before age 62 (not reflected in calculation of funding target and target normal cost for 2010 valuation).

(4) (a) If active, with at least 3 years of Credited Vesting Service, but not eligible for benefits in (1), (2), or (3) above, or
(b) if a terminated vested member:

50% of the reduced 50% Joint & Survivor Early Retirement Benefit that would have been in effect had the member terminated on the date of death (and, if under age 55, survived to age 55). The spouse would receive the benefit only if coverage was elected. The charge for this coverage is a benefit reduction of .02% for each month of coverage between age 35 and 55, and .0625% for each month of coverage between age 55 and earlier of retirement or death.

Time and Form of Payment - The death benefit will be paid for the life of the spouse. Payment will begin on the first of the month next following the employee's death, except in (4) where payments begin when the member would have reached age 55, if later.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Disability:

Eligibility - After six months of disability and determination that the employee is permanently and continuously disabled and unable to perform work for the Company within the Bargaining Unit and is not receiving any other disability benefits from the Company or any worker's compensation.

Amount of Benefit - The greater of the Normal Retirement Benefit earned to Disability Retirement Date, unreduced for early commencement of benefits, or \$125.00 per month.

Form of Benefit - Normal form of payment is a life annuity commencing after six months of disability and a determination of eligibility. The automatic form for married members is an unreduced 50% joint and survivor benefit.

Forms of Payment:

- Single Life annuity
- Unreduced 50% Joint and Survivor annuity for married members who retire from active service
- 50% Joint and Survivor annuity
- 75% Joint and Survivor annuity
- 100% Joint and Survivor annuity
- Repatriation benefit for employees hired prior to 1/1/1950
- Lump Sum payment for disability retirement
- Automatic lump sum payment of up to \$5,000

Actuarial Equivalence:

The member's life annuity is converted into an actuarially equivalent optional form of payment using (except for lump sums) the Unisex Pension 1984 Mortality Table set back two years for members and seven years for contingent annuitants and an interest rate of 6.5% per year.

The lump sum form of payment is calculated as the present value of the accrued benefit payable at Normal Retirement Date (or actual retirement date, if later), using the Internal Revenue Code Section 417(e)(3) assumptions with a lookback month for the applicable interest rate of the November in the preceding plan year. For lump sum payments of a Disability Retirement Benefit, the present value factor applied to the monthly benefit shall not be less than 90.

The Supplemental Retirement Benefit commencing before attainment of age 62 is determined using the 1971 Group Annuity Mortality Table set back one year and an interest rate of 6.0% per year.

Summary of Changes from the January 1, 2009 Valuation

None.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

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

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan		B Three-digit plan number (PN)	003
Pens Pl for Maint Shop & Con Yd Ees of Horizon Lines, LLC			
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF		D Employer Identification Number (EIN)	
Horizon Lines, LLC		56-2098440	
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☒ 100 or fewer ☐ 101-500 ☐ More than 500	

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2010</u>			
2 Assets:			
a Market value	2a	3,557,094	
b Actuarial value	2b	3,490,848	
3 Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	2	242,461
b For terminated vested participants	3b	5	254,150
c For active participants:			
(1) Non-vested benefits	3c(1)		189,727
(2) Vested benefits	3c(2)		3,192,381
(3) Total active	3c(3)	26	3,382,108
d Total	3d	33	3,878,719
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions	4a		
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b		
5 Effective interest rate	5	6.75 %	
6 Target normal cost	6	337,034	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Misty Lam 	10/07/2011
Signature of actuary		Date
Misty Lam, EA, MSPA, MAAA		11-06737
Type or print name of actuary		Most recent enrollment number
Buck Consultants, LLC		(808) 533-6002
Firm name		Telephone number (including area code)
1001 Bishop St. Suite 700		
Honolulu HI 96813-3696		
Address of the firm		

