
**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 17, 2019 (May 13, 2019)

CAPSTAR FINANCIAL HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Tennessee
(State or other jurisdiction
of incorporation)

001-37886
(Commission
File Number)

81-1527911
(IRS Employer
Identification No.)

1201 Demonbreun Street, Suite 700 Nashville, Tennessee
(Address of principal executive offices)

37203
(Zip Code)

Registrant's telephone number, including area code (615) 732-6400

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value per share	CSTR	Nasdaq Global Select Market

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.

Section 5 – Corporate Governance and Management

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective as of May 13, 2019, CapStar Financial Holdings, Inc. (the “**Company**”) entered into the Eighth Amended and Restated Executive Employment Agreement (the “**Tucker Amended and Restated Agreement**”) with Claire W. Tucker. As of May 13, 2019, Ms. Tucker will no longer serve as the President of the Company nor will she continue to serve as President and Chief Executive Officer of the Company’s wholly owned subsidiary CapStar Bank (the “**Bank**”). Ms. Tucker will serve as the Chief Executive Officer of the Company until July 31, 2019 and will then serve as the Company’s Founding President and CEO Emerita from July 31, 2019 until May 31, 2021. As compensation for her services, Ms. Tucker will receive a base salary of \$525,000 per annum between May 31, 2019 and May 31, 2020 and will remain eligible to receive an annual incentive bonus for calendar year 2019 of up to 50% of her base salary, subject to the terms and conditions set forth by the boards of directors of the Company and the Bank (the “**Board**”) pursuant to any bonus plan that may be adopted by the Board. For the fiscal year ending December 31, 2019, Ms. Tucker will also remain eligible to receive a long-term incentive bonus of up to 40% of her base salary pursuant to the terms of the Company’s Long Term Incentive Plan. From June 1, 2020 until May 31, 2021, Ms. Tucker will receive an annual base salary of \$200,000 per annum. The Company will also reimburse Ms. Tucker for certain approved expenses through May 31, 2021. Pursuant to the Tucker Amended and Restated Agreement, Ms. Tucker will retire from the board of directors of the Bank effective as of May 13, 2019 and will retire from the board of directors of the Company effective as of July 31, 2019.

Additional terms provided for under the Tucker Amended and Restated Agreement are as follows:

- Ms. Tucker and the Company each have the right to terminate the Tucker Amended and Restated Agreement at any time, with or without cause, subject to the potential for severance payments.
- Any stock awards granted to Ms. Tucker that have not fully vested before May 31, 2021 will vest as of May 31, 2021, provided that Ms. Tucker has not been terminated for cause or resigned for good reason prior to that date.
- Ms. Tucker has agreed to maintain the confidentiality of any material information concerning any matters affecting or relating to the business of the Company, except in the course of performing her duties while employed by the Company.
- Ms. Tucker is subject to restrictive covenants relating to her ability to (i) solicit Company clients, (ii) solicit employees of the Company, or (iii) engage in a competing business that operates in any county in which the Company operates. These restrictions apply for the duration of Ms. Tucker’s employment and for a period of two (2) years following the termination of Ms. Tucker’s employment with the Company.

Effective as of May 13, 2019, the Company and the Bank entered into the Executive Employment Agreement (the “**Schools Employment Agreement**”) with Timothy K. Schools. Pursuant to the Schools Employment Agreement, Mr. Schools will serve as the President and Chief Executive Officer of the Bank and the President of the Company effective as of May 13, 2019. Mr. Schools will also serve as Chief Executive Officer of the Company effective as of July 31, 2019. On May 13, 2019, in conjunction with the Schools Employment Agreement, the Board appointed Mr. Schools as a director of the Bank effective as of May 13, 2019 and as a director of the Company effective as of July 31, 2019. Mr. Schools’ base salary will be \$525,000 per annum and he will be eligible to receive an annual bonus of up to 50% of his base salary, subject to the terms and conditions set forth annually by the Board, pursuant to any bonus plan that may be adopted by the Board. For each year of his employment, Mr. Schools will also be eligible to receive a long-term incentive bonus of up to 40% of his base salary pursuant to the Company’s Long Term Incentive Plan. As signing bonus, Mr. Schools will receive an award of 50,000 options (the “**Options**”) to purchase 50,000 shares of the Company’s common stock. The exercise price of the Options will be set as the average price of the Company’s common stock on the day prior to the public announcement of Mr. School’s employment with the Company and Bank. The Options will vest ratably over a three

year period, beginning on the first anniversary of the grant date, and will be subject to the terms of the CapStar Financial Holdings, Inc. Stock Incentive Plan and a separate Non-Qualified Stock Option Agreement between Mr. Schools and the Company.

