

PRESS RELEASE

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HORIZON LINES REPORTS FIRST-QUARTER FINANCIAL RESULTS

- ***Volume Down Slightly, but Trend Improving***
- ***Container Rates Marginally Lower, as Expected***
- ***EBITDA Results Match Internal Projections***
- ***Expectations for Full Year Remain Unchanged***

CHARLOTTE, NC, April 23, 2010 – Horizon Lines, Inc. (NYSE: HRZ) today reported results for its fiscal first quarter ended March 21, 2010.

On a GAAP basis, the first-quarter net loss totaled \$13.2 million, or \$0.43 per share, on revenue of \$286.1 million. This compares with a net loss of \$10.0 million, or \$0.33 per share on revenue of \$272.4 million for the same period a year ago. The adjusted first-quarter 2010 net loss was \$12.0 million, or \$0.39 per share, after excluding charges totaling \$1.2 million pre-tax, or \$0.04 per share after tax adjustment, for antitrust-related legal expenses and for a voluntary separation program for certain union employees. The adjusted net loss for the 2009 first quarter totaled \$4.7 million, or \$0.15 per share, which excluded antitrust-related legal fees and restructuring charges totaling \$5.3 million pre-tax, or \$0.18 per share after tax adjustments.

| Comparison of GAAP and Non-GAAP Earnings (in millions, except per share data)* | | |
|--|----------------|-----------|
| | Quarters Ended | |
| | 3/21/10 | 3/22/09 |
| GAAP: | | |
| Operating revenue | \$ 286.1 | \$ 272.4 |
| Net loss | \$ (13.2) | \$ (10.0) |
| Net loss per share | \$ (0.43) | \$ (0.33) |
| Non-GAAP: | | |
| EBITDA | \$ 11.1 | \$ 14.0 |
| Adjusted EBITDA* | \$ 12.3 | \$ 19.2 |
| Adjusted net loss * | \$ (12.0) | \$ (4.7) |
| Adjusted net loss per share* | \$ (0.39) | \$ (0.15) |
| * See attached schedules for reconciliation of first-quarter 2010 and 2009 reported GAAP results to adjusted Non-GAAP results. | | |

“Horizon Lines finished a challenging quarter in line with our own internal expectations,” said Chuck Raymond, Chairman, President and Chief Executive Officer. “As a result, our view of the overall year remains in line with our outlook in late January.

“After a slow start to what typically is our weakest quarter of the year, overall volume turned slightly positive in March, a trend that has continued in April,” Mr. Raymond said. “We also managed costs well and our overall market share appears to be holding steady.

“During the quarter, we faced ongoing rate pressures, high fuel costs and increased contractual labor expenses relative to last year, and we expect these to continue,” Mr. Raymond noted. “We are meeting these anticipated challenges through stringent cost management initiatives as well as through strategic steps designed to drive future revenue growth and cost efficiencies. These steps include the previously disclosed early renewal of a long-term terminal services agreement with APM Terminals North America and our plans to launch our own Asia-U.S. West Coast liner service in December.

“In the meantime, we are beginning to see signs of economic stabilization and modest improvement in two of our three domestic tradelanes,” Mr. Raymond continued. “Our business in Hawaii is reflecting a modest economic recovery and Alaska is stabilizing. The four-year recession in Puerto Rico is ongoing. Given these overall trends, we could experience modest volume improvement as the year progresses. Accordingly, we still expect our 2010 financial performance to be in the range of 2009 actual results.”

First-Quarter 2010 Financial Highlights

Operating Revenue - First-quarter operating revenue increased 5.0% to \$286.1 million from \$272.4 million a year ago. The largest factor in the \$13.7 million revenue gain was a \$14.8 million increase in fuel surcharges to help partially mitigate higher fuel costs. The increase was partially offset by a \$4.0 million decline related to a 1.9% decrease in container volume, due primarily to weak market conditions in Puerto Rico and Alaska. Hawaii/Guam registered a modest volume increase for the quarter relative to a year ago. In general, all of our markets continued to experience challenging business conditions due to ongoing softness in consumer spending, tourism and commercial construction.

Operating (Loss) Income - The GAAP operating loss for the first quarter totaled \$3.0 million, compared with an operating loss of \$0.8 million for the first quarter of 2009. The 2010 GAAP operating loss includes expenses of \$1.2 million, consisting of \$1.0 million in antitrust-related legal expenses and \$0.2 million in union severance charges. The 2009 GAAP operating income includes \$4.4 million in antitrust-related legal expenses and a \$0.8 million restructuring charge. Excluding these items, the first-quarter 2010 adjusted operating loss totaled \$1.8 million, compared with adjusted operating income of \$4.4 million for the prior year’s first quarter. The first-quarter operating loss widened from last year primarily due to the inability to fully recover fuel

price increases, as well as from overall volume shortfalls, vessel incidents, rate decreases and contractual labor assessments. These were partially offset by overhead savings related to January 2009 non-union workforce reductions, and savings from new terminal services agreements.