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

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

Schedule SB (Form 5500) 2010
v.092308.1

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	0	0
8 Portion used to offset prior year's funding requirement (Item 35 from prior year)	0	0
9 Amount remaining (Item 7 minus item 8)	0	0
10 Interest on item 9 using prior year's actual return of <u>22.68</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Excess contributions (Item 38 from prior year)		372,285
b Interest on (a) using prior year's effective rate of <u>7.97</u> %		29,671
c Total available at beginning of current plan year to add to prefunding balance		401,956
d Portion of (c) to be added to prefunding balance		0
12 Reduction in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	90.00 %
15 Adjusted funding target attainment percentage	15	90.00 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	106.93 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and liquidity shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
07/15/2010	84,456				
10/22/2010	85,674				
04/15/2011	94,050				
07/15/2011	94,050				
09/15/2011	46,717				
			Totals ▶	18(b)	18(c)
				404,947	0

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 376,199

20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☐ Yes ☒ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☐ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions used to determine funding target and target normal cost			
21 Discount rate:			
a Segment rates:	1st segment: 5.03 %	2nd segment: 6.73 %	3rd segment: 6.82 % ☐ N/A, full yield curve used
b Applicable month (enter code)			21b 4
22 Weighted average retirement age			22 62
23 Mortality table(s) (see instructions) ☒ Prescribed - combined ☐ Prescribed - separate ☐ Substitute			
Part VI Miscellaneous items			
24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No			
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No			
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No			
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....			27
Part VII Reconciliation of unpaid minimum required contributions for prior years			
28 Unpaid minimum required contribution for all prior years			28 0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....			29 0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29).....			30 0
Part VIII Minimum required contribution for current year			
31 Target normal cost, adjusted, if applicable (see instructions).....			31 337,034
32 Amortization installments:	Outstanding Balance		Installment
a Net shortfall amortization installment	232,722		39,165
b Waiver amortization installment	0		0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount			33
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b - item 33).....			34 376,199
	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	0	0	0
36 Additional cash requirement (item 34 minus item 35).....			36 376,199
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....			37 376,199
38 Interest-adjusted excess contributions for current year (see instructions).....			38 0
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....			39 0
40 Unpaid minimum required contribution for all years			40 0

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB Notes for 2010 Plan Year

In preparing Schedule SB, the actuary relied on the following information provided by other parties:

- (a) Contribution information as provided by plan sponsor.
- (b) Financial information as provided by the trustee.
- (c) Data on people covered by the Plan and compensation information, as provided by the plan sponsor. While not verifying the data at the source, the actuary performed tests for consistency and reasonability.
- (d) Information on the Plan provisions, as provided by the plan sponsor.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, line 22 – Description of Weighted Average Retirement Age

The assumed retirement age is the plan's normal retirement age (age 62).

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
 EIN: 56-2098440; PN: 003
 Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

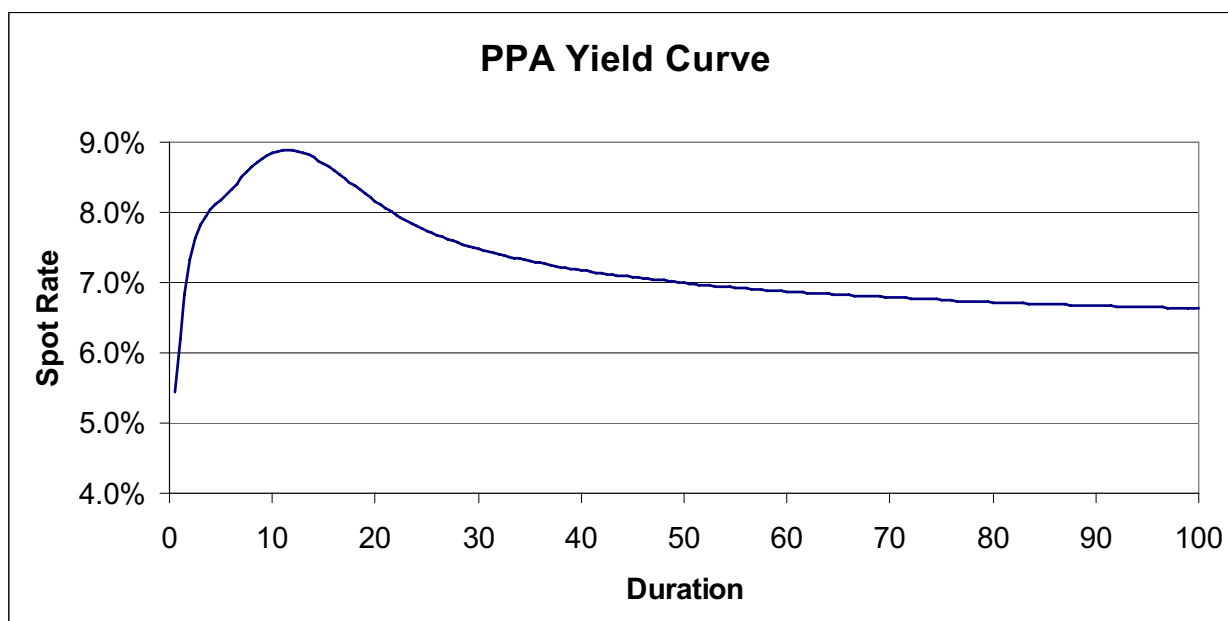
Prescribed Funding Assumptions and Methods

