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 sections 6057(b) and 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

2011

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A This return/report is for: [X] a single-employer plan [ ] a multiple-employer plan (not multiemployer) [ ] a one-participant plan

B This return/report is: [ ] the first return/report [ ] the final return/report
[ ] an amended return/report [ ] a short plan year return/report (less than 12 months)

C Check box if filing under: [X] 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; include room or suite number (employer, if for a single-employer plan)
HORIZON LINES, LLC

1601 SAND ISLAND PARKWAY
HONOLULU, HI 96819

2b Employer Identification Number (EIN) 56-2098440

2c 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.
a 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**	35
c 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.) [X] 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.) [X] 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) Beginning of Year**	**(b) End of Year**
a Total plan assets	**7a**	4292402	4159257
b Total plan liabilities	**7b**	0	
c Net plan assets (subtract line 7b from line 7a)	**7c**	4292402	4159257

8 Income, Expenses, and Transfers for this Plan Year		**(a) Amount**	**(b) Total**
a Contributions received or receivable from: **(1)** Employers	**8a(1)**		
(2) Participants	**8a(2)**		
(3) Others (including rollovers)	**8a(3)**		
b Other income (loss)	**8b**	-79143	
c Total income (add lines 8a(1), 8a(2), 8a(3), and 8b)	**8c**		-79143
d Benefits paid (including direct rollovers and insurance premiums to provide benefits)	**8d**	54002	
e Certain deemed and/or corrective distributions (see instructions)	**8e**		
f Administrative service providers (salaries, fees, commissions)	**8f**		
g Other expenses	**8g**		
h Total expenses (add lines 8d, 8e, 8f, and 8g)	**8h**		54002
i Net income (loss) (subtract line 8h from line 8c)	**8i**		-133145
j Transfers to (from) the plan (see instructions)	**8j**		

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

10 During the plan year:		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? (See instructions and DOL's Voluntary Fiduciary Correction Program)	**10a**		X	
b Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 10a.)	**10b**		X	
c Was the plan covered by a fidelity bond?	**10c**	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?	**10d**		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.)	**10e**		X	
f Has the plan failed to provide any benefit when due under the plan?	**10f**		X	
g Did the plan have any participant loans? (If "Yes," enter amount as of year end.)	**10g**		X	
h If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**10h**			
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	**10i**			

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)) [X] 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 [X] 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 in any plan year? [ ] Yes [X] No

If "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 [X] 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.	10/12/2012	ERIC BEDE
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/12/2012	ERIC BEDE
	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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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
PENSION PLAN FOR MAINTENANCE SHOP AND CONTAINER YARD EMPLOYEES OF HORIZON LINES, LLC

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF
HORIZON LINES, LLC

D Employer Identification Number (EIN)
56-2098440

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [X] 100 or fewer [ ] 101-500 [ ] More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2011

2 Assets:

a	Market value	**2a**	4285343
b	Actuarial value	**2b**	4066321

3 Funding target/participant count breakdown:

			(1) Number of participants	**(2)** Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	3	679218
b	For terminated vested participants	**3b**	5	286978
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		249605
	(2) Vested benefits	**3c(2)**		2480104
	(3) Total active	**3c(3)**	25	2729709
d	Total	**3d**	33	3695905

4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	**4b**	

5	Effective interest rate	**5**	6.44 %
6	Target normal cost	**6**	225081

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

	10/08/2012
Signature of actuary	Date
GARY E. CLINE, EA, ASA, MAAA	11-06013
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 [ ]

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 (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 10.55%	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of 6.75 % except as otherwise provided (see instructions)		0
c	Total available at beginning of current plan year to add to prefunding balance		0
d	Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages

14	Funding target attainment percentage	14	110.02 %
15	Adjusted funding target attainment percentage	15	110.02 %
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	90.00 %
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
			Totals ► 18(b)	0	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 contributions 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	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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
0	0	0	0

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

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
3.78%	6.31%	6.57 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	66

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

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	225081
b Excess assets, if applicable, but not greater than 31a	**31b**	225081