Additional terms provided for under the Schools Employment Agreement are as follows:

- Mr. Schools, the Bank and the Company have the right to terminate the Schools Employment Agreement at any time, with or without cause, subject to the potential for severance payments as discussed below.
- Mr. Schools is entitled to a severance payment equal to continued payment of base salary for a period of two (2) years and continuation of benefits for twenty-four (24) months in the event the Company and the Bank terminates the Schools Employment Agreement without cause or if Mr. Schools resigns for good reason. Mr. Schools is entitled to a severance payment equal to continued payment of base salary and continuation of benefits for one (1) year in the event that the Schools Employment Agreement terminates as a result of a decision by the Company and Bank not to renew or extend the term.
- For termination occurring within 12 months of a change in control, as defined in the Schools Employment Agreement, Mr. Schools would receive payments equal to two (2) times his respective base salary (payable in 24 equal monthly installments) and continuation of benefits for 24 months, unless his employment was terminated with cause or by reason of disability or the executive resigned without good reason.
- Mr. Schools has agreed to maintain the confidentiality of non-public information and trade secrets learned during the course of his employment and further agreed that the Company and the Bank maintain ownership over their work product.
- Mr. Schools is subject to restrictive covenants relating to his ability to (i) solicit Company and Bank clients for or on behalf of a competing business, (ii) solicit employees of the Company or Bank for another business, or (iii) engage in a competing business that operates in any county in which CapStar operates. These restrictions apply for the duration of Mr. Schools' employment and following termination for a period of two (2) years, except that the non-competition covenant will only apply for the duration of Mr. Schools' employment and following termination for a period of one (1) year if Mr. Schools' employment with the Company and Bank is terminated by non-renewal of the Schools Employment Agreement solely by the decision of the Company and Bank.
- The term of Mr. Schools' employment shall continue until May 13, 2022 with the option for a one (1) year renewal at the end of the initial term and any extended term.

Mr. Schools is 49 years old and there are no family relationships between him and any other director or executive officer of the Company and Bank. Schools was most recently the President and Chief Executive Officer at Highlands Bankshares, Inc. ("**Highlands**") in Abingdon, Virginia from November 2015 to May 2019. At Highlands, he led the Board of Directors and Executive Committee in establishing and executing a strategic plan following a private equity recapitalization in 2014. During his tenure, Highlands achieved its highest earnings since 2007, net interest margin since 2002, leverage ratio in its history, lowest net charge-off ratio since 1995 and was recognized as the "Best Bank" in each of Bristol, Tennessee/Virginia, Smith County, Virginia, Washington County, Virginia and Watauga County, North Carolina. Prior to his tenure with Highlands, Mr. Schools served as Chief Strategy Officer of United Community Bank in Greenville, South Carolina and President of American Savings Bank in Honolulu, Hawaii. At United Community Bank, he was a member of the executive committee whom, following a private equity recapitalization in 2010, collaborated to return the company to financial health. During Mr. Schools' tenure, United Community Bank achieved a ranking of fourteenth (14th) in the Forbes Best Banks in America ranking, placed second nationally in J.D. Power's industry customer service survey ranking, and resolved a preexisting Memorandum of Understanding issued by the company's regulators. At American Savings Bank, Mr. Schools led the board of directors and executive committee in developing and executing a strategic plan that remediated a preexisting Cease and Desist regulatory order and elevated the Company to one of the nation's highest performing banks and best banks to work for nationally. Mr. Schools is a former board member of APCO Employees Credit Union, First Market Bank, CRA Partners, USI Alliance Corporation, Nasdaq Issuer Advisory Council, and OTC Markets Group Issuer Advisory Council. Mr. Schools graduated magna cum laude from James Madison University with a Bachelor's degree in business administration and received his M.B.A from Emory University. Other than Schools' Employment Agreement, there have been no transactions, and there are no currently proposed transactions, in which the Company or Bank was or is a participant and in which Mr. Schools or any of his immediate family members has or will have any interest, that are required to be disclosed under Item 404(a) of Regulation S-K.

The Tucker Amended and Restated Agreement and the Schools Employment Agreement are collectively referred to as the “**Agreements**.” The above summaries of the Agreements are qualified by reference in their entirety to the full Agreements, which are filed as Exhibits 10.1 and 10.2 hereto and are incorporated by reference herein.

Item 7.01. Regulation FD Disclosure.

On May 14, 2019, the Company issued a press release announcing the Agreements, a copy of which is furnished herewith as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

<u>Exhibit No.</u>	<u>Description</u>
10.1	<u>Eighth Amended and Restated Executive Employment Agreement, by and among the Company and Claire W. Tucker, dated as of May 13, 2019.</u>
10.2	<u>Executive Employment Agreement, by and among the Company, the Bank and Timothy K. Schools, dated May 13, 2019.</u>
99.1	<u>Press Release issued on May 14, 2019 by CapStar Financial Holdings, Inc.</u>

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.

CAPSTAR FINANCIAL HOLDINGS, INC.

