
**Excerpts of Presentation to RiskMetrics Group
by Mill Road Capital, L.P.**

2010 Annual Meeting of Shareholders of Kona Grill, Inc.

April 8, 2010

Notice to Shareholders

All stockholders of Kona Grill, Inc. are advised to read Mill Road's definitive proxy statement because it contains important information, including information relating to the participants in the solicitation of proxies in support of Mill Road's nominees for use at the 2010 annual meeting of stockholders of Kona Grill, Inc. The definitive proxy statement and GOLD proxy card will be mailed to the stockholders of Kona Grill, Inc. and are also available at no charge on the Securities and Exchange Commission's website at www.sec.gov or by contacting our proxy solicitor, InvestorCom, Inc., by telephone toll-free at 1-877-972-0090.

Summary

- Comparison of Slates
 - There are 3 required areas of experience for Nominees:
 - Restaurant Operating
 - Restaurant Board
 - Public Company Board
 - Company's Nominees lack all 3
 - Mill Road's Nominees have an abundance of experience in all 3
- Poor governance at Board with consistent pattern of self-dealing
- The stock price and operational performance are significantly behind comparable companies
- The current Board does not have the necessary experience to allow the management team to succeed
- **Mill Road is asking all shareholders to return a GOLD proxy card and vote for our Nominees**

Mill Road Capital

- **Mill Road Capital:** \$250 million private investment fund based in Greenwich, CT
- **Background:**
 - Core group of former Blackstone professionals
 - Successful track record of public and private investing
 - Long-term focus with 12 year commitment from our investors
- **Investment Strategy:**
 - Exclusive focus on small, public companies
 - Portfolio: equity & debt investments in minority & control positions
 - Representative investments
 - Physician’s Formula: ~20% shareholder & subordinated debt holder
 - Cossette: “white-knight” with management in going-private transaction
- **Mill Road is not an “activist” fund:**
 - This is the first slate of candidates we have ever nominated
 - We have chosen this path only after all other options were exhausted

Situation Summary

- **Annual Meeting of Shareholders: April 28, 2010**
- **Kona Grill's Board of Directors**
 - Staggered board with 3 classes
 - Board seats: 7
 - Board seats filled: 6
 - Class up for election has 3 seats
- **Slate of Nominees**
 - Company nominated 3 incumbent directors for re-election
 - Mill Road nominated 3 opposition candidates
 - Former CEO, Marcus Jundt, nominated himself and then withdrew
- **Mill Road is asking shareholders to vote for all 3 of our Nominees**

Kona Grill Board of Directors

- **Kona’s non-employee directors have no other**
 - Restaurant Operating Experience
 - Restaurant Board Experience
 - Public Board Experience

	Name	Background	Relevant Experience (Non-Kona)		
			Restaurant		Public Board
			Operating	Board	
<i>Class II 2010 Election</i>	Douglas Hipskind	Gaia Leasing (commercial leasing) Black Diamond Resorts (hotel development) Jundt Associates (hedge fund) KPMG (accounting)	None	None	None
	Anthony Winczewski	Commerical Partners Title (title insurance) Chicago Title Insurance (title insurance) Winona Co. Abstract & Title (title insurance)	None	None	None
	Mark Zesbaugh	Green Creek Consulting (self-employed) Lennox Holdings (start-up re-insurance) Allianz Life Insurance (insurance)	None	None	None
<i>Class III 2011 Election</i>	Berke Bakay	BBS Capital Mgt. (hedge fund) Patara Capital Mgt. (investment firm) Southwest Securities (regional securities firm)	None	None	None
	Richard Hauser	Capital Real Estate (real estate) Reliance Development Company (real estate)	None	None	None
<i>Class I 2012 Election</i>	Marc Buehler (CEO)	Kona Grill (restaurant) Lone Star Steakhouse (restaurant) Tony Roma's (restaurant) Eateries (restaurant) Applebee's (restaurant)	see background	Tony Roma's	None

Source: Kona Grill’s Proxy filed 3/9/10

Kona Grill Board – Common Denominator

- This Board is a holdover from when Kona was private
- Kona is headquartered in Scottsdale, AZ and the first two units were in Arizona
- 4 of 5 outside directors are from Minnesota
- The former CEO, Marcus Jundt, is also from Minnesota

