

Edgar Filing: KIRKLANDS INC - Form SC 13D/A

KIRKLANDS INC  
Form SC 13D/A  
March 19, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D/A  
Amendment No 1

Under the Securities Exchange Act of 1934

Kirkland's, Inc.

-----  
(Name of Issuer)

Common Stock, Par Value \$0.01 Per Share

-----  
(Title of Class of Securities)

497498105

-----  
(CUSIP Number)

Richard W. Shea, Jr.  
Vardon Capital Management, L.L.C.  
120 West 45th Street, 17th Floor  
New York, NY 10036  
(212) 626-6300

-----  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

March 12, 2007

-----  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box [ ] .

CUSIP NO. 497498105

-----  
1. NAME OF REPORTING PERSON Vardon Capital, L.L.C.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

-----  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [x]  
(b) [ ]

-----  
3. SEC USE ONLY

-----  
4. SOURCE OF FUNDS\* AF OO

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5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]

---

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

---

7. SOLE VOTING POWER -0-

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY EACH  
PERSON WITH

8. SHARED VOTING POWER 1,699,039

---

9. SOLE DISPOSITIVE POWER -0-

---

10. SHARED DISPOSITIVE POWER 1,699,039

---

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,699,039

---

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES [ ]

---

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%

---

14. TYPE OF REPORTING PERSON OO

CUSIP NO. 497498105

1. NAME OF REPORTING PERSON Vardon Capital Management, L.L.C.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

---

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [ ]

---

3. SEC USE ONLY

---

4. SOURCE OF FUNDS\* AF 00

---

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]

---

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

---

7. SOLE VOTING POWER -0-

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY EACH  
PERSON WITH

8. SHARED VOTING POWER 1,858,975

---

9. SOLE DISPOSITIVE POWER -0-

---

10. SHARED DISPOSITIVE POWER 1,858,975

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-----  
 11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,858,975  
 -----  
 12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
 CERTAIN SHARES [ ]  
 -----  
 13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.5%  
 -----  
 14. TYPE OF REPORTING PERSON IA  
 -----

CUSIP NO. 497498105

-----  
 1. NAME OF REPORTING PERSON Richard W. Shea, Jr.  
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
 -----

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
 (b) [ ]  
 -----

3. SEC USE ONLY  
 -----

4. SOURCE OF FUNDS\* AF OO  
 -----

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
 PURSUANT TO ITEMS 2(d) or 2(e) [ ]  
 -----

6. CITIZENSHIP OR PLACE OF ORGANIZATION United States of America  
 -----

7. SOLE VOTING POWER -0-

NUMBER OF  
 SHARES -----  
 8. SHARED VOTING POWER 1,858,975  
 BENEFICIALLY  
 OWNED BY EACH -----  
 PERSON WITH  
 9. SOLE DISPOSITIVE POWER -0-

10. SHARED DISPOSITIVE POWER 1,858,975  
 -----

-----  
 11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,858,975  
 -----  
 12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
 CERTAIN SHARES [ ]  
 -----  
 13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 9.5%  
 -----  
 14. TYPE OF REPORTING PERSON IN  
 -----

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CUSIP NO. 497498105

-----  
1. NAME OF REPORTING PERSON Vardon Partners, L.P.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
-----  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [ ]  
-----  
3. SEC USE ONLY  
-----  
4. SOURCE OF FUNDS\* WC  
-----  
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]  
-----  
6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware  
-----  
7. SOLE VOTING POWER -0-  
NUMBER OF  
SHARES -----  
8. SHARED VOTING POWER 1,699,039  
BENEFICIALLY  
OWNED BY EACH -----  
PERSON WITH  
9. SOLE DISPOSITIVE POWER -0-  
-----  
10. SHARED DISPOSITIVE POWER 1,699,039  
-----  
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,699,039  
-----  
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES [ ]  
-----  
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%  
-----  
14. TYPE OF REPORTING PERSON PN  
-----

CUSIP NO. 497498105

-----  
1. NAME OF REPORTING PERSON Vardon Partners II, L.P.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
-----  
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [ ]  
-----  
3. SEC USE ONLY  
-----

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4. SOURCE OF FUNDS\* WC

---

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]

