

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

FORM 8-K
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): May 8, 2017

STG GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-36149
(Commission File Number)

46-3134302
(I.R.S. Employer Identification
No.)

11091 Sunset Hills Road, Suite 200
Reston, Virginia
(Address of principal executive offices)

20190
(Zip Code)

(703) 691-2480
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01. Entry into a Material Definitive Agreement.

On May 8, 2017, STG Group, Inc. (the “Company”) entered into an Amendment and Waiver (the “Amendment”) to the Agreement and Plan of Merger (the “Original Agreement”), dated as of February 18, 2017, by and among the Company, Ripcord Acquisition Corp., a Delaware corporation and a wholly-owned subsidiary of the Company, PSS Holdings, Inc., a Delaware corporation (“PSS”), PSS PE I, L.P., a Delaware limited partnership (“PSS PE”), PSS Co-Investors, L.P., a Delaware limited partnership (“PSS Co-Investors”), WWC Capital Fund II, L.P., a Delaware limited partnership (“WWC”), Spring Capital Partners II, L.P., a Maryland limited partnership (“Spring Capital”), and Scott Goss (together with PSS PE, PSS Co-Investors, WWC and Spring Capital, the “Seller Parties”), and Peter M. Schulte, a resident of the State of New York, but solely in his capacity as the “Stockholders’ Representative.” Prior to the entry into the Amendment, PSS rescinded a notice of termination of the Original Agreement that had been received by the Company on May 3, 2017. The Amendment includes the following changes to the Original Agreement:

- The outside date for closing the acquisition was extended to June 30, 2017 (the “Outside Date”);
- The purchase price under the merger agreement was increased to \$119.8 million, subject to certain adjustments based upon closing working capital;
- The Company’s obligations to close were made subject to the Company obtaining debt and equity financing for closing the acquisition; and
- The Company agreed to make an advance payment of \$925,000 of the merger consideration on the date of the Amendment, which will be credited against the purchase price at closing (the “Advance Payment”).

PSS is entitled to keep the Advance Payment if the merger agreement is terminated under certain circumstances, including:

- by mutual written consent of the Company and the Stockholder’s Representative;
 - by the Stockholder’s Representative in connection with breaches by the Company of its representations and warranties;
 - by the Stockholder’s Representative for a failure of the closing to occur prior to the Outside Date if the Company has not, prior to such termination, delivered notice that it is ready, willing and able to effect the closing and three business days have elapsed since the satisfaction or waiver of all conditions to closing (other than those that by their nature are satisfied at closing);
 - by either the Company or the Stockholder’s Representative if there is a court order preventing the consummation of the acquisition or such consummation would otherwise be illegal; or
 - by the Company due to a material adverse effect on the Company or PSS.
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The Company is entitled to a refund of the Advance Payment if the merger agreement is terminated under certain circumstances, including:

- by the Company in connection with breaches by PSS or the Seller Parties of any of their respective representations and warranties or if any PSS stockholder has indicated to PSS or the Company its intent to exercise dissenter's rights; or
- by either the Company or the Stockholder's Representative for a failure of the closing to occur prior to the Outside Date if the Company has, prior to such termination, delivered notice that it is ready, willing and able to effect the closing but the closing has not occurred within three business days as a result of any act or failure to act by a Seller Party.

In the event the agreement is terminated by the Stockholders' Representative and an event has occurred during the interim period between signing and closing, based solely on the operations of PSS, that caused a breach of PSS' representations and warranties, and the Company fails to waive its indemnification rights with respect to such breach within 15 days following PSS' request for such waiver, the Company shall be entitled to \$625,000 of the Advance Payment as a termination fee, and the difference between the Advance Payment and the termination fee shall be retained by PSS.

Item 8.01 Other Events.

On May 8, 2017, the Company issued a press release announcing the entry into the Amendment. A copy of the press release is attached as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

99.1 Press release issued by the Company on May 8, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 9, 2017

STG GROUP, INC.

/s/ Charles L. Cosgrove
Charles L. Cosgrove
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description of Exhibits
99.1	Press release issued by the Company on May 8, 2017.



STG Group Announces Extension of Merger Agreement with Preferred Systems Solutions (PSS)

Reston VA, May 8, 2017 – STG Group, Inc. (OTCQB: STGG), a leading provider of mission-critical technology, cyber, and data solutions to the U.S. Government, announced today that it has entered in to an Amendment and Waiver to Agreement and Plan of Merger (the “Amendment”) which extends the outside date for closing its previously announced Merger Agreement between STG and PSS Holdings, Inc. (PSS) until June 30, 2017. As part of the Amendment, STG has agreed to increase the purchase price to \$119.8 million and made an advance payment of \$925,000 which will be credited against the purchase price at closing. Closing the transaction is subject to customary closing conditions.

STG Group, Inc. Contact:

Bobby Winters or Jackie Marcus, Alpha IR Group
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STGG@alpha-ir.com

About STG

STG Group, Inc. is a leading provider of mission-critical technology, cyber and data solutions to more than 50 US Federal Agencies. Applying decades of experience, the company works to ensure the security of the digital domain, the effectiveness of complex IT systems and the delivery of quality intelligence to decision makers. STG is a Washington Technology Top 100 Company. Visit STG at www.stg.com.

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties concerning STG, STG’s expected financial performance, as well as STG’s strategic and operational plans. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. Terms such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “should,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. Actual events or results may differ materially from those described in this press release due to a number of risks and uncertainties. The potential risks and uncertainties include, among others, the possibility that the transaction will not close or that the closing may be delayed; the possibility that we will not be able to obtain financing for the transaction; the reaction of customers to the acquisition; the possibility that conditions to the closing of the transaction may not be satisfied; the transaction may involve unexpected costs, liabilities or delays; or the occurrence of any event, change or other circumstances that could give rise to the termination of the transaction agreement. In addition, please refer to risks described in the “Risk Factors” in STG’s Annual Report on Form 10-K for the year ended December 31, 2016 and filed with the SEC. Please also refer to the other documents that STG filed with the SEC on Forms 10-K, 10-Q and 8-K. The filings by STG identify and address other important factors that could cause its financial and operational results to differ materially from those contained in the forward-looking statements set forth in this press release. STG is under no duty to update any of the forward-looking statements after the date of this press release to conform to actual results, and you are cautioned not to place undue reliance on any such statements.