Funding interest rates

Current Year:	Segment Rates with 4-month lookback:	
	First Segment Rate	5.03%
	Second Segment Rate	6.73%
	Third Segment Rate	6.82%
	Effective Interest Rate	6.75%

Prior Year:

IRS Yield Curve for applicable month that is 2 months prior to the valuation date (i.e., for November, derived from daily yield curves during October). All interest rates are compounded annually.



Sample Rates:	Year	Rate	Year	Rate
	1	5.45%	35	7.32%
	2	6.83%	40	7.19%
	3	7.64%	45	7.09%
	4	7.95%	50	7.00%
	5	8.11%	55	6.94%
	6	8.25%	60	6.88%
	7	8.41%	65	6.83%
	8	8.57%	70	6.79%
	9	8.71%	75	6.76%
	10	8.81%	80	6.73%
	15	8.74%	85	6.70%
	20	8.22%	90	6.67%
	25	7.77%	95	6.65%
	30	7.50%	100	6.63%

Effective Interest Rate of Yield Curve 7.97%

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Statement of Actuarial Assumptions/ Methods

Prescribed Funding Assumptions and Methods (continued)

Mortality

Mortality tables mandated by PPA as specified in IRS Regulation 1.430(h)(3)-1, applied on a static basis, using the blended annuitant/non-annuitant table applicable to small plans.

Actuarial cost method

The Funding Target is the present value of accrued benefits and based on compensation and service to date. The Target Normal Cost is the present value of benefits expected to be accrued during the current plan year and including expected administrative expenses to be paid from plan assets during the year.

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

N/A.

Expenses

Prior year's actual administrative expenses are added to the Target Normal Cost (\$0 for 2010).

Frequency of optional payment forms

100% of single participants are assumed to elect a Single Life Annuity. 100% of married participants are assumed to elect an unreduced 50% Joint and Survivor Annuity.

Marital percentage

88% of participants are assumed to be married at death. Husbands are assumed to be 3 years older than their wives.

Mortality table

The mortality table is applied on a static basis. A blended annuitant and non-annuitant table was used.

Retirement rates

Age 62, or attained age if greater.

Disability rates

None.

Non-Prescribed Funding Assumptions and Methods (continued)

Withdrawal rates ¹

None.

Asset valuation method

The Actuarial Value of Assets is market value as of the valuation date, including discounted receivable contributions, reduced by 2/3 of the gain/(loss) for the immediately preceding plan year and reduced by 1/3 of the gain/(loss) for the next immediately preceding plan year. The gain/(loss) for each period is determined as the actual return during the period less the expected return based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value, including discounted receivable contributions.