Name	Age	Kona Director Since	Address in Proxy	Common Shares Owned
Douglas Hipskind	41	2003	50 South 6th Street Suite 1480 Minneapolis, MN 55402	0
Anthony Winczewski	54	2005	200 South 6th Street Suite 1300 Minneapolis, MN 55402	0
Mark Zesbaugh	45	2007	3515 Thorwood Court Eagan, MN 55123	0
<i>Berke Bakay</i>	<i>31</i>	<i>2009</i>	<i>4875 Preston Park Blvd Suite 775W Plano, TX 75093</i>	<i>1,139,000</i>
Richard Hauser	48	2004	50 South 6th Street Suite 1480 Minneapolis, MN 55402	675,302
<i>Marc Buehler</i>	<i>40</i>	<i>2009</i>	<i>7150 East Camelback Road Suite 220 Scottsdale, AZ 85251</i>	<i>27,243</i>

Source: Kona Grill's Proxy filed 3/9/10

Mill Road Nominees

- **Mill Road's nominees have extensive experience in each of the following critical areas:**
 - **Restaurant Operations**
 - **Restaurant Board of Directors**
 - **Public Company Board of Directors**

- **The Nominees**
 - Larry Harris
 - Thomas Lynch
 - Craig Miller

- **Relationship of the Nominees**
 - All 3 Nominees would be considered independent
 - Larry Harris and Craig Miller
 - No other affiliation with Mill Road
 - No compensation or voting agreement with Mill Road

Nominee: Larry Harris

- **Headline: 30+ Year Track Record of Operational Success in Restaurants**
- **Selected Restaurant Experience:**
 - CEO, Chairman of Board and a Partner of Food Management Partners (10+ years)
 - Buffalo Wild Wings – franchisee (27 units open, 5 in development, 22 committed)
 - Zio’s Italian Kitchens – owner (17 units open, 2 in development)
 - Smashburger – franchisee (4 units open, 2 in development, 39 committed)
 - Little Caesar’s – franchisee (37 units open, 2 in development, 17 committed)
 - President & COO of Harvest Restaurant Group (~3 years)
 - COO of Pizza Hut operations in Mexico (~10 years)
- **Awards/Achievements:**
 - Buffalo Wild Wings
 - Franchisee of the Year (2009)
 - Developer of the Year (2001)
 - Zio’s Italian Kitchen
 - Purchased EBITDA negative company (2007) and turned around to generate significant EBITDA by 2009
 - Little Caesar’s
 - Operational Excellence Award (2006)

Nominee: Thomas Lynch

- **Headline: Long-Term Investor with Significant Board Experience at Top Restaurant Performer**
 - **Select Experience:**
 - Founder & Senior Managing Director of Mill Road Capital (6+ years)
 - Founder & Senior Managing Director of Lazard Capital Partners (~3 years)
 - Managing Director of The Blackstone Group (~7 years)
 - Consultant at The Monitor Group (~3 years)
 - Public Company Board Experience:
 - Panera Bread
 - Member of Board of Directors: 2003-2006 (Audit and Nominating Committees)
 - Recently asked to re-join the Board as of March 2010
 - People's Choice TV
 - **Awards/Achievements:**
 - Mill Road Capital
 - Fund has consistently and significantly outperformed benchmark indices
 - Lazard Capital Partners
 - One of top 1997 vintage private equity funds
 - One of top debut funds of last 15 years
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Nominee: Craig Miller

- **Headline: 35+Year Career as Top Tier Restaurant Operator with Public, Restaurant Board Experience**
 - **Selected Restaurant Experience:**
 - President, CEO & Chairman of Ruth’s Chris Steak House (4+ years)
 - President, CEO of UNO Restaurants (Pizzeria Uno) (~20 years)
 - VP of Darden Restaurants (~10 years)
 - Red Lobster
 - Casa Gallardo
 - Additional Board of Directors
 - Tim Horton’s (Audit Committee)
 - Real Mex Restaurants
 - **Awards/Achievements:**
 - “2007 Operator of the Year” for Ruth’s Chris – Awarded by Nation’s Restaurant News
 - Two-time “Golden Chain Award”
 - In 2000 as President, CEO of UNO Restaurants
 - In 2007 as President, CEO & Chairman of Ruth’s Chris Steak House
 - UNO Restaurants grew from 15 units to ~200 units over his tenure
 - National Restaurant Association: Chairman of the Board (2005-2006)
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Comparison of Slates

- A summary comparison of relevant experience in the key areas illustrates the superior slate put forward by Mill Road

