



FOR IMMEDIATE RELEASE

DUCKWALL-ALCO STORES REPORTS RESULTS FOR FOURTH QUARTER AND FISCAL YEAR ENDING JANUARY 31, 2010

Improvement from Increased Margins and Reduced SG&A Expenses

ABILENE, Kan. (April 15, 2010) -- Duckwall-ALCO Stores, Inc. (NASDAQ: DUCK), which provides a superior selection of essential products for everyday life in small-town America, today announced operating results for its fourth quarter and fiscal year ended January 31, 2010.

Net sales from continuing operations for the fourth quarter of fiscal 2010 decreased 2.5% to \$136.5 million and same-store sales decreased 2.9%. Net sales from continuing operations for the fiscal year decreased 0.2% to \$488.7 million and same-store sales decreased 0.7%.

Net earnings for the fourth quarter were \$1.5 million, or \$0.37 per diluted share, compared to a net loss of \$715,000, or (\$0.19) per diluted share, for the fourth quarter of fiscal 2009. Adjusted EBITDA increased \$885,000 for the fourth quarter of fiscal 2010 compared to the same period in the prior year due to a reduction in Adjusted Selling, General and Administrative (SG&A) expenses of \$634,000 and a \$251,000 increase in gross margin.

Despite a difficult economy, net earnings for fiscal 2010 were \$3.0 million, or \$0.77 per diluted share, compared to a net loss of \$5.0 million, or (\$1.31) per diluted share, in the prior fiscal year. Operating income from continuing operations increased \$10.5 million, compared to the prior fiscal year. This improvement is attributable to reduced SG&A expenses of \$6.5 million, or 4.4%, and increased gross margin dollars of \$4.7 million, or 3.1%, somewhat offset by increased depreciation and amortization.

The increased operating income and better inventory management, in addition to income tax refunds, enabled the Company to generate \$16.2 million in cash from operating activities in fiscal 2010. We used this positive cash flow to fund capital expenditures of \$7.0 million and to reduce outstanding debt by \$8.8 million for the fiscal year.

Rich Wilson, President and CEO, commented, "Our small decline in same-store sales for fiscal 2010 was disappointing. While the country did suffer a severe economic shock, the Company did not respond adequately to the shift in consumer demand for better value. As we move into a new year, we are quickly updating our merchandise to better reflect the needs of our core customers, and to provide more value in our assortment. We remain committed to providing an easy-to-shop environment, with a product selection at competitive prices that meets the needs of the communities we serve."

Wilson added, "In fiscal 2011 we plan to continue building on our improved SG&A rates and inventory control, implementing new merchandising initiatives to improve shareholder return."

Investor Conference Call

The Company will host an investor conference call at 10:00 a.m. Central Daylight Time on April 16, 2010, to discuss operating results for the fourth quarter and fiscal year ended January 31, 2010. The dial-in number for the conference call is 888-819-8018 (international/local participants dial 913-661-9178), and the Confirmation Code is 8644557. 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 from two hours after completion on April 16, 2010 through April 21, 2010 by dialing 888-203-1112 or for international/local callers by dialing 719-457-0820. The Replay Passcode is 8644557. 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.

Supplemental Data

The Company has included certain tables in this press release that are set forth fully in the Company's 10-K.

Certain Non-GAAP Financial Measures

The Company has included Adjusted Gross Margin and Adjusted EBITDA, non-GAAP performance measures, as part of its disclosure as a means to enhance its communications with stockholders. Certain stockholders have specifically requested this information to assist them in comparing the Company to other retailers that disclose similar non-GAAP performance measures. Further, management utilizes these measures in internal evaluation, review of performance and comparison with the Company's financial measures to those of its peers. Adjusted EBITDA differs from the most comparable GAAP financial measure (earnings [loss] from continuing operations) in that it does not include certain items, as does Adjusted Gross Margin. These items are excluded by management to better evaluate normalized operational cash flow and expenses excluding unusual, inconsistent and non-cash charges. To compensate for the limitations of evaluating the Company's performance using Adjusted Gross Margin and Adjusted EBITDA, management also utilizes GAAP performance measures such as gross margin return on investment, return on equity and cash flow from operating activities. As a result, Adjusted Gross Margin and Adjusted EBITDA may not reflect important aspects of the results of the Company's operations.

