

Activist Investing Shows Signs of Paying Off

October 22, 2004

Santa Monica Partners Opportunity Fund, L.P.

(An excerpt from our third-quarter Letter to Partners) During the quarter, Santa Monica Partners Opportunity Fund continued to work to bring out the value we see in our investment in Blair Corporation. On July 23rd, we chartered a plane from Westchester airport to Warren Pennsylvania. In Warren, we met with Blair's top management and presented a suggestion which we believe will increase shareholder value and result in a material lift in the market price of the company's shares. The meeting was conducted in a friendly and cordial manner. They listened carefully as we made our presentation, asked us good questions (to which we fully responded) and had a meaningful "give and take" conversation with respect to the suggestion and the goals and objectives which we all seemed to agree upon.

PRESS RELEASE – October 22, 2004

WARREN, Pa., Oct. 22 /PRNewswire-FirstCall

Blair Corporation (Amex: BL), (<http://www.blair.com>), a national multi-channel direct marketer of women's and men's apparel and home products, today announced results for the third quarter and nine months ended September 30, 2004.

Net sales for the third quarter ended September 30, 2004 were \$107.1 million compared to \$124.1 million reported for the third quarter ended September 30, 2003. Net income for the third quarter ended September 30, 2004 was \$2.9 million, or \$0.36 per basic and diluted share, compared to \$793,000, or \$0.10 per basic and diluted share, reported for the third quarter last year. Net sales for the nine months ended September 30, 2004 were \$362.7 million, compared to \$415.5 million reported for the first nine months ended September 30, 2003. Net income for the nine months ended September 30, 2004 was \$8.5 million, or \$1.05 per basic and \$1.04 per diluted share, compared to \$5.4 million, or \$0.67 per basic and diluted share, reported for the first nine months last year.

The increase in net income for the quarter reflects the continued implementation of strategic initiatives undertaken to generate greater efficiencies of core operations and enhance profitability. Cost of goods sold as a percentage of net sales for the third quarter of 2004 was 48.1% compared to 49.0% for the third quarter of 2003, reflecting reduced customer returns and successful efforts to lower overall shipping costs. Blair's e-commerce channel generated \$66.0 million in gross sales demand during the first nine months of 2004, compared to \$60.3 million during the first nine months of 2003.

"Blair achieved an increase in profitability by continuing to focus on improving gross margins and lowering overall operating costs. These ongoing efforts, combined with remaining steadfast in our dedication to our core customers, are vital elements of our long-term plan to increase profitability," said Bryan J. Flanagan, Senior Vice President and Chief Financial Officer.

Blair also announced today that it is exploring the possibility of selling its consumer finance receivable portfolio to a third-party financial institution. Similar to financial institutions that issue credit cards, Blair currently offers its domestic customers credit for Blair-related purchases. This action is responsive to a suggestion made by a small group of shareholders in July to sell the consumer finance receivable portfolio.

"Over the years, shareholders have approached Blair management with suggestions for the company," said John E. Zawacki, President and Chief Executive Officer of Blair. "We have retained outside advisors to assist us in exploring this alternative and we will ultimately make a determination about what is in the best interest of all Blair shareholders."

"Blair Corporation's management is committed to increasing shareholder value which we believe will best be achieved by continuing to adhere to our long-term strategy of focusing on our core business. The core Blair brand remains the cornerstone of our success and has generated the profitability to position us for the future to further enhance our position as the premier direct marketer to value-conscious consumers," concluded Mr. Zawacki.