



FOR IMMEDIATE RELEASE

DUCKWALL-ALCO STORES REPORTS JUNE SALES RESULTS

Abilene, Kan. (July 8, 2010) - Duckwall-ALCO Stores, Inc. (Nasdaq: DUCK) today announced that sales from continuing operations for the most recent fiscal five-week period ending July 4, 2010, decreased 5.3% to \$45.3 million compared to \$47.9 million in the prior-year month. Same-store sales decreased 6.6%.

Sales year-to-date decreased 4.1% to \$195.7 million compared to prior-year sales of \$204.0 million, and same-store sales decreased 4.9%.

Rich Wilson, President and Chief Executive Officer, commented, "June sales were negatively impacted by the previously disclosed inventory inadequacies in seasonal merchandise, particularly in Apparel, Outdoor Furniture, Pools and Sporting Goods. However, on the positive side, sales in key destination businesses continue to improve, specifically Food, Household Chemicals, Paper Products and Personal Care. While pre-existing inventory issues in the summer seasonal businesses negatively impacted sales, we believe the effect of this inventory shortfall will lessen as the end of the summer selling season approaches."

Mr. Wilson added, "We are confident that our inventory position to support the key Back to School selling period is in place and will benefit results. Also, our recent organizational re-alignment has significantly improved our operational disciplines and efficiencies. Financially, we ended the month of June with a \$17.0 million reduction in our revolving loan balance, compared to the same time in the prior fiscal year, and we are expecting a savings in seasonal clearance markdowns."

About Duckwall-ALCO Stores, Inc.

Duckwall-ALCO Stores, Inc. is a regional broad line retailer that specializes in meeting the needs of smaller, underserved communities across 23 states, primarily in the central United States. The Company offers an exceptional selection of quality products and recognized brand names at reasonable prices. Its specialty is delivering those products with the friendly, personal service its customers have come to expect. With 256 stores, Duckwall-ALCO Stores is proud to have continually provided excellent products at good value prices to its customers for 109 years. To learn more about Duckwall-ALCO Stores, Inc. visit www.ALCOstores.com.

Forward-looking statements

This press release contains forward-looking statements, as referenced in the Private Securities Litigation Reform Act of 1995 ("the Act"). Any forward-looking statements are made by the Company in good faith, pursuant to the safe-harbor provisions of the Act. These forward-looking statements reflect management's current views and projections regarding economic conditions, retail industry environments, and Company performance. Factors which could significantly change results include but are not limited to: sales performance, expense levels, competitive activity, interest rates, changes in the Company's financial condition, and factors affecting the retail category in general. Additional information regarding these and other factors may be included in the Company's 10-Q filings and other public documents, copies of which are available from the Company on request and are available from the United States Securities and Exchange Commission.

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