The expected return on plan assets is 7.50% per annum, limited by PPA to the applicable third segment rate as follows:

2009 measurement periods:	6.69%
2008 measurement periods:	6.43%

Summary of Changes from the January 1, 2009 Valuation

- The frequency of optional payment forms assumption was changed from 50% assumed to elect a Single Life Annuity and 50% assumed to elect an unreduced 50% Joint and Survivor Annuity to 100% of single participants assumed to elect a Single Life Annuity and 100% of married participants assumed to elect a unreduced 50% Joint and Survivor Annuity to better anticipate plan experience.
- The mortality tables used for funding purposes were updated with projections specified by IRS Regulation 1.430(h)(3)-1.
- The interest rate used for funding purposes was changed effective January 1, 2010 from full yield curve interest rates with a 2-month lookback to 3-segment interest rates with a 4-month lookback. This change receives automatic IRS approval in accordance with final regulations under IRC §430.

¹ For active participants not eligible for retirement.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Effective Date: January 1, 2002. Amended through September 15, 2009.

Eligibility to Participate:

Employees who have completed one Year of Service whose terms and conditions of employment are subject to or covered by the collective bargaining agreement with respect to maintenance shop or container yard employees between Horizon Lines, LLC and the ILWU Local 142. However, an eligible employee on January 1, 2002 who was a member of the Retirement Plan for Maintenance Shop Employees of Hawaii Stevedores, Inc. ("Former Plan") on December 2, 2001 became a member of this Plan on January 1, 2002.

Service:

Credited Vesting Service - One year of Credited Vesting Service is earned for the twelve-month period commencing on an employee's hire date and each anniversary thereof. In addition, Credited Vesting Service includes all vesting service prior to January 1, 2002 credited under the Former Plan.

Credited Benefit Service - One-twelfth of a year of Credited Benefit Service is earned for each month of employment in which the member is eligible to participate in the Plan and had at least one Hour of Service. In addition, all benefit service credited under the Former Plan is included, as well as the month of December 2001 in the case of a member who had at least one Hour of Service during that month and was eligible at January 1, 2002.

Normal Retirement:

Eligibility - Age 62.

Amount of Benefit - The monthly benefit is equal to the greater of (1) and (2) below:

- (1) Basic Retirement Income - $\frac{1}{12}$ of 1% of compensation during Credited Benefit Service prior to January 1, 2004.
- (2) Minimum Retirement Income - Years of Credited Benefit Service (up to maximum amounts specified in the plan) times the benefit level in effect on the earlier of the employee's retirement or termination of covered employment. For active members who retire on or after January 1, 2002 and prior to July 1, 2008, the maximum Credited Benefit Service for this benefit is 35 years, and the benefit level is \$100.00 from July 1, 2002 through June 30, 2003; \$105.00 from July 1, 2003 through June 30, 2004; \$110.00 from July 1, 2004 through June 30, 2005; \$115.00 from July 1, 2005 through June 30, 2006; \$125.00 from July 1, 2006 through June 30, 2007; and \$150.00 from July 1, 2007 through June 30, 2008. For active members who retire on or after July 1, 2008, the maximum Credited Benefit Service for this benefit is 37 years, and the benefit level is \$160.00 from July 1, 2008 through June 30, 2009; \$165.00 from July 1, 2009 through June 30, 2012; \$170.00* from July 1, 2012 through June 30, 2013; and \$180.00* thereafter (* not reflected in calculation of funding target and target normal cost for members not yet eligible for retirement in 2010).

Benefits are based on total service recognized by the bargaining agreement and are net of benefits payable from the Former Plan for any of that service.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Time and Form of Payment - The normal form of benefit is a life annuity payable beginning on the first of the month coincident with or next following eligibility for normal retirement. The automatic form of payment for a married member is an unreduced 50% joint and survivor benefit. For retirements on or after July 1, 2011, the automatic form of payment for a married member is an unreduced 60% joint and survivor benefit (not reflected in calculation of funding target and target normal cost for 2010 valuation).

Supplemental Normal Retirement Benefit:

Eligibility - Retirement from active service after age 55 and before age 65. If retirement from active service on or after July 1, 2008, after age 55 and before Social Security full retirement age.

Amount of Benefit - If age 62 or over, \$200 per month. If under age 62, \$200 per month actuarially reduced for early retirement. If retirement occurs on or after July 1, 2008, \$300 per month; if under age 62, \$300 per month reduced for early retirement.