By: /s/ Robert B. Anderson

Name: Robert B. Anderson

Title: Chief Financial Officer and
Chief Administrative Officer

Date: May 17, 2019

**EIGHTH AMENDED AND RESTATED
EXECUTIVE EMPLOYMENT AGREEMENT**

THIS EIGHTH AMENDED AND RESTATED EMPLOYMENT AGREEMENT (this “**Amended Agreement**”) made and entered into on this 13th day of May, 2019 (the “**Effective Date**”), between **CapStar Financial Holdings**, a Tennessee corporation established to be a bank holding company, headquartered in Nashville, Davidson County, Tennessee, (the “**Company**” or “**CapStar**”) and **Claire W. Tucker**, hereinafter referred to as “**Executive.**”

WITNESSETH

WHEREAS, Executive has been employed by the Company as its President and Chief Executive Officer and previously was employed by CapStar Bank (the “**Bank**”) since its organization in 2007; and

WHEREAS, Executive, the Company, and the Bank previously entered into a Seventh Amended and Restated Employment Agreement on or about April 26, 2018, as amended on or about December 28, 2018, (collectively the “**Prior Agreement**”) regarding the rendering of services through May 31, 2019; and

WHEREAS, the Company desires to amend and restate the Prior Agreement in order to continue Executive’s employment with the Company in the capacities set forth in this Amended Agreement; and

WHEREAS, Executive wishes to continue to serve in the employ of the Company for the period and upon the terms and conditions provided for in this Amended Agreement.

NOW, THEREFORE, for the reasons set forth above and in consideration for the mutual promises and agreements set forth herein, CapStar and Executive agree as follows:

1. Amendment of Prior Agreement. CapStar and Executive hereby amend and restate the Prior Agreement in its entirety and hereby substitute this Amended Agreement for the Prior Agreement.

2. Employment. Subject to continued approval of the Tennessee Department of Financial Institutions and other bank regulatory agencies having jurisdiction over the operations of CapStar, CapStar hereby agrees that effective on the Effective Date, Executive will continue to be employed by Company as its Chief Executive Officer pursuant to the terms of this Amended Agreement until July 31, 2019, and as its Founding President and CEO Emerita between July 31, 2019 and May 31, 2021. Between May 31, 2019 and May 31, 2020, Executive agrees to devote her best and reasonable full-time efforts to help the Company and the Bank retain high performing key employees and important customers with whom Executive has personal relationships, and to represent CapStar in the community and on certain industry and other boards in order to maintain her goodwill and support for CapStar, and to otherwise assist the Chief Executive Officer and perform such other related activities and duties as the board of directors of Company (the “**Board**”) may, from time to time, reasonably determine and assign to Executive. Between June 1, 2020 and May 31, 2021, Executive will be expected to devote only 40% of her available time, or the equivalent of two working days per week, towards the duties to CapStar described in the preceding sentence.

Because she will no longer be Chief Executive Officer, Executive resigns her membership on the Board effective July 31, 2019 and the Board of Directors of the Bank effective immediately.

3. Compensation. During the term of Executive's employment hereunder:

(a) Salary. For the services provided for herein, CapStar shall pay to Executive, and Executive shall accept from CapStar, a base salary (Executive's "Base Salary") of: (1) between May 31, 2019 and May 31, 2020, Five Hundred Twenty-Five Thousand and No/100 Dollars (\$525,000.00), per annum; (2) between June 1, 2020 and May 31, 2021, Two Hundred Thousand and No/100 Dollars (\$200,000.00), per annum. Executive's Base Salary shall be paid monthly and subject to any and all withholdings and deductions required by law.

(b) Bonus. Executive will remain eligible for an annual bonus for calendar year 2019 of up to 50% of Executive's Base Salary, subject to the terms and conditions set forth by the Board at its sole discretion or pursuant to any bonus plan that may be adopted. Executive will not be eligible to receive an annual bonus for any services performed after December 31, 2019.

(c) Long Term Incentive Plan. Executive will also continue to participate in CapStar's Long Term Incentive Plan through December 31, 2019 and to be eligible to receive a target award of 40% of Executive's Base Salary, subject to the terms and conditions set forth in the Long Term Incentive Plan. Executive will not be eligible to participate in the Long Term Incentive Plan for any services performed after December 31, 2019.

(d) Benefits. CapStar will continue to provide to Executive, consistent with the terms and conditions of the respective plans, and pay the cost of, such employee benefits as are provided to Executive Officers of CapStar generally under benefit plans adopted by CapStar from time to time and as have been previously provided to Executive (CapStar's "Employee Benefit Plans"), except that any coverage exclusion based on hours worked or full-time or part-time status shall not apply to Executive during the Term. These Employee Benefit Plans may include vacation days, sick days or other types of paid or unpaid leave, insurance programs, pension plans, profit sharing plans, bonus plans, stock option plans, restricted stock plans or other stock-based incentive plans, and other employee benefit plans. Provision of such benefit plans by CapStar is within the sole discretion of CapStar, and any such benefit plans may be amended, modified or discontinued at any time by CapStar. It is the intention of the foregoing that Executive continue to receive active employee medical and other health and welfare coverage, including group life insurance coverage, through the Employee Benefit Plans up and until the end of the Term, after which she would be eligible to elect COBRA continuation coverage, pursuant to applicable law.