---

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

---

7. SOLE VOTING POWER -0-

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY EACH  
PERSON WITH

---

8. SHARED VOTING POWER 1,699,039

---

9. SOLE DISPOSITIVE POWER -0-

---

10. SHARED DISPOSITIVE POWER 1,699,039

---

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,699,039

---

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES [ ]

---

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%

---

14. TYPE OF REPORTING PERSON PN

CUSIP NO. 497498105

1. NAME OF REPORTING PERSON Vardon International, Ltd.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

---

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [ ]

---

3. SEC USE ONLY

---

4. SOURCE OF FUNDS\* WC

---

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]

---

6. CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands

---

7. SOLE VOTING POWER -0-

NUMBER OF  
SHARES

---

8. SHARED VOTING POWER 1,699,039

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BENEFICIALLY OWNED BY EACH PERSON WITH -----

9. SOLE DISPOSITIVE POWER -0-

-----

10. SHARED DISPOSITIVE POWER 1,699,039

-----

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,699,039

-----

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES [ ]

-----

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%

-----

14. TYPE OF REPORTING PERSON CO

-----

CUSIP NO. 497498105

-----

1. NAME OF REPORTING PERSON Vardon International BP, Ltd.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

-----

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [ ]

-----

3. SEC USE ONLY

-----

4. SOURCE OF FUNDS\* WC

-----

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) [ ]

-----

6. CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands

-----

7. SOLE VOTING POWER -0-

-----

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH -----

8. SHARED VOTING POWER 1,699,039

-----

9. SOLE DISPOSITIVE POWER -0-

-----

10. SHARED DISPOSITIVE POWER 1,699,039

-----

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,699,039

-----

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES

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CERTAIN SHARES [ ]  
 -----  
 13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%

-----  
 14. TYPE OF REPORTING PERSON CO  
 -----

CUSIP NO. 497498105  
 -----

1. NAME OF REPORTING PERSON Vardon Focus Fund, L.P.  
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
 (b) [ ]

3. SEC USE ONLY  
 -----

4. SOURCE OF FUNDS\* WC  
 -----

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
 PURSUANT TO ITEMS 2(d) or 2(e) [ ]  
 -----

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware  
 -----

7. SOLE VOTING POWER -0-

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH	----- 8. SHARED VOTING POWER ----- 9. SOLE DISPOSITIVE POWER -----	----- 1,699,039 ----- -0- -----
---	--	---

10. SHARED DISPOSITIVE POWER 1,699,039  
 -----

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,699,039  
 -----

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
 CERTAIN SHARES [ ]  
 -----

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%  
 -----

14. TYPE OF REPORTING PERSON PN  
 -----

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CUSIP NO. 497498105

-----

1. NAME OF REPORTING PERSON Vardon Focus Fund II, L.P.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

-----

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [ ]

-----

3. SEC USE ONLY

-----

4. SOURCE OF FUNDS\* WC

-----

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]

-----

6. CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

-----

	7. SOLE VOTING POWER	-0-
NUMBER OF	-----	-----
SHARES	8. SHARED VOTING POWER	1,699,039
BENEFICIALLY	-----	-----
OWNED BY EACH	9. SOLE DISPOSITIVE POWER	-0-
PERSON WITH	-----	-----
	10. SHARED DISPOSITIVE POWER	1,699,039

-----

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,699,039

-----

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES [ ]

-----

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%

-----

14. TYPE OF REPORTING PERSON PN

-----

CUSIP NO. 497498105

-----

1. NAME OF REPORTING PERSON Vardon Focus Fund International, Ltd.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

-----

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [ ]

-----

3. SEC USE ONLY

-----



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4. SOURCE OF FUNDS\* WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]

6. CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands

7. SOLE VOTING POWER -0-

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY EACH  
PERSON WITH

8. SHARED VOTING POWER 1,699,039

9. SOLE DISPOSITIVE POWER -0-

10. SHARED DISPOSITIVE POWER 1,699,039

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,699,039

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES  
CERTAIN SHARES [ ]

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%

14. TYPE OF REPORTING PERSON CO

CUSIP NO. 497498105

1. NAME OF REPORTING PERSON Vardon Focus International BP, Ltd.

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [x]  
(b) [ ]