Time and Form of Benefit - Payable from date of retirement to the earlier of age 65 or death. If retired on or after July 1, 2008, payable from date of retirement to the earlier of Social Security full retirement age or death; if member retires with 25 or more years of Credited Benefit Service, payable to survivor to the earlier of the date member would have reached Social Security full retirement age or survivor's death.

Early Retirement:

Eligibility - Age 55.

Amount of Benefit - For employees who retire after age 60, or employees who complete 5 or more years of Credited Vesting Service, benefits are the same as for Normal Retirement, but are reduced five-twelfths of 1% for each month by which the Early Retirement Date precedes the Normal Retirement Date. For employees who retire before age 60 or before completing 5 years of Credited Vesting Service, benefits are equal to the Basic Retirement Income only, reduced by five-twelfths of 1% for each month by which the Early Retirement Date precedes the Normal Retirement Date.

Time and Form of Payment - Normal form of payment is a life annuity beginning on any first of the month coincident with or following eligibility for Early Retirement. As for Normal Retirement, the automatic form for married members is an unreduced 50% joint and survivor benefit. For retirements on or after July 1, 2011, the automatic form of payment for a married member is an unreduced 60% joint and survivor benefit (not reflected in calculation of funding target and target normal cost for 2010 valuation).

Deferred Retirement:

Eligibility - Any time after eligibility for Normal Retirement.

Amount of Benefit - Benefits are the same as for Normal Retirement, using Compensation and Credited Benefit Service earned up to the Deferred Retirement Date.

Time and Form of Payment - Normal form of payment is a life annuity beginning on any first of the month following eligibility for Normal Retirement. As for Normal Retirement, the automatic form for married members is an unreduced 50% joint and survivor benefit. For retirements on or after July 1, 2011, the automatic form of payment for a married member is an unreduced 60% joint and survivor benefit (not reflected in calculation of funding target and target normal cost for 2010 valuation).

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Termination:

Eligibility - 5 years of Credited Vesting Service to be vested in accrued benefit. A benefit based on the Basic Retirement Income (if applicable) is available after 3 years of Credited Vesting Service.

Amount of Benefit - If an employee completes at least 5 years of Credited Vesting Service or terminates after age 60, the amount of the termination benefit is the same as that earned under the Normal Retirement benefit; otherwise, the benefit is limited to the Basic Retirement Income (if applicable).

Time and Form of Payment - Normal form of payment for the termination benefit is a life annuity beginning at Normal Retirement age. The automatic form for a married member is a reduced 50% joint and survivor benefit. The member may elect to receive the termination benefit starting any time after eligibility for Early Retirement, but the benefit will be reduced 5/9% for each of the first 60 months by which early retirement precedes age 62 and 5/18% for each month over 60.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Pre-Retirement Death:

Eligibility - Eligible for a vested benefit or retirement, and married at least one year at time of death.

Amount of Benefit -

(1) If active, age 59 with 25 years of Credited Benefit Service: 50% of the Normal Retirement Benefit. If death occurs on or after July 1, 2011, 60% of the Normal Retirement Benefit reduction (not reflected in calculation of funding target and target normal cost for 2010 valuation).

(2) (a) If active, not eligible for benefit in (1) above, and either
(b) with at least 5 years of Credited Vesting Service and age 55, or
(c) with at least 5 years of Credited Vesting Service and with 25 years of Credited Benefit Service:

50% of Normal Retirement Benefit, reduced 5/12 of 1% for each month before age 62, subject to a maximum 35% reduction. If death occurs on or after July 1, 2011, 60% of Normal Retirement benefit, reduced 5/12 of 1% for each month before age 62, subject to a maximum 35% reduction (not reflected in calculation of funding target and target normal cost for 2010 valuation).

(3) If active, age 55 but not eligible for benefits in (1) or (2) above: 50% of Basic Retirement Income, reduced 5/12 of 1% for each month before age 62. If death occurs on or after July 1, 2011, 60% of Basic Retirement Income, reduced 5/12 of 1% for each month before age 62 (not reflected in calculation of funding target and target normal cost for 2010 valuation).