(e) Reimbursements. Upon timely and well-documented requests by Executive submitted within one month from the payment of such expenses by Executive, CapStar will reimburse Executive for Executive's costs and expenses incurred in connection with the performance of Executive's duties or otherwise for the benefit of CapStar, specifically including any business expenses incurred with the prior approval of the Board. Such reimbursements shall be made in accordance with the policies established by Company from time to time, recognizing that CapStar may have different reimbursement policies for executive officers, and likewise may have different reimbursement policies for Executive as President and Chief Executive Officer. Such reimbursements may be approved by CapStar on a one-time basis for a particular expenditure, or on an ongoing basis, such as club memberships, automobile expense reimbursements, etc., but such ongoing approvals shall be subject to change from time to time. Notwithstanding the foregoing, CapStar specifically approves the continued reimbursement of Executive for the following previously approved items through May 31, 2021: a) the annual premium for the Genworth \$500,000 supplemental life insurance; and (b) the annual capital charge and monthly dues for Golf Club of Tennessee.

(f) Vesting of Stock Awards. Any stock awards granted to Executive that have not fully vested before May 31, 2021 in accordance with such awards or the plan documents governing such awards, will vest as of May 31, 2021, provided that Executive has not been terminated for Cause or resigned without Good Reason prior to that date.

(g) Executive shall have an office at a location to be determined with shared secretarial support for the term of her employment hereunder.

4. Term of Employment; Renewal. The term of Executive's employment pursuant to this Amended Agreement (the "Term") shall commence on May 31, 2019 and shall end on May 31, 2021.

5. Termination of Employment.

(a) Termination By CapStar. Notwithstanding any of the foregoing provisions in this Amended Agreement, CapStar, by action of the Board, may terminate the employment of Executive hereunder without notice at any time for Cause or without Cause. For purposes of this Agreement, "Cause" includes, but is not limited to: (i) any material breach of the terms of this Agreement which negatively impacts CapStar; (ii) personal dishonesty, fraud, disloyalty, or theft; (iii) disclosure of CapStar's confidential information except in the course of performing his duties while employed by CapStar; (iv) willful illegal or disruptive conduct which impairs the reputation, goodwill or business position of CapStar; (v) willful failure to cooperate fully with a bona fide internal investigation or an investigation of Bank by regulatory or law enforcement authorities whether or not related to your employment with Bank (an "Investigation"), after being instructed by the Board to cooperate or Executive's willful destruction of or knowing and intentional failure to preserve documents of other material known by Executive to be relevant to any Investigation; (vi) breach of fiduciary duty involving personal profit; (vii) any order or request for removal of Executive by any regulatory authority having jurisdiction over CapStar; (viii) or Executive's disability, as defined in any disability insurance policy with benefits payable to Executive, or if there is no such disability insurance policy, then as defined in CapStar's established policy applicable to executive officers ("Disability"). Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of a majority of the members of the Board at a duly constituted meeting of the Board, finding that in the good faith opinion of the Board, Executive was guilty of conduct justifying Termination for Cause and specifying the reasons therefor. The Executive shall have the right to appear and defend Executive at any meeting of the Board at which such a resolution is considered.

(b) For Cause/Without Good Reason. In the event of a termination by Company for Cause, or a resignation by Executive without Good Reason, the Executive shall be entitled to receive only the compensation that is earned and accrued as of the date of termination but no other monies or benefits except that: (A) in the case of Executive's Disability, if no Disability Plan or Disability Insurance Policy is in place, Executive shall receive fifty per cent (50%) of her base pay for a period not to exceed twenty four (24) weeks; (B) Executive shall be entitled to receive any extended benefits provided to all employees of CapStar, or required by law, such as COBRA health insurance coverage, etc.; (C) Executive shall be entitled to reimbursement for all expenses accrued in accordance with the provisions set forth herein; (D) any continuing benefits under any retirement plan, disability insurance policy, or life insurance policy payable by virtue of the retirement, death or disability of Executive having occurred prior to such termination of employment; and (E) Executive shall receive all benefits and reimbursements accrued and payable to Executive at the time of termination of her employment hereunder, including any stock or payments to which Executive is entitled under and subject to the terms of all incentive plans in which Executive participates (including and subject to the terms of each and any individual grant or award agreement), including stock option plans, restricted stock plans, performance share plans, and any other stock-based or cash-based incentive plans and the individual grant or award agreements under such plans (collectively referred to as the "Accrued Obligations").