3. SEC USE ONLY

4. SOURCE OF FUNDS\* WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) or 2(e) [ ]

6. CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands

7. SOLE VOTING POWER -0-

NUMBER OF  
SHARES  
BENEFICIALLY

8. SHARED VOTING POWER 1,699,039

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OWNED BY EACH PERSON WITH	-----	
	9. SOLE DISPOSITIVE POWER	-0-
	-----	
	10. SHARED DISPOSITIVE POWER	1,699,039
-----		
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		1,699,039
-----		
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		[ ]
-----		
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		8.7%
-----		
14. TYPE OF REPORTING PERSON		CO

CUSIP NO. 497498105

1. NAME OF REPORTING PERSON	Vardon Continuum Fund, L.P.	
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON		
-----		
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(a) [x] (b) [ ]	
-----		
3. SEC USE ONLY		
-----		
4. SOURCE OF FUNDS*	WC	
-----		
5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e)	[ ]	
-----		
6. CITIZENSHIP OR PLACE OF ORGANIZATION	Delaware	
-----		
	7. SOLE VOTING POWER	-0-
-----		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH PERSON WITH	-----	
	8. SHARED VOTING POWER	1,699,039
	-----	
	9. SOLE DISPOSITIVE POWER	-0-
	-----	
	10. SHARED DISPOSITIVE POWER	1,699,039
-----		
11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		1,699,039
-----		
12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		[ ]

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-----  
13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 8.7%

-----  
14. TYPE OF REPORTING PERSON PN  
-----

CUSIP NO. 497498105

Item 1. Security and Issuer  
-----

This Schedule 13D/A relates to shares of common stock, \$0.01 par value per share (the "Common Stock") of Kirkland's, Inc., a Delaware corporation (the "Issuer"). The principal executive office and mailing address of the Issuer is 805 North Parkway, Jackson, Tennessee, 38305.

Item 2. Identity and Background  
-----

This Schedule 13D/A is being filed by (i) Vardon Partners, L.P., a Delaware limited partnership; (ii) Vardon Partners II, L.P., a Delaware limited partnership; (iii) Vardon Focus Fund, L.P., a Delaware limited partnership; (iv) Vardon Focus Fund II, L.P., a Delaware limited partnership; (v) Vardon Continuum Fund, L.P., a Delaware limited partnership (together the "Domestic Funds"); (vi) Vardon International, Ltd., a Cayman Islands exempted company; (vii) Vardon International BP, Ltd., a Cayman Islands exempted company; (viii) Vardon Focus Fund International, Ltd., a Cayman Islands exempted company; (ix) Vardon Focus International BP, Ltd., a Cayman Islands exempted company (together the "Offshore Funds"); (x) Vardon Capital, L.L.C., a Delaware limited liability company ("VC"), with respect to shares of Common Stock held in the Domestic Funds; (xi) Vardon Capital Management, L.L.C., a Delaware limited liability company ("VCM"), with respect to shares of Common Stock held in the accounts of the Domestic Funds, Offshore Funds and certain other separate account clients managed by VCM (the "Managed Accounts", and together with the Domestic Funds and Offshore Funds, the "Advisory Clients") for which VCM serves as the investment manager and (xii) Richard W. Shea, Jr. ("Mr. Shea"), the sole managing member of VC and VCM, with respect to shares of Common Stock deemed to be beneficially owned by VC and VCM. The Domestic Funds, the Offshore Funds, VC, VCM and Mr. Shea will be collectively referred to herein as "Reporting Persons". All disclosures made in this filing are made pursuant to the best knowledge and reasonable belief of the Reporting Persons.

The Domestic Funds, as defined above, are each Delaware limited partnerships with a principal business office address of 120 West 45th Street, 17th Floor, New York, NY 10036.

The Offshore Funds, as defined above, are each Cayman Islands exempted companies with a principal business office address of Admiral Financial Center, P.O. Box 32021 SMB, 90 Fort Street, Grand Cayman, Cayman Islands, B.W.I.

VC is a Delaware limited liability company, which serves as general partner of the Domestic Funds, as outlined above. The sole managing member of VC is Mr. Shea.