EBITDA – EBITDA totaled \$11.1 million for the 2010 first quarter, compared with \$14.0 million for the same period a year ago. Adjusted EBITDA for the first quarter of 2010 was \$12.3 million, compared with \$19.2 million for 2009. EBITDA and adjusted EBITDA for the 2010 and 2009 first quarters were impacted by the same factors affecting operating (loss) income.

Shares Outstanding – The company had a weighted daily average of 30.5 million shares outstanding for the first quarter of 2010, compared with 30.4 million for the first quarter of 2009.

Liquidity, Credit Facility Compliance & Debt Structure – As of March 21, 2010, the company had total liquidity of \$50.0 million, consisting of \$4.7 million in cash and \$45.3 million of effective revolver availability. The company's trailing 12-month interest coverage and senior secured leverage ratios were 3.86 times and 2.32 times, respectively, as compared to the credit agreement requirement of above 3.5 times and below 2.75 times, respectively. Funded debt outstanding totaled \$577.8 million, consisting of \$247.8 million in senior secured debt and \$330 million in convertible notes, at a weighted average interest rate of 4.34%. The company's debt matures in 2012.

Please see attached schedules for the reconciliation of first-quarter 2010 and 2009 reported GAAP results and Non-GAAP adjusted results.

Webcast & Conference Call Information

Company executives will provide additional perspective on the company's financial results during a conference call beginning at 11:00 a.m. Eastern Time today. Those interested in participating in the call may do so by dialing 1-866-394-6819, and providing the operator with conference number 67872593. A copy of the presentation materials may be printed from the Horizon Lines website, <http://www.horizonlines.com>, shortly before the start of the call. Alternatively, a live audio webcast of the call may be accessed at <http://www.horizonlines.com>. In order to access the live audio webcast, please allow at least 15 minutes before the start of the call to visit Horizon Lines' website and download and install any necessary audio/video software for the webcast.

Use of Non-GAAP Measures

Horizon Lines reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). The company also believes that the presentation of certain non-GAAP measures, i.e., EBITDA, free cash flow and results excluding certain costs and expenses, provides useful information for the understanding of its ongoing operations and

enables investors to focus on period-over-period operating performance without the impact of significant special items. The company further feels these non-GAAP measures enhance the user's overall understanding of the company's current financial performance relative to past performance and provide a better baseline for modeling future earnings expectations. Non-GAAP measures are reconciled in the financial tables accompanying this news release. The company cautions that non-GAAP measures should be considered in addition to, but not as a substitute for, the company's reported GAAP results.

About Horizon Lines

Horizon Lines, Inc., is the nation's leading domestic ocean shipping and integrated logistics company. The company owns or leases a fleet of 20 U.S.-flag containerships and operates five port terminals linking the continental United States with Alaska, Hawaii, Guam, Micronesia and Puerto Rico. The company also manages a domestic and overseas service partner network and provides integrated, reliable and cost competitive logistics solutions. Horizon Lines, Inc., is based in Charlotte, NC, and trades on the New York Stock Exchange under the ticker symbol HRZ.

Forward Looking Statements

The information contained in this press release should be read in conjunction with our filings made with the Securities and Exchange Commission. This press release contains "forward-looking statements" within the meaning of the federal securities laws. These forward-looking statements are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that do not relate solely to historical fact. They include, but are not limited to, any statement that may predict, forecast, indicate or imply future results, performance, achievements or events. Words such as, but not limited to, "believe," "expect," "anticipate," "estimate," "intend," "plan," "target," "projects," "likely," "will," "would," "could," and similar expressions or phrases identify forward-looking statements.

All forward-looking statements involve risk and uncertainties. In light of these risks and uncertainties, expected results or other anticipated events or circumstances discussed in this press release might not occur. We undertake no obligation, and specifically decline any obligation, to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. See the section entitled "Risk Factors" in our Form 10-K filed with the SEC on February 4, 2010, and in our Form 10-Q filed on April 23, 2010, for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. Those factors and the other risk factors described therein are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Consequently, there can be no assurance that actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences.