(c) Without Cause/With Good Reason. In the event that: (A) CapStar terminates Executive's employment hereunder without Cause; or (B) Executive resigns her employment within sixty days of learning that CapStar has engaged in conduct that constitutes Good Reason, then in addition to her receipt of the Accrued Obligations: (i) Executive shall continue to receive her Base Salary, payable as before such termination, through May 31, 2021; (ii) subject to Section 13 hereof, Executive shall continue to receive such health care insurance as is being provided to the Executive pursuant to CapStar's Employee benefit plans through the remainder of the Term; (iii) any stock awards granted to Executive that have not fully vested as of the date of such termination in accordance with such awards or the plan documents governing such awards, will vest upon termination (collectively Executive's "Severance Pay").

Upon termination of Executive's employment hereunder for any reason (other than by Company for Cause), whether voluntarily by Executive or by termination by CapStar without Cause, Executive shall continue to be bound by the terms of the confidentiality agreement contained in Section 7 hereof, the covenant not to compete contained in Section 8 hereof, and the non-solicitation provisions contained in Sections 9 and 10 hereof. In the event Executive's employment hereunder is terminated by CapStar for Cause, Executive shall not be bound by the covenant not to compete in Section 8 hereof.

6. Compliance with Section 409A.

(a) Executive shall not have any right to make any election regarding the time or form of any payment due under this Agreement.

(b) A payment of any amount or benefit hereunder that is (i) subject to Code Section 409A, and (ii) to be made because of a termination of employment shall not be made unless such termination is also a "separation from service" within the meaning of Code Section 409A and the

regulations promulgated thereunder and, for purposes of any such provision of this Agreement, references to a “termination,” “termination of employment,” “resignation” or like terms shall mean “separation from service” within the meaning of Code Section 409A. Notwithstanding any provision of this Agreement to the contrary, if at the time of Executive’s “separation from service” Executive is a “specified employee” (within the meaning of Code Section 409A), then to the extent that any amount to which Executive is entitled in connection with her separation from service is subject to Code Section 409A, payments of such amounts to which Executive would otherwise be entitled during the six month period following the separation from service will be accumulated and paid in a lump sum on the earlier of (i) the first day of the seventh month after the date of the separation from service, or (ii) the date of Executive’s death. This paragraph shall apply only to the extent required to avoid Executive’s incurrance of any additional tax or interest under section 409A or any regulations or Treasury guidance promulgated thereunder.

(c) Notwithstanding any provision of this Agreement or any other arrangement to the contrary, to the extent that any payment to Executive under the terms of this Agreement or any other arrangement would constitute an impermissible acceleration or deferral of payments under Code Section 409A of the or any regulations or Treasury guidance promulgated thereunder, or under the terms of any applicable plan, program, arrangement or policy of CapStar, such payments shall be made no earlier or later than at such times allowed under Code Section 409A or the terms of such plan, program, arrangement or policy.

(d) Any payments provided in this Agreement or any other arrangement subject to Code Section 409A as an installment of payments or benefits, is intended to constitute a separately identified “payment” for purposes of Treas. Reg. § 1.409A-2(b)(2)(i).

7. Confidentiality. Executive shall not, at any time or in any manner, during or after the Term, either directly or indirectly, divulge, disclose or communicate to any person, firm or corporation in any manner, whatsoever, any material information concerning any matters affecting or relating to the business of CapStar, except in the course of performing her duties while employed by CapStar. This includes, without limitation, the name of its clients, customers or suppliers, the terms and conditions of any contract to which CapStar is a party or any other information concerning the business of CapStar, its manner or operations or its plans for the future without regard to whether all of the foregoing matters will be deemed confidential, material or important. Executive further agrees that she shall continue to be bound by the provisions of this paragraph following any termination of Executive’s employment pursuant to this Amended Agreement.

8. Covenant Not to Compete. During the Term and for the period of two (2) years thereafter, or upon termination of Executive’s employment hereunder for any reason (other than by CapStar for Cause), whether voluntarily by Executive or by termination by CapStar without Cause, and whether before or after a Change in Control, and for a period of two (2) years thereafter, Executive agrees that Executive will not be employed by, consult with, or directly or indirectly own, become interested in, or become involved in any manner whatsoever in any business (including any bank or other financial institution in organization) which is or will be similar to or competitive with any aspect of the business of CapStar which operates a bank branch or other business location in Davidson or Williamson Counties, Tennessee, or in any other county in Tennessee or any other state in which CapStar operates a bank branch or other business location, determined as of the date of termination of Executive’s employment with CapStar. Executive agrees that should a court find the geographical scope of this covenant unreasonably broad, such court should nevertheless enforce this covenant to the extent that it deems reasonable. Executive specifically acknowledges and agrees that the foregoing restriction on competition with CapStar will not prevent Executive from obtaining gainful employment following termination of employment with CapStar and is a reasonable restriction upon Executive’s ability to compete with

CapStar and to secure such gainful employment. In the event Executive's employment hereunder is terminated by CapStar for Cause, Executive shall not be bound by the covenant not to compete in this Section 8.

