

KONA GRILL INC  
Form DFAN14A  
April 22, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Kona Grill, Inc.**

(Name of Registrant as Specified In Its Charter)

Mill Road Capital, L.P.

Mill Road Capital GP LLC

Mill Road Capital Management LLC

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**Thomas E. Lynch**

**Scott P. Scharfman**

**Charles M. B. Goldman**

**Justin C. Jacobs**

**Craig S. Miller**

**Lawrence F. Harris**

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

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Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

On April 22, 2010, Mill Road Capital, L.P. issued a press release announcing that RiskMetrics Group, Inc. has recommended that stockholders of Kona Grill, Inc. support two of Mill Road Capital, L.P.'s nominees for election to the Board of Directors of Kona Grill, Inc. at its 2010 Annual Meeting of Stockholders and not vote for any of the three incumbents nominated by Kona Grill, Inc. The full text of such press release is provided below.

\* \* \*

**RiskMetrics Advises Kona Grill Stockholders to Vote FOR Mill Road Nominees in Proxy Contest**

GREENWICH, Conn., April 22 /PRNewswire/ Mill Road Capital, L.P. ( Mill Road ) today announced that RiskMetrics Group, Inc. ( RMG ), the leading independent proxy voting advisory service, has recommended that stockholders of Kona Grill, Inc. ( Kona ) (Nasdaq: KONA) vote Mill Road's GOLD proxy card FOR two of Mill Road's nominees for election to the Board of Directors of Kona at its 2010 Annual Meeting of Stockholders, to be held on April 28, 2010, and NOT VOTE FOR any of the three incumbents nominated by Kona. RMG has recommended that Kona stockholders vote FOR Mill Road nominees Mr. Larry Harris and Mr. Thomas Lynch.

As RMG stated in its analysis, "When analyzing proxy contests, RMG focuses on two central questions: (1) have the dissidents demonstrated that change is warranted at the company, and if so, (2) will the dissidents be better able to effect such change versus the incumbent board?"

RMG further wrote that "The incumbent directors have been on the board between 3 and 7 years. Accordingly, we feel these members should share responsibility for the periods of underperformance during the past several years and believe change is warranted."

Later in its analysis, RMG directly answers the two central questions: "In conclusion, the mixed financial and operational performance results and the lagging TSR [Total Shareholder Return] data establish the need for change. Further, we feel the dissident nominees have the relevant experience, knowledge and skills necessary to bring a fresh perspective to board discussions and effect positive change. As such, a vote in favor of Messrs. Lynch and Harris is warranted."

Mill Road asks stockholders to complete and return the GOLD proxy card in support of all three of its nominees. If stockholders have any questions regarding their proxy or need assistance with voting their shares, please contact:

InvestorCom, Inc.

65 Locust Avenue, Third Floor

New Canaan, CT 06840

Stockholders Call Toll Free: (877) 972-0090

Banks and Brokers Call Collect: (203) 972-9300

***Important Information:***

Stockholders are advised to read the definitive proxy statement and GOLD proxy card mailed on April 16, 2010 related to the solicitation of proxies by Mill Road Capital, L.P., Mill Road Capital GP LLC, Mill Road Capital Management LLC, Thomas E. Lynch, Scott P. Scharfman, Charles M. B. Goldman, Justin C. Jacobs, Lawrence F. Harris and Craig S. Miller from the stockholders of Kona Grill, Inc. for use at the 2010 Annual Meeting of Stockholders of Kona Grill, Inc. because they contain important information. Such materials are available at no charge on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov) and on our proxy solicitor's website at [www.icommaterials.com](http://www.icommaterials.com) or by contacting our proxy solicitor, InvestorCom, Inc., by telephone.

CONTACT: InvestorCom, Inc., Stockholders Call Toll Free: +1-877-972-0090, Banks and Brokers Call Collect: +1-203) 972-9300