

April 15, 2010

To Our Fellow Shareholders of Kona Grill:

We are writing to you regarding the upcoming 2010 Annual Meeting of Shareholders of Kona Grill, Inc. (NasdaqGM: KONA)(the “Company”) scheduled to be held on Wednesday, April 28, 2010. At the Annual Meeting, you have two slates of candidates for the Board of Directors from which to choose—one from the Company and one from Mill Road Capital, L.P. (“Mill Road”).

It is important for you as a shareholder to understand why we have nominated an opposition slate. Mill Road is not an “activist” fund. Mill Road is currently the Company’s 3rd largest shareholder owning 9.8% of the common shares outstanding. We approach investing with a long-term mindset and believe in the long-term potential of the Company. This is the first time we have ever nominated a slate of candidates in opposition to the directors of a company. Our strong preference is to work with the management and board of a company in a constructive and positive manner. Regrettably, the actions of the Board of Directors of Kona Grill have left us little choice. Starting in late 2008, we have documented for the public record a series of actions that we believe demonstrate a track record of consistently poor corporate governance at Kona Grill. Since that time, we have reached out to the leadership of the Company in both public and private forums. Our efforts to reach an amicable compromise have been repeatedly rebuffed. Therefore, after much consideration, we were forced to choose the only remaining alternative: take the decision to the shareholders as to who should be on the Board of Directors of Kona.

The Company’s slate of candidates includes Douglas Hipskind, Anthony Winczewski, and Mark Zesbaugh. None of these three candidates have any restaurant operating experience. Outside of the Company, they have never served on the board of another restaurant company (either public or private) and they have never served on the board of another public company. Quite simply, they do not possess the necessary experience to serve as director for you, the shareholders and owners of the Company.

Mill Road has nominated Lawrence Harris, Thomas Lynch, and Craig Miller. Our nominees have substantial experience in restaurant operations, on the boards of restaurant companies, and on the board of public companies. A summary of their experience is as follows:

- **Larry Harris.** Mr. Harris is a seasoned restaurant industry executive with more than 30 years of public and private restaurant experience at all levels. He is currently the CEO, Chairman of the Board, and a Partner of Food Management Partners, Inc. (“FMP”), a multi-concept restaurant management company operating more than 85 units under the Buffalo Wild Wings, Zio’s Italian Kitchens, Smashburger, and Little Caesar’s brands. FMP has won awards including Franchisee (2009) and Developer (2001) of the Year for Buffalo Wild

Wings. Mr. Harris has also served as the Chief Operations Officer for Pizza Hut operations in Mexico, as well as President of the Harvest Restaurant Group, Inc.

- **Thomas Lynch.** Mr. Lynch is an accomplished investor with a deep financial understanding of the restaurant industry. Mr. Lynch has a successful two decade track record of investing, having founded both Mill Road Capital and Lazard Capital Partners. Previously, he was a member of the private equity group at The Blackstone Group. From 2003 to 2006, Mr. Lynch served on the Board of Directors of Panera Bread Company, one of the most successful public restaurant companies of the last decade. He was recently reappointed to the Board in March 2010.
- **Craig Miller.** Mr. Miller is an award-winning restaurant industry executive with more than 35 years of public and private restaurant experience. He has served as the President, CEO, and Chairman of the Board of Ruth's Chris Steak House, Inc. where he was named Operator of the Year in 2007 by Nation's Restaurant News. Mr. Miller has also served as the President and CEO of UNO Restaurants, Inc. He currently serves on the Board of Directors of Tim Hortons Inc., a publicly traded restaurant chain, and on the Board of Directors of Real Mex Restaurants, Inc., a restaurant chain with publicly traded debt securities.

Considering our slate of candidates along the three crucial aspects of relevant experience (operating restaurants, serving on restaurant boards, and serving on public company boards), we urge you to return the GOLD proxy card and vote for our nominees.

It is important to note that Mr. Harris and Mr. Miller have no previous affiliation with Mill Road. Mill Road has neither voting nor compensation agreements (other than reimbursement of expenses) with Mr. Harris and Mr. Miller.

We have disclosed in several SEC filings that we have indicated our interest in financing and/or acquiring the Company on multiple occasions. As such, you may pause before supporting Mill Road's three nominees to serve on the Company's Board of Directors. To alleviate any concern you may have, we would like to publicly disclose our view on two key issues: 1) transactions involving interested parties or insiders and 2) the appointment of a Director to the Company's currently vacant 7th Board seat.

1. **Transaction Involving Interested Parties or Insiders.** If any party, whether Mill Road, an insider or any other party, should submit a proposal regarding a financing or acquisition of the Company, we would expect the Board to adhere to market practice and form a special committee of disinterested directors to properly evaluate the proposal and retain outside financial and legal advisors. Of course, if Mill Road submitted a proposal, we would expect this committee would not include Thomas Lynch who, as an employee of Mill Road, would remove himself from discussions. All of our nominees are absolutely committed to acting in the best interest of all shareholders, and we would expect that any pursuit of strategic alternatives, whether or not in response to a proposal from Mill Road,

would consist of a fair and open process that seeks to maximize value through consideration of proposals submitted by multiple parties. Ultimately, any potential financing or sale of the Company should be voted upon by all of the Company's shareholders.

- 2. Appointment of a Director to the Vacant 7th Board Seat.** We believe the Company and its shareholders are best served if the Board of Directors has substantial restaurant operation experience, restaurant board experience, and public company board experience. Therefore, we believe that the 7th Board seat, which is currently open, should be filled by a person with substantial experience in these three key areas. Additionally, this candidate should have no affiliation with either Mill Road or other members of the Board of Directors. We strongly believe in good corporate governance and that shareholders would be best served by the addition of an independent voice with significant relevant experience.

To help you in your decision as to which slate of candidates to support, please read our definitive proxy statement and the excerpts of a presentation Mill Road made to RiskMetrics Group on April 8, 2010 regarding the election of directors for the Company. The definitive proxy statement, which contains information relating to the participants in the proxy solicitation in support of Mill Road's nominees, and the excerpts of the presentation to RiskMetrics are both available at no charge on the Securities and Exchange Commission's website at www.sec.gov and on our proxy solicitor's website at www.icommaterials.com or by contacting our proxy solicitor, InvestorCom, Inc., by telephone toll-free at 1-877-972-0090. We hope you will find this information helpful as you consider which slate to support.

It is important to reiterate that Mill Road remains open to considering all alternatives that can protect and maximize shareholder value. We thank you for your time and consideration of this matter and appreciate your vote.

Kind regards,

/s/ Justin C. Jacobs

Justin C. Jacobs
Managing Director
Mill Road Capital, L.P.