9. Non-Solicitation Covenant. Executive agrees that for a period of two (2) years following the termination of her employment with CapStar, she will not contact or solicit, directly or indirectly, any customer or account that was a customer or account of CapStar within twelve (12) months prior to the termination of Executive's employment with CapStar. Executive further agrees that for a period of two (2) years following the termination of her employment with CapStar, she will not contact or solicit, directly or indirectly, any employee or person who was an employee of CapStar within twelve (12) months prior to the termination of Executive's employment with CapStar. The parties agree that these covenants are intended to prohibit Executive from engaging in such proscribed activities as an owner, partner, director, officer, executive, consultant, stockholder, agent, salesperson, or in any other capacity for any person, partnership, firm, corporation or other entity (including any financial institution in organization) unless she receives the express written consent of the Board. Executive specifically acknowledges and agrees that the foregoing restriction on competition with CapStar will not prevent Executive from obtaining gainful employment following termination of her employment with CapStar and is a reasonable restriction upon Executive's ability to compete with CapStar and to secure such gainful employment.

10. No Enticement of Officers. Executive shall not, directly or indirectly, entice or induce, or attempt to entice or induce any Officer of CapStar to leave such employment during the term of this Agreement or within two (2) years thereafter.

11. Certain Definitions. Whenever used in this Agreement and not otherwise defined herein, the following terms shall have the meanings set forth below:

(a) "**Change in Control**" means a transaction or circumstance in which any of the following have occurred, provided that the board of directors of CapStar (the "**Company Board**") shall have determined that any such transaction or circumstance has resulted in a Change in Control, as defined in this paragraph, which determination shall be made in a manner consistent with Treas. Reg. § 1.409A-3(i)(5):

- (i) the date that any person, or persons acting as a group, as described in Treas. Reg. § 1.409A-3(i)(5) (a "Person"), other than a trustee or other fiduciary holding securities under an employee benefit plan of CapStar or a corporation controlling CapStar or owned directly or indirectly by the shareholders of CapStar in substantially the same proportions as their ownership of stock of CapStar, becomes the beneficial owner (as defined in Rule 13d-3 under the Securities and Exchange Act of 1934, as amended), directly or indirectly, of securities of the CapStar representing more than 40% of the total voting power represented by CapStar's then outstanding voting securities (as defined below);
- (ii) the merger, acquisition or consolidation of CapStar with any corporation pursuant to which the other corporation immediately after such merger, acquisition or consolidation owns more than 50% of the voting securities (defined as any securities which vote generally in the election of its directors) of CapStar outstanding immediately prior thereto or more than 50% of CapStar's total fair market value immediately prior thereto; or

(iii) the date that a majority of the members of the Company Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company Board before the date of the appointment or election.

(b) “**Code**” means the Internal Revenue Code of 1986, as the same may be from time to time amended.

(c) “**Good Reason**” means any of the following:

- (i) Executive’s then current base salary is reduced;
- (ii) Executive’s work or reporting responsibilities are materially diminished, or
- (iii) Executive is relocated to a work location more than thirty (30) miles from the Executive’s then current work location.

(d) “**Protection Period**” means the period commencing on the date that a Change in Control occurs, and ending on the last day of the twelfth (12th) calendar month following the calendar month during which such Change in Control occurred. Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs, and if the date of termination with respect to Executive’s employment by CapStar occurs prior to the date on which the Change in Control occurs, unless it is reasonably demonstrated by CapStar that such termination of employment (i) was not at the request of a third party who has taken steps reasonably calculated to effect the Change in Control and (ii) did not otherwise arise in connection with or in anticipation of the Change in Control, then for all purposes of this Agreement the “Protection Period” shall be deemed to have commenced on the date immediately preceding the date of termination of Executive.

(e) “**Qualifying Termination**” means:

- (i) an involuntary termination of Executive’s employment by CapStar (or any successor to CapStar after the Change in Control) for reasons other than Cause (and other than on account of Executive’s Disability); or
- (ii) a voluntary termination of employment by Executive for Good Reason.

12. COBRA Health Insurance Coverage. Notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement shall be interpreted to require CapStar to extend COBRA health insurance coverage benefits to Executive in violation of applicable law. In the event that, following termination of Executive’s employment with CapStar, Executive shall be entitled to receive extended insurance benefits pursuant to the terms of this Agreement, Executive shall be required to elect COBRA health insurance coverage and, thereafter, CapStar shall provide such coverage to Executive through a COBRA subsidy; provided, however, that at such time as CapStar is no longer permitted to extend COBRA health insurance coverage benefits to Executive under applicable law, CapStar shall provide a cash payment to Executive in lieu of such subsidy (with each cash payment being equal to the amount of the last COBRA subsidy provided to Executive prior to Executive’s termination pursuant to the terms hereof), and Executive shall elect and obtain her own health insurance coverage.