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 254 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-K 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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- Tables to follow -

Duckwall-ALCO Stores, Inc.
Consolidated Statements of Operations
(dollars in thousands, except share and per share amounts)

	For the Thirteen Week Periods Ended		Fiscal 2010	Fiscal 2009
	January 31, 2010	February 1, 2009	January 31, 2010	February 1, 2009
Net sales	\$ 136,501	140,061	488,691	489,753
Cost of sales	94,596	98,407	330,179	335,934
Gross margin	41,905	41,654	158,512	153,819
Selling, general and administrative	36,023	37,818	141,208	147,735
Depreciation and amortization	3,011	3,509	9,983	9,302
Total operating expenses	39,034	41,327	151,191	157,037
Operating income (loss) from continuing operations	2,871	327	7,321	(3,218)
Interest expense, net	559	648	2,149	1,867
Earnings (loss) from continuing operations before income taxes	2,312	(321)	5,172	(5,085)
Income tax expense (benefit)	825	317	2,135	(2,080)
Earnings (loss) from continuing operations	1,487	(638)	3,037	(3,005)
Loss from discontinued operations, net of income tax benefit	(36)	(77)	(42)	(1,971)
Net earnings (loss)	\$ 1,451	(715)	2,995	(4,976)
Earnings (loss) per diluted share				
Continuing operations	\$ 0.38	(0.17)	0.78	(0.79)
Net earnings (loss)	\$ 0.37	(0.19)	0.77	(1.31)
Weighted-average shares outstanding:				
Basic	3,798	3,800	3,798	3,809
Diluted	3,888	3,817	3,880	3,809

Supplemental Data:

	For the Thirteen Week Periods Ended		Fiscal 2010	Fiscal 2009
	January 31, 2010	February 1, 2009	January 31, 2010	February 1, 2009
Gross margin as reported	\$ 41,905	41,654	158,512	153,819
Inventory review initiative	-	-	-	1,345
Adjusted Gross Margin	<u>\$ 41,905</u>	<u>41,654</u>	<u>158,512</u>	<u>155,164</u>
Same-store adjusted gross				
margin dollar change	(3.8) %	(12.9) %	(0.4) %	(8.4) %
Same-store SG&A dollar change	(1.8) %	(7.0) %	(3.5) %	(6.1) %
Same-store total customer count change	(0.6) %	(13.7) %	(0.1) %	(10.4) %
Same-store average sale per ticket change	(2.1) %	4.4 %	(0.6) %	4.0 %

	52 Weeks	For the Thirty-Nine Week Periods Ended		Trailing Twelve Periods Ended	For the Thirteen Week Periods Ended		52 Weeks
	Fiscal 2009	November 1, 2009	November 2, 2008	November 1, 2009	January 31, 2010	February 1, 2009	Fiscal 2010
Net earnings (loss) from continuing operations (1)	\$ (3,005)	1,549	(2,368)	912	1,487	(638)	3,037
Plus:							
Interest	1,867	1,590	1,219	2,238	559	648	2,149
Taxes (1)	(2,080)	1,310	(2,397)	1,627	825	317	2,135
Depreciation and amortization (1)	9,302	6,973	5,794	10,481	3,011	3,509	9,983
Share-based compensation	186	601	34	753	156	152	757
Preopening store costs (2)	1,845	2	1,837	10	127	9	128
Inventory review initiative	1,345	-	1,345	-	-	-	-
Executive and staff severance	1,942	-	1,942	-	-	-	-
Store transformation project costs	2,220	2,096	937	3,379	-	1,283	2,096
=Adjusted EBITDA (1)(3)(4)(5)	13,622	14,121	8,343	19,400	6,165	5,280	20,285
Cash	4,744	5,703	5,320	5,703	5,164	4,744	5,164
Debt	49,841	54,180	58,303	54,180	40,992	49,841	40,992
Debt, net of cash	\$ 45,097	48,477	52,983	48,477	35,828	45,097	35,828