(Tables Follow)

Horizon Lines, Inc.
Unaudited Condensed Consolidated Balance Sheets
(in thousands, except per share data)

| | March 21, | December 20, |
|---|-------------------|---------------------|
| | 2010 | 2009 |
| Assets | | |
| Current assets | | |
| Cash | \$ 4,672 | \$ 6,419 |
| Accounts receivable, net of allowance of \$7,780 and \$7,578 at March 21, 2010 and December 20, 2009, respectively | 135,856 | 123,536 |
| Prepaid vessel rent | 18,211 | 4,580 |
| Materials and supplies | 27,177 | 30,254 |
| Deferred tax asset | 2,929 | 2,929 |
| Other current assets | 9,680 | 9,027 |
| Total current assets | 198,525 | 176,745 |
| Property and equipment, net | 188,943 | 193,438 |
| Goodwill | 317,068 | 317,068 |
| Intangible assets, net | 99,390 | 105,405 |
| Other long-term assets | 32,010 | 25,854 |
| Total assets | <u>\$ 835,936</u> | <u>\$ 818,510</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 50,475 | \$ 43,257 |
| Current portion of long-term debt | 18,750 | 18,750 |
| Accrued vessel rent | - | 4,339 |
| Other accrued liabilities | 102,068 | 110,473 |
| Total current liabilities | 171,293 | 176,819 |
| Long-term debt, net of current portion | 534,040 | 496,105 |
| Deferred rent | 21,467 | 22,585 |
| Deferred tax liability | 4,248 | 4,248 |
| Other long-term liabilities | 17,131 | 17,475 |
| Total liabilities | <u>748,179</u> | <u>717,232</u> |
| Stockholders' equity | | |
| Preferred stock, \$.01 par value, 30,500 shares authorized; no shares issued or outstanding | - | - |
| Common stock, \$.01 par value, 100,000 shares authorized, 34,213 shares issued and 30,413 shares outstanding as of March 21, 2010 and 34,091 shares issued and 30,291 shares outstanding as of December 20, 2009 | 341 | 341 |
| Treasury stock, 3,800 shares at cost | (78,538) | (78,538) |
| Additional paid in capital | 196,181 | 196,900 |
| Accumulated deficit | (29,118) | (15,874) |
| Accumulated other comprehensive loss | (1,109) | (1,551) |
| Total stockholders' equity | 87,757 | 101,278 |
| Total liabilities and stockholders' equity | <u>\$ 835,936</u> | <u>\$ 818,510</u> |

Horizon Lines, Inc.
Unaudited Condensed Consolidated Statements of Income
(in thousands, except per share data)

| | <u>Quarters Ended</u> | |
|---|---------------------------------|---------------------------------|
| | <u>March 21,</u> <u>2010</u> | <u>March 22,</u> <u>2009</u> |
| Operating revenue | \$ 286,132 | \$ 272,351 |
| Operating expense: | | |
| Cost of services (excluding depreciation expense) | 252,787 | 229,659 |
| Depreciation and amortization | 11,015 | 10,975 |
| Amortization of vessel dry-docking | 3,053 | 3,798 |
| Selling, general and administrative | 21,701 | 27,768 |
| Restructuring charge | - | 788 |
| Miscellaneous expense, net | 560 | 182 |
| Total operating expense | <u>289,116</u> | <u>273,170</u> |
| Operating loss | (2,984) | (819) |
| Other expense: | | |
| Interest expense, net | 10,283 | 9,431 |
| Other expense, net | 2 | - |
| Loss before income tax benefit | <u>(13,269)</u> | <u>(10,250)</u> |
| Income tax benefit | (25) | (297) |
| Net loss | <u>\$ (13,244)</u> | <u>\$ (9,953)</u> |
| | | |
| Net loss per share: | | |
| Basic | \$ (0.43) | \$ (0.33) |
| Diluted | \$ (0.43) | \$ (0.33) |
| | | |
| Number of shares used in calculation: | | |
| Basic | 30,521 | 30,424 |
| Diluted | 30,521 | 30,424 |
| | | |
| Dividends declared per common share | <u>\$ 0.05</u> | <u>\$ 0.11</u> |

Horizon Lines, Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
(in thousands)

| | Quarters Ended | |
|---|---------------------------|---------------------------|
| | March 21, 2010 | March 22, 2009 |
| Cash flows from operating activities: | | |
| Net loss | \$ (13,244) | \$ (9,953) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 5,855 | 5,817 |
| Amortization of other intangible assets | 5,160 | 5,158 |
| Amortization of vessel dry-docking | 3,053 | 3,798 |
| Restructuring charge | - | 788 |
| Amortization of deferred financing costs | 855 | 577 |
| Deferred income taxes | - | (199) |
| Loss (gain) on equipment disposals | 53 | (15) |
| Stock-based compensation | 600 | 941 |
| Accretion of interest on 4.25% convertible notes | 2,623 | 2,422 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (12,320) | 1,525 |
| Materials and supplies | 3,077 | 746 |
| Other current assets | (652) | 529 |
| Accounts payable | 7,218 | (13,194) |
| Accrued liabilities | (7,812) | 1,261 |
| Vessel rent | (18,892) | (18,137) |
| Vessel dry-docking payments | (9,826) | (3,147) |
| Other assets/liabilities | 107 | (1,277) |
| Net cash used in operating activities | <u>(34,145)</u> | <u>(22,360)</u> |
| Cash flows from investing activities: | | |
| Purchases of property and equipment | (1,521) | (3,315) |
| Proceeds from the sale of property and equipment | 99 | 89 |
| Net cash used in investing activities | <u>(1,422)</u> | <u>(3,226)</u> |
| Cash flows from financing activities: | | |
| Borrowing under revolving credit facility | 55,000 | 40,000 |
| Payments on revolving credit facility | (15,000) | (10,000) |
| Payments on long-term debt | (4,688) | (1,612) |
| Dividends to stockholders | (1,526) | (3,348) |
| Common stock issued under employee stock purchase plan | 34 | 19 |
| Net cash provided by financing activities | <u>33,820</u> | <u>25,059</u> |
| Net decrease in cash | (1,747) | (527) |
| Cash at beginning of period | 6,419 | 5,487 |
| Cash at end of period | <u>\$ 4,672</u> | <u>\$ 4,960</u> |