13. Remedies. Executive acknowledges and agrees that the breach or threatened breach of any of the provisions of Sections 7, 8, 9, or 10 of this Agreement will cause irreparable harm to CapStar which cannot be adequately compensated by the payment of damages. Accordingly, Executive covenants and agrees that CapStar, in addition to any other rights or remedies which CapStar may have, will be entitled to such equitable and injunctive relief as may be available from any court of competent jurisdiction to restrain Executive from breaching or threatening to breach any of the provisions of this Amended Agreement, without the requirement that CapStar post bond or other surety. Such right to obtain injunctive relief may be exercised at the option of CapStar in addition to, concurrently with, prior to, after, or in lieu of the exercise of any other rights or remedies which CapStar may have as a result of any such breach or threatened breach.

14. Entire Agreement. CapStar and Executive agree that this Amended Agreement contains the complete agreement concerning the employment arrangement, written or oral, between them and that this Amended Agreement supersedes all prior negotiations, practices and/or agreements. Neither party has made any representations that are not contained herein on which either party has relied in entering into this Amended Agreement.

15. Assignment. It is agreed that CapStar shall have the right to assign this Amended Agreement to any purchaser of the business of or substantially all of the assets of CapStar. This is a personal services contract, and may not be assigned by Executive.

16. Modification. This Amended Agreement shall not be modified or amended except by a writing duly executed by both parties. No waiver of any provision of this Amended Agreement shall be effective unless the waiver is in writing and duly executed by both parties.

17. Waiver of Breach. The waiver by a party of the breach of any provision of this Amended Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach of the same of any other provision hereof by that party.

18. Severability. The provisions of this Amended Agreement shall be severable, and the invalidity of any provisions or portion thereof shall not affect the validity of the other provisions.

19. Choice of Law. This Amended Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee.

20. Notice. Any notice required or authorized hereunder shall be deemed delivered when delivered to Executive or to an executive officer of CapStar, or when deposited, postage prepaid, in the United States mail certified, with return receipt requested, addressed to the parties as follows:

Executive: Claire W. Tucker
801 Kathridge Ct.
Brentwood, TN 37027

with a copy (which copy shall not constitute notice) to:

Michael D. Sontag
Bass, Berry & Sims
150 Third Avenue South, Suite 2800
Nashville, TN 37201

Robert Horton
Bass, Berry & Sims
150 Third Avenue South, Suite 2800
Nashville, TN 37201

CapStar: CapStar Financial Holdings, Inc.
201 4th Ave. North, Suite 950
Nashville, TN 37219
Attn: Secretary

with a copy (which copy shall not constitute notice) to:

Waller Lansden Dortch & Davis, LLP
Attn: Chase Cole
511 Union Street, Suite 2700
Nashville, TN 37219

21. Survival. The provisions of Sections 7, 8, 9, 10, 13 and 17 of this Amended Agreement shall survive any termination of this Amended Agreement.

22. Withholding. CapStar shall be entitled to withhold from amounts payable to Executive hereunder such amounts as may be required by applicable law.

[Execution Page follows]

EXECUTION PAGE

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and date first written above.

CAPSTAR:

CapStar Financial Holdings, Inc.

By: /s/ Dennis C. Bottorff
Dennis C. Bottorff, Chairman of the Board

EXECUTIVE:

/s/ Claire W. Tucker
Claire W. Tucker

EXECUTIVE EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “**Agreement**”) made and entered into as of this 13th day of May, 2019 (the “**Effective Date**”), between **CapStar Financial Holdings**, a Tennessee corporation established to be a bank holding company, headquartered in Nashville, Davidson County, Tennessee, (the “**Company**”) and **CapStar Bank**, a Tennessee banking corporation headquartered in Nashville, Davidson County, Tennessee, (the “**Bank**”) (the Company and Bank together referred to herein as “**CapStar**”) and **Timothy K. Schools**, hereinafter referred to as “**Executive**.”

WITNESSETH

WHEREAS, Executive has agreed to be employed by Company as its Chief Executive Officer and President and Bank as its Chief Executive Officer and President or the period and upon the terms and conditions provided for in this Agreement.