		Relevant Experience (Non-Kona)		
Name		Restaurant		Public Board
		Operating	Board	Board
<i>Company Nominees</i>	Douglas Hipskind	None	None	None
	Anthony Winczewski			
	Mark Zesbaugh			
<i>Mill Road Capital Nominees</i>	Lawrence Harris	Buffalo Wild Wings	Food Mgt. Partners	Panera Bread
	Thomas Lynch	Zio's Italian Kitchen	Panera Bread	Galaxy Nutritional Foods
	Craig Miller	Smashburger	Ruth's Chris Steak House	People's Choice TV
		Little Caesar's	Tim Horton's	Ruth's Chris Steak House
		Boston Chicken	Real Mex	Tim Horton's
		Pizza Hut		
		Ruth's Chris Steak House		
		Pizzeria Uno		
		Casa Gallardo		
		Red Lobster		

Governance Deficit

- **Kona Grill has a set of policies that are inconsistent with good corporate governance**
- Policy Examples
 - Staggered board
 - Plurality voting for directors
 - Shareholders do not have cumulative voting rights in elections
 - Shareholders can not call a special meeting
 - Shareholders may not act by written consent
 - Shareholders need super-majority to change charter and by-laws
 - Board may amend by-laws without shareholder approval
- Output of Policies
 - The Board adopts a Poison Pill which is voted down by shareholders in 2009
 - Former Chairman/CEO is re-elected in 2009 even though 53% of shares voted against/withheld in an uncontested election
 - A director and chair of Audit Committee resigned in July 2006 citing “board governance process” related to appointment of CEO
 - Board lacks majority of independent directors for 6 months and only gains compliance through resignation of Chairman/CEO

Governance Deficit: Culture of Self-Dealing

- **The Board of Kona Grill has a consistent track record of self-dealing**
- Key examples
 - In December 2008, the Board approved a financing in a non-competitive process for the sale of stock representing ~15% of the Company to the Chairman/CEO's father at an ~20% discount to the market price
 - *Upon announcement, Mill Road publicly offered to purchase the stock but at a price 22% higher*
 - *Company does not respond to our offer but in February 2009, the Agreement with the Chairman/CEO's father is mutually terminated*
 - In March 2009, the Company completed a financing with Board members and their families on terms materially less favorable to the Company than those described in a term sheet provided to potential outside investors (including Mill Road) just 3 days prior

Kona Grill Operational Performance

- Compared to similar price points competitors, Kona has significantly under-performed along 2 key metrics:
 - Same-Store Sales Growth (SSS)
 - Unit Profitability (Rest. Operating Margin)

Restaurant Concept	Ticker	Average Check (1)			1 Year Change		3 Year Change	
		Food	Alcohol	Total	SSS (2)	Rest. Op. Margin (3)	SSS (2)	Rest. Op. Margin (3)
RA Sushi	BNHN	\$13.89	\$7.16	\$21.05	1.7%	1.3%	-4.9%	-4.7%
The Cheesecake Factory	CAKE	\$16.53	\$2.47	\$19.00	-2.6%	3.4%	-6.5%	-1.8%
Red Lobster	DRI	\$17.83	\$1.42	\$19.25	-3.8%	N/A	-4.7%	N/A
Maggiano's	EAT	\$21.12	\$4.76	\$25.88	-6.7%	N/A	-9.8%	N/A
J. Alexander's	JAX	\$20.38	\$4.26	\$24.64	-4.7%	-0.2%	-8.7%	-8.8%
PF Chang's China Bistro	PFCB	\$17.53	\$2.97	\$20.50	-6.7%	0.5%	-11.1%	-1.3%
Average of MRC Comparables				\$21.72	-3.8%	1.2%	-7.6%	-4.1%
Kona Grill	KONA	\$16.35	\$7.55	\$23.90	-9.3%	-6.0%	-13.6%	-8.1%

(1) Figures calculated utilizing average check and alcohol percentage per each company's latest 10-K for the specific concepts listed above

(2) One year period represents CY2009 same-store sales change. Three year period represents the cumulative calendarized full year same-store sales change for the CY2007, CY2008, and CY2009 periods. If a company does not have a calendar year end, then calendarized full year same-store sales change data assumed equal to the average of the calendar quarters or months, as available, for each period

(3) Change in restaurant margin (restaurant EBITDA) during the one year period from Q4 CY2008 to Q4 CY2009 and during the three year period from Q4 CY2006 to Q4 CY2009

Kona Grill vs. RA Sushi

- Kona has materially under-performed its closest comparable, RA Sushi, even though it is less geographically exposed to the financial crisis...