(4) (a) If active, with at least 3 years of Credited Vesting Service, but not eligible for benefits in (1), (2), or (3) above, or
(b) if a terminated vested member:

50% of the reduced 50% Joint & Survivor Early Retirement Benefit that would have been in effect had the member terminated on the date of death (and, if under age 55, survived to age 55). The spouse would receive the benefit only if coverage was elected. The charge for this coverage is a benefit reduction of .02% for each month of coverage between age 35 and 55, and .0625% for each month of coverage between age 55 and earlier of retirement or death.

Time and Form of Payment - The death benefit will be paid for the life of the spouse. Payment will begin on the first of the month next following the employee's death, except in (4) where payments begin when the member would have reached age 55, if later.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, Part V – Summary of Plan Provisions

Disability:

Eligibility - After six months of disability and determination that the employee is permanently and continuously disabled and unable to perform work for the Company within the Bargaining Unit and is not receiving any other disability benefits from the Company or any worker's compensation.

Amount of Benefit - The greater of the Normal Retirement Benefit earned to Disability Retirement Date, unreduced for early commencement of benefits, or \$125.00 per month.

Form of Benefit - Normal form of payment is a life annuity commencing after six months of disability and a determination of eligibility. The automatic form for married members is an unreduced 50% joint and survivor benefit.

Forms of Payment:

- Single Life annuity
- Unreduced 50% Joint and Survivor annuity for married members who retire from active service
- 50% Joint and Survivor annuity
- 75% Joint and Survivor annuity
- 100% Joint and Survivor annuity
- Repatriation benefit for employees hired prior to 1/1/1950
- Lump Sum payment for disability retirement
- Automatic lump sum payment of up to \$5,000

Actuarial Equivalence:

The member's life annuity is converted into an actuarially equivalent optional form of payment using (except for lump sums) the Unisex Pension 1984 Mortality Table set back two years for members and seven years for contingent annuitants and an interest rate of 6.5% per year.

The lump sum form of payment is calculated as the present value of the accrued benefit payable at Normal Retirement Date (or actual retirement date, if later), using the Internal Revenue Code Section 417(e)(3) assumptions with a lookback month for the applicable interest rate of the November in the preceding plan year. For lump sum payments of a Disability Retirement Benefit, the present value factor applied to the monthly benefit shall not be less than 90.

The Supplemental Retirement Benefit commencing before attainment of age 62 is determined using the 1971 Group Annuity Mortality Table set back one year and an interest rate of 6.0% per year.

Summary of Changes from the January 1, 2009 Valuation

None.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, line 24 – Change in Actuarial Assumptions

- Assumptions for the election of optional forms or payment were clarified to better reflect actual and expected plan experience.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440; PN: 003
Schedule SB, line 25 – Change in Method

- The interest rate used for funding purposes was changed effective January 1, 2010 from full yield curve interest rates with a 2-month lookback to 3-segment interest rates with a 4-month lookback. This change receives automatic IRS approval in accordance with final regulations under IRC §430.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
 EIN: 56-2098440; PN: 003
 Schedule SB, line 26 – Schedule of Active Participant Data

Attained Age	Years of Credited Service									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up
Under 25	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0
30 to 34	0	1	0	0	0	0	0	0	0	0
35 to 39	0	1	2	1	1	0	0	0	0	0
40 to 44	0	0	0	0	1	1	0	0	0	0
45 to 49	0	2	0	0	3	2	0	0	0	0
50 to 54	0	0	0	2	1	0	2	0	0	0
55 to 59	0	0	0	1	0	0	2	0	1	0
60 to 64	0	0	0	0	1	1	0	0	0	0
65 to 69	0	0	0	0	0	0	0	0	0	0
70 & up	0	0	0	0	0	0	0	0	0	0
Total	0	4	2	4	7	4	4	0	1	0

Average compensation not shown since the plan has less than 1000 active participants.

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
 EIN: 56-2098440; PN: 003
 Schedule SB, line 32 – Schedule of Amortization Bases

Date Established	Initial Amount	Remaining Installments	Shortfall Amortization Installment	Present Value of Remaining Installments as of January 1, 2010
January 1, 2010	232,722	7	<u>39,165</u>	<u>232,722</u>
Total charge			\$ 39,165	\$ 232,722