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
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 (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	0

38 Present value of excess contributions for current year (see instructions)

a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

Pension Plan for Maintenance Shop and Container Yard Employees of Horizon Lines, LLC
EIN: 56-2098440, PN: 003
Schedule SB - Notes for 2011 Plan Year

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

- Contribution information as provided by the plan sponsor.
- Financial information as provided by the trustee.
- 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.
- 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	0	0	0	0	0	0	0	0	0
35 to 39	0	0	4	0	0	0	0	0	0	0
40 to 44	0	0	0	0	2	1	0	0	0	0
45 to 49	0	1	0	0	2	1	0	0	0	0
50 to 54	0	1	0	2	3	1	0	0	0	0
55 to 59	0	0	0	0	0	0	1	2	1	0
60 to 64	0	0	0	1	1	0	0	1	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	2	4	3	8	3	1	3	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 22 – Description of Weighted Average Retirement Age

This age is derived by applying, for an employee with the characteristics of an average new entrant to the plan, the following formula, modified so that the "½" is not used for t = FRA-ERA.

$$\frac{\sum_{t=0}^{FRA-ERA} ({}_tp_{ERA}) * (q^r_{ERA+t}) * (ERA + t + ½)}{\sum_{t=0}^{FRA-ERA} ({}_tp_{ERA}) * (q^r_{ERA+t})}$$

where FRA = age everyone is assumed to retire
ERA = earliest retirement age
${}_tp_{ERA}$ = probability of surviving to age ERA + t
q^r_{ERA+t} = probability of retiring at age ERA + t

Annual rates of assumed retirement are as follows:

Age	Assumption
61 & Under	0%
62	16%
63	18%
64	6%
65	8%
66	18%
67	33%
68	15%
69	10%
70	15%
71 & Over	100%

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

- The retirement rates for active participants were changed from “Age 62, or attained age if greater” based on an industry experience study performed in 2011.

SB Actuary Signature

EIN 56-2098440 / PN 003

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

2011

This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **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: Pens Pl for Maint Shop & Con Yd Ees of Horizon Lines, LLC

B Three-digit plan number (PN) ▶ 003

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF: Horizon Lines, LLC

D Employer Identification Number (EIN): 56-2098440

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [X] 100 or fewer [ ] 101-500 [ ] More than 500

Part I Basic Information

1 Enter the valuation date: Month 1 Day 1 Year 2011

2 Assets:

a	Market value	2a	4,285,343
b	Actuarial value	2b	4,066,321

3 Funding target/participant count breakdown:

			(1) Number of participants	(2) Funding Target
a	For retired participants and beneficiaries receiving payment	3a	3	679,218
b	For terminated vested participants	3b	5	286,978
c	For active participants:			
	(1) Non-vested benefits	3c(1)		249,605
	(2) Vested benefits	3c(2)		2,480,104
	(3) Total active	3c(3)	25	2,729,709
d	Total	3d	33	3,695,905

4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	

5	Effective interest rate	5	6.44 %
6	Target normal cost	6	225,081

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

Gary E. Cline

Signature of actuary

10/08/2012

Date

Gary E. Cline, EA, ASA, MAAA

Type or print name of actuary

11-06013

Most recent enrollment number

Buck Consultants, LLC

Firm name

(808) 533-6002

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 [ ]

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 (line 13 from prior year)	0	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of 10.55 %	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38 from prior year)		0
	b Interest on (a) using prior year's effective rate of 6.75 % except as otherwise provided (see instructions)		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages

14	Funding target attainment percentage	14	110.02 %
15	Adjusted funding target attainment percentage	15	110.02 %
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	90.00 %
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
			Totals • 18(b)	0	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 contributions 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	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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
0	0	0	0

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

21 Discount rate:

a Segment rates:

1st segment:	2nd segment:	3rd segment:	
3.78 %	6.31 %	6.57 %	☐ N/A, full yield curve used

b Applicable month (enter code)	**21b**	4
22 Weighted average retirement age	**22**	66