	<u>Kona Grill</u>	<u>RA Sushi</u>	<u>Difference</u>
Average Check :			
Food Check	\$16.35	\$13.89	\$2.46
Alcohol	<u>7.55</u>	<u>7.16</u>	<u>0.39</u>
Total Average Check	\$23.90	\$21.05	\$2.85
Units Per State:			
Arizona	4	6	(2)
California	0	6	(6)
Florida	2	3	(1)
Michigan	1	0	1
Nevada	<u>1</u>	<u>1</u>	<u>0</u>
Hardest Hit States Sub-Total	8	16	(8)
Texas	5	3	2
Illinois	2	3	(1)
Other	<u>9</u>	<u>3</u>	<u>6</u>
Total Units	24	25	(1)
Local Unemployment Rate (1):			
Local Unemployment Rate	8.5%	9.7%	-1.2%
National Average (2)	9.4%	9.4%	
Operating Statistics (3):			
3 Year Cumulative SSS	-13.6%	-4.9%	-8.6%
3 Year Operating Margin Δ	-8.1%	-4.7%	-3.4%

- (1) Figures per Bureau of Labor Statistics (BLS). Local unemployment rate is defined as the average of the unemployment rates in each county a unit exists in, weighed by the number of units in the county. Figure as of November 2009 (latest available)
- (2) Figure are not seasonally adjusted as BLS does not report seasonally adjusted county data. Seasonally adjusted, November 2009 would be 10.0%
- (3) See previous page for additional details

Kona Grill New Unit Performance

- The decline in new unit revenue has resulted in Return on Invested Capital (ROI) significantly below targeted levels

<i>All figures \$mm, unless otherwise noted</i>	<u>Targeted</u>	<u>New Units</u>	
		<u>Q3 2009</u>	<u>Q4 2009</u>
New Units (#)		5	6
New Units as % of Total		23%	26%
Annual Revenue	\$4.5	\$2.9	\$3.0
Restaurant Operating Margin	<u>19%</u>	<u>5%</u>	<u>5%</u>
Unit Operating Profit	\$0.9	\$0.1	\$0.1
Construction Costs	\$2.5	\$2.5	\$2.5
Pre-Opening Costs	<u>0.4</u>	<u>0.4</u>	<u>0.4</u>
Total Build Costs	\$2.9	\$2.9	\$2.9
Cash-on-Cash ROI	30%	5%	5%

Notes:

“Targeted” figures per January 2010 Investor Presentation, Slide 34, except for pre-opening costs, which are added in per 2009 10-K, Page 4. ROI calculated on the same basis as in the January 2010 Investor Presentation (excluding cash pre-opening costs) would increase to 35%

“New Units” figures utilize actual annualized average weekly sales figures and an estimated 5% operating margin. The operating margin is based on CFO Mark Robinow’s comment during the Q3 2009 conference call (October 27, 2009) that new units had an operating margin in the “lower single digits.” Accordingly, Mill Road believes the 5% assumption is likely generous. Build costs matched to “Targeted” figures. New unit # does not include units opened during the period

“Construction Costs” are net of tenant improvement allowances as noted in the company presentation

Kona Grill Stock Price Performance

- Kona's stock price performance significantly lags its peer group over all relevant time periods except the last year

Time Period	Stock Price Performance				
	KONA	Peer Group, defined by		Over/(Under)	
		10-K (1)	MRC (2)	10-K (1)	MRC (2)
Since IPO (Since 8/16/05)	-70%	-38%	-33%	-32%	-37%
Last 3 Years	-75%	-38%	-30%	-37%	-45%
Last 2 Years	-56%	-6%	-2%	-50%	-54%
Last Year	134%	100%	112%	35%	22%

- However, the last year has an extraordinary event...

