



FOR IMMEDIATE RELEASE

DUCKWALL-ALCO STORES REPORTS AUGUST SALES RESULTS

Abilene, Kan. (September 2, 2010) - Duckwall-ALCO Stores, Inc. (Nasdaq: DUCK) today announced that sales from continuing operations for the most recent fiscal four-week period ending August 29, 2010, increased 1.1% to \$33.4 million compared to \$33.0 million in the prior-year month. Same-store sales decreased 0.8%.

Sales year-to-date decreased 3.5% to \$260.6 million compared to prior-year sales of \$270.0 million, and same-store sales decreased 4.5%.

Rich Wilson, President and Chief Executive Officer, commented, "Our improved sales performance for August is a result of significant enhancements in receipt and inventory control, higher productivity from stores we have 're-set' and stronger marketing. We are encouraged by the progress we are making and look forward to building on our recent results."

ALCO has now completed 125 store re-sets and is on schedule to complete the balance in September. Results from the stores completed are currently running 250 basis points better than the Company's same-store sales trend. Our new store layouts are easier to shop, include dedicated space for seasonal merchandise and new fixture elevations in electronics that improve customer visibility.

Results from our merchandising initiative to drive customer frequency by emphasizing key consumable categories also are positive. We are experiencing strong same-store sales results in food, beverages, paper and chemicals. We are also making progress in turning around the apparel business. In addition, a more balanced approach to consumer electronics is also contributing to the improved sales trend.

Wilson added, "Our commitment is to build merchandise assortments that provide ALCO customers with quality and value, at competitive prices, in an easy to shop store environment."

Investor Conference Call

The Company will host an investor conference call at 10:00 a.m. Central Daylight Time on September 10, 2010, to discuss operating results for the second quarter ended August 1, 2010. The dial-in number for the conference call is 888-204-4368 (international/local participants dial 913-312-1389), and the Confirmation Code is 7742660. Parties interested in participating in the conference call should dial in approximately five minutes prior to 10:00 a.m. Central Daylight Time. A replay of the call will be available after 1:30 p.m. Central Daylight Time September 10, 2010 through September 15, 2010 by dialing 888-203-1112 or for international/local callers by dialing 719-457-0820. The Replay Passcode is 7742660. A replay of the call will also be available four hours after completion of the call by visiting the Investors page on the Company's website, www.ALCOstores.com.

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 257 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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