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

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):

a Target normal cost (line 6)	**31a**	225,081
b Excess assets, if applicable, but not greater than 31a	**31b**	225,081

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
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 (lines 31a - 31b + 32a + 32b - 33)	**34**	0

	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0

36 Additional cash requirement (line 34 minus line 35)	**36**	0
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	**37**	0
38 Present value of excess contributions for current year (see instructions)		
a Total (excess, if any, of line 37 over line 36)	**38a**	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	**38b**	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	**39**	0
40 Unpaid minimum required contributions for all years	**40**	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:

a Schedule elected ☐ 2 plus 7 years ☐ 15 years

b Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

42 Amount of acceleration adjustment	**42**	
43 Excess installment acceleration amount to be carried over to future plan years	**43**	

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

This age is derived by applying, for an employee with the characteristics of an average new entrant to the plan, the following formula, modified so that the "½" is not used for t = FRA-ERA.

$$\frac{\sum_{t=0}^{FRA-ERA} ({}_tp_{ERA}) * (q^r_{ERA+t}) * (ERA + t + ½)}{\sum_{t=0}^{FRA-ERA} ({}_tp_{ERA}) * (q^r_{ERA+t})}$$

where FRA = age everyone is assumed to retire
ERA = earliest retirement age
${}_tp_{ERA}$ = probability of surviving to age ERA + t
q^r_{ERA+t} = probability of retiring at age ERA + t

Annual rates of assumed retirement are as follows:

Age	Assumption
61 & Under	0%
62	16%
63	18%
64	6%
65	8%
66	18%
67	33%
68	15%
69	10%
70	15%
71 & Over	100%

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 four-month lookback:	
	First Segment Rate	3.78%
	Second Segment Rate	6.31%
	Third Segment Rate	6.57%
	Effective Interest Rate	6.44%
Prior Year:	Segment Rates with four-month lookback:	
	First Segment Rate	5.03%
	Second Segment Rate	6.73%
	Third Segment Rate	6.82%
	Effective Interest Rate	6.75%

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, reflecting the effect of expected compensation increases during the year and including expected plan administrative expenses to be paid from plan assets during the year.

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

Not applicable.

Expenses

Expected plan administrative expenses equal to the prior year's administrative expenses are added to the Target Normal Cost.

Current Year:	$0
Prior Year:	$0

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 (unreduced 60% Joint and Survivor Annuity for retirements on or after July 1, 2011).

Marital percentage

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

Mortality table

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

Retirement rates

Actives:

Age	Assumption
61 & Under	0%
62	16%
63	18%
64	6%
65	8%
66	18%
67	33%
68	15%
69	10%
70	15%
71 & Over	100%

Terminated Vested: Age 62, or attained age if greater.

Non-Prescribed Funding Assumptions and Methods (continued)

Disability rates

None.

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 and 1/3 of the gain/(loss) in each of the prior 2 years, respectively. The gain/(loss) for each period is determined as the actual return on market value during the period less the expected return on market value 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:

2010 measurement periods:	6.82%
2009 measurement periods:	6.69%

[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 and restated effective January 1, 2010.

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 - 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:

Effective	Benefit Level	Max. Credited Benefit Service
July 1, 2002	$100	35 years
July 1, 2003	$105	35 years
July 1, 2004	$110	35 years
July 1, 2005	$115	35 years
July 1, 2006	$125	35 years
July 1, 2007	$150	35 years

For active members who retire on or after July 1, 2008:

Effective	Benefit Level	Max. Credited Benefit Service
July 1, 2008	$160	37 years
July 1, 2009	$165	37 years
July 1, 2012	$170*	37 years
July 1, 2013	$180*	37 years

* Benefit levels on or after July 1, 2012 were not reflected in calculation of Funding Target and Target Normal Cost for members not yet eligible for retirement in 2011.

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.

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.

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.

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.

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.

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.

(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.

(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.

(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.