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The principal business office address of VC is 120 West 45th Street, 17th Floor, New York, NY 10036.

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VCM is a Delaware limited liability company which serves as the investment manager to the Advisory Clients, as outlined above.

VCM is registered with the U.S. Securities and Exchange Commission as an investment adviser under the U.S. Investment Advisers Act of 1940, as amended. The sole managing member of VCM is Mr. Shea.

The principal business office address of VCM is 120 West 45th Street, 17th Floor, New York, NY 10036.

Mr. Shea, the sole managing member of VC and VCM, is a citizen of the United States of America.

The principal business office address of Mr. Shea is 120 West 45th Street, 17th Floor, New York, NY 10036.

To the best knowledge of the Reporting Persons, none of the entities or persons identified in this Item 2 has, during the past five years, been convicted of any criminal proceeding (excluding traffic violations or similar misdemeanors), nor been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. Source and Amount of Funds or Other Consideration  
-----

The source of funds for the purchases of 1,858,975 shares beneficially owned by VCM and Mr. Shea was \$17,025,893, representing the working capital of the Advisory Clients listed in item 2 above.

The source of funds for the purchases of 1,699,039 shares beneficially owned by VC was \$15,616,675, representing the working capital of the Domestic Funds and the Offshore Funds listed in item 2 above.

CUSIP NO. 497498105

Item 4. Purpose of Transaction  
-----

The purpose of the acquisition of the Common Stock is for investment, and the acquisitions of the Common Stock were made in the ordinary course of business and were not made for the purpose of acquiring control of the

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Issuer.

None of the Reporting Persons has any plans or proposals which, as of the date hereof, relate to, or could result in, any of the matters referred to in paragraphs (a) through (c) or (e) through (j), inclusive, of the instructions to Item 4 of Schedule 13D/A. The Reporting Persons may, at any time and from time to time, review or reconsider their position and/or change their purpose and/or formulate plans or proposals with respect thereto.

This Amendment No. 1 to Schedule 13D is being filed to report that the Reporting Persons, as passive investors, will make all future filings on the Schedule 13G.

### Item 5. Interest in Securities of the Issuer

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(a), (b) According to the Issuer's most recent Form 10-Q, there were 19,614,873 shares of Common Stock issued and outstanding as of December 1, 2006. Based on such information, after taking into account the transactions described in Item 5(c) below, the Reporting Persons report beneficial ownership of the following shares of Common Stock:

(i) 1,699,039 shares of Common Stock held by VC on behalf of the Domestic Funds and Offshore Funds represents 8.7% of the outstanding shares of the Common Stock and (ii) 1,858,975 shares of the Common Stock held by VCM on behalf of the Advisory Clients for which it serves as the investment manager, which represents 9.5% of the outstanding shares of the Common Stock. Each Advisory Client has an investment management arrangement with VCM, but no Advisory Client has any contract, arrangement or understanding with any other Reporting Person, with respect to the acquisition, ownership, disposition or voting of any shares of the Common Stock of the Issuer.

Voting and investment power concerning the above shares are held solely by VC and VCM. The Reporting Persons therefore may be deemed to be members in a group, in which case the group would be deemed to have beneficial ownership of an aggregate of 1,858,975 shares of the Common Stock, which is 9.5% of the outstanding Common Stock. As the sole managing member of VC and VCM, Mr. Shea is deemed the beneficial owner of the securities over which VC and VCM has voting and investment power.

Although Mr. Shea is joining in this Schedule as a Reporting Person, the filing of this Schedule shall not be construed as an admission that he, or any of the other shareholders, directors or executive officers of either VC or VCM, is, for any purpose, the beneficial owner of any of the securities that are beneficially owned by VC, VCM, the Domestic Funds or the Offshore Funds.

c) During the last 60 days, the Reporting Persons have not purchased or sold Common Stock:

(d) and (e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

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The Reporting Persons may be deemed to be members of a group for purposes of Section 13(d) of the Exchange Act of 1934. None of the Reporting Persons or, to the best knowledge of the Reporting Persons, the other persons named in Item 2, is a party to any contract, arrangement, understanding or relationship with respect to any securities of the Issuer, including but not limited to the transfer or voting of any securities of the Issuer, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

Item 7. Material to be Filed as Exhibits

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Exhibit A -- Joint Filing Undertaking.