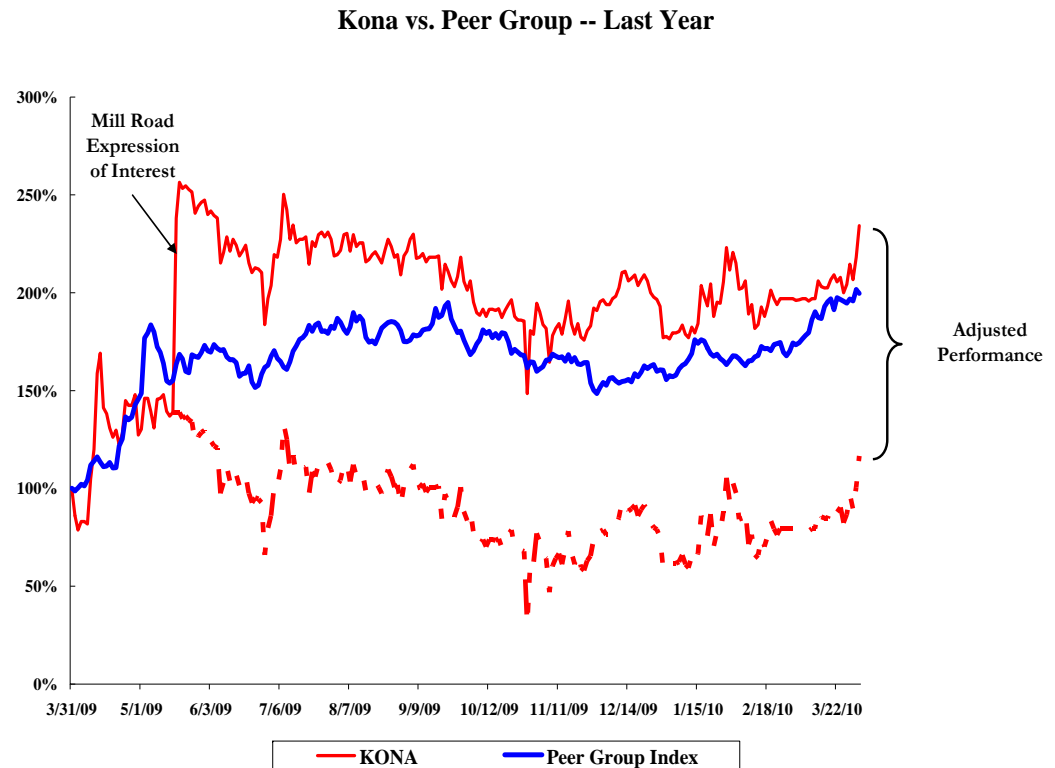
(1) Includes BJRI, BNHN, CAKE, GCFB, JAX, MSSR, and PFCB. As defined in Kona's 10-K.

(2) Includes BNHN, CAKE, JAX, and PFCB.

Note: Time Period is through 3/31/10

Kona Grill Stock Price Performance – Last Year Adjusted

- Although the Company outperformed its peers over the last year by 22%-35%, there is an extraordinary event in this period
- On May 18th, 2009, Mill Road made a public filing expressing interest to acquire the Company at a 101% premium
- If the increase from this one-time event is removed from performance from the rest of the year, Kona lags its peer group by 83%



Peer Group Index includes BJRI, BNHN, CAKE, GCFB, JAX, MSSR, and PFCB as defined in Kona's 10-K. Time Period is through 3/31/10.

Why Has Relative Performance Been So Poor?

- **Lack of Restaurant Operating Experience**
 - CEO's
 - Marcus Jundt: no restaurant operating background
 - Mark Bartholomay: experience primarily in business development and franchising
 - Board of Directors

- **Management Turnover**
 - In the last 8 years, Kona has had 6 different CEO's compared to the peer group average of 1.9

- **Operating Decisions**
 - Drastic Menu Changes – 80% of menu
 - Poor Real Estate Selections
 - Decreased Food Quality – Cost of Sales down 140bps
 - Lack of Investment in People – no Head of HR
 - Elimination of Key Promotion: “Half Price Happy Hour”

Mill Road Capital – Leadership Plan for Kona Grill

- **Operating Performance**
 - New CEO in place – can be successful with proper support structure
 - Focus on operations to improve customer experience
 - Elevate quality of raw protein inputs
 - Improve consistency of in-store execution
 - Increase training

- **Leadership**
 - Appoint 7th Director – must have significant restaurant operating experience and should be independent
 - Assess strengths and weaknesses of current operating team
 - Ensure menu is consistent with vision of concept
 - Adopt corporate governance best practices and emphasize ethical leadership

- **Capital Structure**
 - Company does not have capital to grow
 - Unit economics do not currently justify growth
 - Re-establish unit economics before even considering new growth

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