Horizon Lines, Inc.
Adjusted Operating (Loss) Income Reconciliation
(\$ in Millions)

| | <u>Quarter Ended</u> <u>March 21, 2010</u> | <u>Quarter Ended</u> <u>March 22, 2009</u> |
|----------------------------------|---|---|
| Operating Loss | \$ (3.0) | \$ (0.8) |
| <u>Adjustments:</u> | | |
| Antitrust Legal Expenses | 1.0 | 4.4 |
| OPEIU Severance | 0.2 | - |
| Restructuring Charge | - | 0.8 |
| Total Adjustments | <u>1.2</u> | <u>5.2</u> |
| Adjusted Operating (Loss) Income | <u>\$ (1.8)</u> | <u>\$ 4.4</u> |

Horizon Lines, Inc.
Adjusted Net Loss Reconciliation
(\$ in Millions)

| | <u>Quarter Ended</u> <u>March 21, 2010</u> | <u>Quarter Ended</u> <u>March 22, 2009</u> |
|--------------------------|---|---|
| Net Loss | \$ (13.2) | \$ (10.0) |
| <u>Adjustments:</u> | | |
| Antitrust Legal Expenses | 1.0 | 4.4 |
| OPEIU Severance | 0.2 | - |
| Restructuring Charge | - | 0.8 |
| Tax Adjustments | - | 0.1 |
| Total Adjustments | <u>1.2</u> | <u>5.3</u> |
| Adjusted Net Loss | <u>\$ (12.0)</u> | <u>\$ (4.7)</u> |

Horizon Lines, Inc.
Adjusted Net Loss Per Share Reconciliation

| | <u>Quarter Ended</u> <u>March 21, 2010</u> | <u>Quarter Ended</u> <u>March 22, 2009</u> |
|-------------------------------|---|---|
| Net Loss Per Share | \$ (0.43) | \$ (0.33) |
| <u>Adjustments Per Share:</u> | | |
| Antitrust Legal Expenses | 0.03 | 0.15 |
| OPEIU Severance | 0.01 | - |
| Restructuring Charge | - | 0.03 |
| Total Adjustments | <u>0.04</u> | <u>0.18</u> |
| Adjusted Net Loss Per Share | <u>\$ (0.39)</u> | <u>\$ (0.15)</u> |

Horizon Lines, Inc.
EBITDA and Adjusted EBITDA Reconciliation
(\$ in Millions)

| | <u>Quarter Ended</u> <u>March 21, 2010</u> | <u>Quarter Ended</u> <u>March 22, 2009</u> |
|-------------------------------|---|---|
| Net Loss | \$ (13.2) | \$ (10.0) |
| Interest Expense, Net | 10.3 | 9.5 |
| Tax Benefit | (0.1) | (0.3) |
| Depreciation and Amortization | <u>14.1</u> | <u>14.8</u> |
| EBITDA | 11.1 | 14.0 |
| Antitrust Legal Fees | 1.0 | 4.4 |
| OPEIU Severance | 0.2 | - |
| Restructuring Charge | <u>-</u> | <u>0.8</u> |
| Adjusted EBITDA | <u>\$ 12.3</u> | <u>\$ 19.2</u> |

Note: EBITDA is defined as net income plus net interest expense, income taxes, depreciation and amortization. We believe that EBITDA is a meaningful measure for investors as (i) EBITDA is a component of the measure used by our board of directors and management team to evaluate our operating performance, (ii) the senior credit facility contains covenants that require the Company to maintain certain interest expense coverage and leverage ratios, which contain EBITDA, and (iii) EBITDA is a measure used by our management team to make day-to-day operating decisions. Adjusted EBITDA excludes certain charges in order to evaluate our operating performance, for making day-to-day operating decisions and when determining the payment of discretionary bonuses.

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