

December 3, 2008

Michael P. Mullican
Associate General Counsel,
MMullican@Horizonlines.com
(704) 973 7029 Telephone

VIA UNITED STATES MAIL

Office of the Attorney General
Attn: Security Breach Notification
One Ashburton Place
Boston, MA 02108

Dear Sir or Madam:

We are writing to inform your office that certain items of personal information of some of our current and former employees may have been exposed to unauthorized access or acquisition as a result of the loss by Federal Express of a Horizon Lines computer server. We utilized Federal Express to deliver the server from our Irving, Texas office to our Tacoma, Washington office on or about October 14, 2008. Federal Express picked up the server from our Irving office and it successfully reached FedEx's Irving, Texas location on or about October 14, 2008. Based on information provided to us by Federal Express, it then lost track of the server. We then coordinated with FedEx in an effort to locate the server, but unfortunately, FedEx was unsuccessful in locating it.

In response to this incident, we have filed a formal claim with FedEx in the hope that it will be able to locate the server. Furthermore, the local law enforcement authorities were notified and a police report was filed regarding the incident.

As a result, we implemented a distribution of notification letters to all affected persons (including the 135 individuals who our records show are citizens of Massachusetts) to apprise them of the facts as we now know them.

In those notification letters, we informed the recipients that even though we have not been able to ascertain whether personal information has been actually accessed or misused, we have notified all affected persons of the incident as described above. In addition to our notification of the incident, we also proposed various recommendations to the affected persons to assist them in guarding against identity fraud. We continue to monitor the situation.

Please contact me if you have any questions regarding any of the foregoing issues. We will be pleased to cooperate with the Massachusetts Attorney General's Office in any way we are able.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael P. Mullican". The signature is fluid and cursive, with the first name "Michael" and last name "Mullican" clearly distinguishable.

Michael P. Mullican
Associate General Counsel
(704) 973-7029
mmullican@horizonlines.com

Choy-Seymour, Shannon

From: Mullican, Michael [MMullican@horizonlines.com]
Sent: Tuesday, December 16, 2008 12:10 PM
To: Choy-Seymour, Shannon (AGO)
Subject: Horizon Lines Notification Letter - Massachusetts
Attachments: FedEx Server Loss Form Letter sent to MA Residents.pdf

Shannon:

Thank you for returning my call earlier today. As requested, I have attached the text of the letter that was provided to all Massachusetts residents regarding the lost Horizon Lines server.

At this point, we do not know if there has been an actual "data breach." All we know is that we shipped a server via FedEx and according to tracking information provided to us by FedEx, the server never left a FedEx distribution center. We worked with numerous individuals at FedEx in an attempt to find out what happened to the server. Ultimately, FedEx could not locate the server and they informed us that they have no idea what happened to it.

Please let me know if you need any additional information.

Thanks,

<<FedEx Server Loss Form Letter sent to MA Residents.pdf>>

Michael P. Mullican

Associate General Counsel
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12/18/2008

[HORIZON LETTERHEAD]

December 3, 2008

VIA UNITED STATES MAIL

<First Name> <Middle Initial> <Last Name>
<Address> (Line 1)
<Address> (Line 2)
<City> <State> <Zip>

Dear <First Name> <Middle Initial> <Last Name> <Suffix>:

We are writing to inform you that certain items of your personal information, including your name, address, passport number and Social Security number, may have been exposed to unauthorized access or acquisition from a Horizon Lines computer server.

In response to this incident, the other local law enforcement authorities were notified. A police report was filed regarding the incident, which you are entitled to obtain. We have also reviewed the facts of this incident ourselves, and even though we have not been able to ascertain whether your personal information has been actually accessed or misused, we want to notify you of the incident and recommend steps you should consider taking to guard against identity fraud.