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: March 19, 2007

Vardon Partners, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

Vardon Partners II, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

By: /s/ Richard W. Shea, Jr.

By: /s/ Richard W. Shea, Jr.

-----  
Richard W. Shea, Jr.  
Managing Member of  
the General Partner

-----  
Richard W. Shea, Jr.  
Managing Member of  
the General Partner

Vardon Focus Fund, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

Vardon Focus Fund II, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

By: /s/ Richard W. Shea, Jr.

By: /s/ Richard W. Shea, Jr.

-----  
Richard W. Shea, Jr.  
Managing Member of  
the General Partner

-----  
Richard W. Shea, Jr.  
Managing Member of  
the General Partner

Vardon International, Ltd.  
By: Richard W. Shea, Jr.  
as director

Vardon International BP, Ltd.  
By: Richard W. Shea, Jr.  
as director

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By: /s/ Richard W. Shea, Jr.

-----  
Richard W. Shea, Jr.  
Director

By: /s/ Richard W. Shea, Jr.

-----  
Richard W. Shea, Jr.  
Director

Vardon Focus Fund  
International, Ltd.

By: Richard W. Shea, Jr.  
as director

Vardon Focus International  
BP, Ltd.

By: Richard W. Shea, Jr.  
as director

By: /s/ Richard W. Shea, Jr.

-----  
Richard W. Shea, Jr.  
Director

By: /s/ Richard W. Shea, Jr.

-----  
Richard W. Shea, Jr.  
Director

Vardon Continuum Fund, L.P.

By: Richard W. Shea, Jr.  
as managing member of the  
general partner

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Managing Member of  
the General Partner

Vardon Capital, L.L.C.

By: Richard W. Shea, Jr.  
its managing member

Vardon Capital Management, L.L.C

By: Richard W. Shea, Jr.  
its managing member

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Managing Member

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Managing Member

Richard W. Shea, Jr.

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Individually

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Exhibit A  
JOINT FILING UNDERTAKING

The undersigned, being duly authorized thereunto, hereby executes this agreement as an exhibit to this Schedule 13D with respect to the shares of Common Stock of Kirkland's, Inc., par value \$0.01 per share, to evidence the agreement of the below-named parties, in accordance with the rules promulgated pursuant to the Securities Exchange Act of 1934, as amended, to file this Schedule 13D/A jointly on behalf of each such party.

Dated: March 19, 2007

Vardon Partners, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

Vardon Partners II, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

By: /s/ Richard W. Shea, Jr.

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Managing Member of  
the General Partner

-----  
Richard W. Shea, Jr.  
Managing Member of  
the General Partner

Vardon Focus Fund, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

Vardon Focus Fund II, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

By: /s/ Richard W. Shea, Jr.

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Managing Member of  
the General Partner

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Richard W. Shea, Jr.  
Managing Member of  
the General Partner

Vardon International, Ltd.  
By: Richard W. Shea, Jr.  
as director

Vardon International BP, Ltd.  
By: Richard W. Shea, Jr.  
as director

By: /s/ Richard W. Shea, Jr.

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Director

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Richard W. Shea, Jr.  
Director

Vardon Focus Fund  
International, Ltd.  
By: Richard W. Shea, Jr.  
as director

Vardon Focus International  
BP, Ltd.  
By: Richard W. Shea, Jr.  
as director



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By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Director

By: /s/ Richard W. Shea, Jr.

-----  
Richard W. Shea, Jr.  
Director

Vardon Continuum Fund, L.P.  
By: Richard W. Shea, Jr.  
as managing member of the  
general partner

By: /s/ Richard W. Shea, Jr.

-----  
Richard W. Shea, Jr.  
Managing Member of  
the General Partner

Vardon Capital, L.L.C.  
By: Richard W. Shea, Jr.  
its managing member

Vardon Capital Management, L.L.C  
By: Richard W. Shea, Jr.  
its managing member

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Managing Member

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Managing Member

Richard W. Shea, Jr.

By: /s/ Richard W. Shea, Jr.

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Richard W. Shea, Jr.  
Individually