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:

(a) Automatic Form:
- Single Life annuity for unmarried members
- Unreduced 50% Joint and Survivor annuity for married members who retire from active service prior to 7/1/2011
- Unreduced 60% Joint and Survivor annuity for married members who retire from active service on or after 7/1/2011

(b) Optional Forms:
- 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
- Lump sum for values up to $5,000

Actuarial Equivalence:

The member's life annuity is converted into an actuarially equivalent other 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.

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

- The retirement rates for active participants were changed from “Age 62, or attained age if greater” based on an industry experience study performed in 2011.

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	0	0	0	0	0	0	0	0	0
35 to 39	0	0	4	0	0	0	0	0	0	0
40 to 44	0	0	0	0	2	1	0	0	0	0
45 to 49	0	1	0	0	2	1	0	0	0	0
50 to 54	0	1	0	2	3	1	0	0	0	0
55 to 59	0	0	0	0	0	0	1	2	1	0
60 to 64	0	0	0	1	1	0	0	1	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	2	4	3	8	3	1	3	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 - Notes for 2011 Plan Year

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

- Contribution information as provided by the plan sponsor.
- Financial information as provided by the trustee.
- 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.
- 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, Part V – Summary of Plan Provisions

Effective Date: January 1, 2002. Amended and restated effective January 1, 2010.

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 - 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:

Effective	Benefit Level	Max. Credited Benefit Service
July 1, 2002	$100	35 years
July 1, 2003	$105	35 years
July 1, 2004	$110	35 years
July 1, 2005	$115	35 years
July 1, 2006	$125	35 years
July 1, 2007	$150	35 years

For active members who retire on or after July 1, 2008:

Effective	Benefit Level	Max. Credited Benefit Service
July 1, 2008	$160	37 years
July 1, 2009	$165	37 years
July 1, 2012	$170*	37 years
July 1, 2013	$180*	37 years

* Benefit levels on or after July 1, 2012 were not reflected in calculation of Funding Target and Target Normal Cost for members not yet eligible for retirement in 2011.

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.

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.

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.

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.

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.

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.

(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.

(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.

(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.

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:

(a) Automatic Form:
- Single Life annuity for unmarried members
- Unreduced 50% Joint and Survivor annuity for married members who retire from active service prior to 7/1/2011
- Unreduced 60% Joint and Survivor annuity for married members who retire from active service on or after 7/1/2011

(b) Optional Forms:
- 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
- Lump sum for values up to $5,000

Actuarial Equivalence:

The member's life annuity is converted into an actuarially equivalent other 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.

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 four-month lookback:	
	First Segment Rate	3.78%
	Second Segment Rate	6.31%
	Third Segment Rate	6.57%
	Effective Interest Rate	6.44%
Prior Year:	Segment Rates with four-month lookback:	
	First Segment Rate	5.03%
	Second Segment Rate	6.73%
	Third Segment Rate	6.82%
	Effective Interest Rate	6.75%

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, reflecting the effect of expected compensation increases during the year and including expected plan administrative expenses to be paid from plan assets during the year.

Non-Prescribed Funding Assumptions and Methods

Salary increase assumption

Not applicable.

Expenses

Expected plan administrative expenses equal to the prior year's administrative expenses are added to the Target Normal Cost.

Current Year:	$0
Prior Year:	$0

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 (unreduced 60% Joint and Survivor Annuity for retirements on or after July 1, 2011).

Marital percentage

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

Mortality table

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

Retirement rates

Actives:

Age	Assumption
61 & Under	0%
62	16%
63	18%
64	6%
65	8%
66	18%
67	33%
68	15%
69	10%
70	15%
71 & Over	100%

Terminated Vested: Age 62, or attained age if greater.

Non-Prescribed Funding Assumptions and Methods (continued)

Disability rates

None.

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 and 1/3 of the gain/(loss) in each of the prior 2 years, respectively. The gain/(loss) for each period is determined as the actual return on market value during the period less the expected return on market value 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:

2010 measurement periods:	6.82%
2009 measurement periods:	6.69%

[1] For active participants not eligible for retirement.