(1) These amounts will not agree with the fiscal 2009 first quarter 10-Q filing due to the one store the Company closed in the third quarter of fiscal 2009. These amounts will not agree with the fiscal year end 2009 or fiscal 2010 first quarter 10-Q filing due to the one store the Company closed in the second quarter of fiscal 2010. These stores are now shown in discontinued operations.

(2) These costs are not consistent quarter to quarter as the Company does not open the same number of stores in each quarter of each fiscal year. These costs are directly associated with the number of stores that have been or will be opened and are incurred prior to the grand opening of each store.

(3) For the trailing twelve periods ended January 31, 2010 the average open weeks for the Company's one non same-store is 3 weeks.

(4) During fiscal year 2009, the Company made a change in its Executive Management team and Board of Directors resulting in several initiatives to reduce certain SG&A expenses. For the trailing twelve periods ended January 31, 2010, these initiatives resulted in approximately \$4.3 million reduced SG&A expenses when compared to the same prior year trailing twelve periods. The initiatives include, but are not limited to, executive and staff reduction, reduced ALCO same-store hourly wages, advertising expenses, net of coop offset and floor care services along with reduced total Company insurance and travel expenses.

(5) In addition to continued efforts regarding the fiscal 2009 cost reduction initiatives, the Company has also implemented new initiatives for fiscal year 2010. The fiscal 2010 initiatives include, but are not limited to, reduced point-of-sale hardware lease expense, energy expense and accident reduction programs. These initiatives achieved approximately \$2.6 million in SG&A savings in fiscal 2010 when compared to the prior year same period.

Duckwall-ALCO Stores, Inc.
Consolidated Balance Sheets
(dollars in thousands, except share amounts)

	January 31, 2010	February 1, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,164	\$ 4,744
Receivables	7,437	5,142
Prepaid income taxes	594	5,753
Inventories	140,375	146,620
Prepaid expenses	3,517	4,143
Deferred income taxes	3,863	5,348
Assets held for sale	1,631	1,505
Total current assets	162,581	173,255
Property and equipment, at cost	98,505	97,849
Less accumulated depreciation	67,959	65,591
Net property and equipment	30,546	32,258
Property under capital leases, net of accumulated amortization	1,630	3,057
Other non-current assets	51	205
Total assets	\$ 194,808	\$ 208,775

Duckwall-ALCO Stores, Inc.
Consolidated Balance Sheets
(dollars in thousands, except share amounts)

	January 31, 2010	February 1, 2009
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 1,451	\$ 1,362
Current maturities of capital lease obligations	1,623	1,853
Accounts payable	23,076	30,233
Accrued salaries and commissions	4,122	5,375
Accrued taxes other than income	4,913	4,941
Self-insurance claim reserves	4,852	5,309
Other current liabilities	4,499	4,676
Total current liabilities	44,536	53,749
Long-term debt, less current maturities	1,414	2,865
Notes payable under revolving loan	35,159	40,714
Capital lease obligations - less current maturities	1,345	3,047
Deferred gain on leases	4,212	4,598
Deferred income taxes	694	138
Other noncurrent liabilities	1,715	1,624
Total liabilities	89,075	106,735
Stockholders' equity:		
Common stock, \$.0001 par value, authorized 20,000,000 shares; issued and outstanding 3,797,947 shares and 3,797,947 shares, respectively	1	1
Additional paid-in capital	39,313	38,615
Retained earnings	66,419	63,424
Total stockholders' equity	105,733	102,040
Total liabilities and stockholders' equity	\$ 194,808	\$ 208,775