Because your Social Security number may have been involved, we recommend that you place a fraud alert on your credit files. A fraud alert requires potential creditors to use what the law refers to as "reasonable policies and procedures" to verify your identity before issuing credit in your name. A fraud alert lasts for 90 days. Just call one of the three credit reporting agencies at the phone numbers listed below. This notification will let you automatically place an alert with all three of the agencies. You will receive letters from all three in response, confirming the placement of the fraud alert and advising you how to obtain a free copy of your credit report from each. The phone numbers for each of the agencies is as follows:

Equifax 1-800-525-6285

Experian 1-888-397-3742

TransUnion 1-800-680-7289

When you receive your credit reports, review them carefully. Look for accounts that you did not open. Look for inquiries from creditors that you did not initiate. Most importantly, look for any personal information, such as home address and Social Security number, that is not accurate. If you see anything you do not understand, call the credit reporting agency immediately at the telephone number on the report.

If you do find suspicious activity on any of your credit reports, call your local police or sheriff's office immediately and file a police report of identity theft. In addition, contact the

Irving (Texas) Police Department to inform it that subsequent unlawful activity may have occurred in connection with this matter (making sure that you also provide them with the case number of the investigation, No. 08-33300). Obtain a copy of the police report that you file. You may need to give copies of that police report to creditors to clear up your records.

In addition to the foregoing, to further safeguard yourself against identity theft or other unauthorized access to or use of your personal information, you can take some other simple steps. You should also promptly report any suspected identity theft or fraud to the United States Federal Trade Commission, your financial institutions, your credit card issuers, and the Fraud Alert phone line of one of the three national consumer reporting agencies by calling them at the numbers listed earlier in this letter.

You should remain vigilant by reviewing account statements and monitoring free credit reports. Even if you do not find any signs of fraud on your reports, we recommend that you check your credit reports periodically. You can keep the fraud alert in place by calling again after 90 days.

In addition, you may contact the fraud departments of the three national consumer reporting agencies to discuss your options. You have the right to place a security freeze on your consumer report. A security freeze is designed to prevent credit, loans and services from being approved in your name without your consent; however, please be aware that using a security freeze may delay your ability to obtain credit. You may request that a security freeze be placed on your consumer report by sending a request to a consumer reporting agency by certified mail, overnight mail, or regular stamped mail to the address below.

The following information should be included when requesting a security freeze (please note that if you are requesting a credit report for your spouse or other dependent, this information should be provided for him/her as well): (1) full name, with middle initial and any suffixes; (2) Social Security number; (3) date of birth (month, day and year); (4) current address for the past two years; and (5) any applicable incident report or complaint with a law enforcement agency. The request should also include a copy of a government-issued identification card (such as a driver's license) and a copy of a recent utility bill or bank or insurance statement. Each copy should be legible, and also display your name and current mailing address, and the date of issue. The consumer reporting agency may charge a fee to place a freeze or lift or remove a freeze, unless you are a victim of identity theft or the spouse or other dependent of a victim of identity theft, and you have submitted a valid police report relating to the identity theft to the consumer reporting agency. The fee for Massachusetts residents to place a security freeze is \$5.00.

The contact information for each of the three national consumer reporting agencies is as follows:

Experian Security Freeze
P.O. Box 9554
Allen, Texas 75013
www.experian.com

Equifax Security Freeze
P.O. Box 105788
Atlanta, Georgia 30348
www.equifax.com

TransUnion
Fraud Victim Assistance Dept.
P.O. Box 6790
Fullerton, California 92834-6798
www.transunion.com

In addition, there are ways by which to obtain your consumer credit report without charge. Under federal law, you are entitled to one free copy of your consumer credit report from each of the three national consumer reporting agencies. You may request your free annual consumer credit report by visiting www.annualcreditreport.com or by calling 1-877-FACTACT (1-877-322-8228). You may want to obtain copies of your consumer credit report to ensure the accuracy of the report information.

To learn more and to report incidents of identity theft, you can go to www.consumer.gov/idtheft, www.ftc.gov/credit or, call 1-877-IDTHEFT (1-877-438-4338).

We regret any inconvenience or other difficulties that this incident may cause your family and/or you. For more information regarding this matter or if there is anything else that we can do to assist you, please call us at (704) 973-7000.

Sincerely,

Mark Blankenship
Vice President, Human Resources