NOW, THEREFORE, for the reasons set forth above and in consideration for the mutual promises and agreements set forth herein, CapStar and Executive agree as follows:

1. Employment. Subject to continued approval of the Tennessee Department of Financial Institutions and other bank regulatory agencies having jurisdiction over the operations of CapStar, CapStar hereby agrees that effective on the Effective Date, Executive will be employed by Company as its President and as of July 31, 2019 as its Chief Executive Officer and by Bank as its Chief Executive Officer and President as of the Effective Date, pursuant to the terms of this Agreement. Executive agrees to devote his best efforts and his full-time employment to CapStar’s business and strategic planning and perform such other related activities and duties as the board of directors of the Company and Bank (the “**Board**”) may, from time to time, determine and assign to Executive. Executive’s services and decisions shall be subject to the review, modification and control of the Board. Service on the Board shall be included in the scope of Executive’s employment as long as he so serves. CapStar has appointed Executive to the board of directors of Bank effective immediately and shall appoint him as a director of the Company effective July 31, 2019 and shall nominate the Executive for election as a director of Company effective July 31, 2019 as such nominations are necessary so that the Executive will, if elected by the shareholders of Company, serve as a director of Bank as of the Effective Date and Company as of July 31, 2019 throughout the remainder of the Term. Company agrees to cause the election of the Executive as a director of Bank throughout the Term. Executive hereby consents to serve as a director without any additional compensation for Executive’s services as a director or for any other duties Executive may undertake as a director. Effective upon the termination of Executive’s employment as Chief Executive Officer of Company and Bank for any reason, Executive shall no longer be a director of Company or Bank or any of their subsidiaries or affiliates, and Executive shall resign all positions as a director or officer of Company or Bank and their subsidiaries and affiliates and sign any documents necessary to assure that Executive’s resignation from all such positions is effective and properly documented.

2. Compensation. During the term of Executive’s employment hereunder (the “**Term**”):

(a) Salary. For the services provided for herein, CapStar shall pay to Executive, and Executive shall accept from CapStar, a base salary of Five Hundred Twenty-Five Thousand and No/100 Dollars (\$525,000.00), per annum (Executive’s “**Base Salary**”), subject to any and all withholdings and deductions required by law, payable in accordance with the customary payroll practices of CapStar. During the term of this Agreement, Executive’s Base Salary shall be reviewed from time to time by the Board, and, may be increased, but not decreased below the Base Salary, from time to time by the Board, based upon such factors as it may establish from time to time.

(b) Bonus. For the services provided for herein, Executive shall be eligible to receive an annual bonus of up to 50% of Executive's Base Salary, subject to the terms and conditions set forth annually by the Board at its sole discretion or pursuant to any bonus plan that may be adopted.

(c) Long Term Incentive Plan. Executive will also be eligible to participate in CapStar's Long Term Incentive Plan and to receive a target award of 40% of Executive's Base Salary, subject to the terms and conditions set forth in the Long Term Incentive Plan.

(d) Benefits. CapStar will provide to Executive, consistent with the terms and conditions of the respective plans, and pay the cost of, such employee benefits as are provided to Executive Officers of CapStar generally under benefit plans adopted by CapStar from time to time (CapStar's "Employee Benefit Plans"). These Employee Benefit Plans may include vacation days, sick days or other types of paid or unpaid leave, insurance programs, pension plans, profit sharing plans, bonus plans, stock option plans, restricted stock plans or other stock-based incentive plans, and other employee benefit plans. Provision of such benefit plans by CapStar is within the sole discretion of CapStar, and any such benefits may be amended, modified or discontinued at any time by CapStar.

(e) Relocation. CapStar will reimburse Executive for certain expenses relating to Executive's sale of his home in South Carolina and purchase of a new home in Nashville, Tennessee. CapStar will provide for reimbursement of closing costs associated with the sale of Executive's prior residence as well as all expenses related to the movement of household goods. CapStar will also pay for temporary housing plus two trips per month to return to Executive's existing domicile for a period of 90 days, or 180 days with prior approval of the Chairman or Vice Chairman of the Board, in order to facilitate an orderly transition.

(f) Reimbursements. Upon timely and well-documented requests by Executive submitted within one month from the payment of such expenses by Executive, CapStar will reimburse Executive for Executive's costs and expenses incurred in connection with the performance of Executive's duties or otherwise for the benefit of CapStar, specifically including any business expenses incurred with the prior approval of the Board. Such reimbursements shall be made in accordance with the policies established by Company from time to time, recognizing that CapStar may have different reimbursement policies for executive officers, and likewise may have different reimbursement policies for Executive as Chief Executive Officer. Such reimbursements may be approved by CapStar on a one-time basis for a particular expenditure, or on an ongoing basis, such as club memberships, automobile expense reimbursements, etc., but such ongoing approvals shall be subject to change from time to time.

(g) Stock Options. As additional consideration for Executive's agreement to become employed by CapStar, Executive will receive a one-time award of 50,000 options to purchase the common stock of CapStar Financial Holdings, Inc. The exercise price will be set as the average price of the stock on the day before the public announcement of Executive's employment with CapStar, but in any event, not less than the fair market value on the date of grant, and options are to be vested in accordance with a three year vesting schedule and subject to the terms of the CapStar Financial Holdings, Inc. Stock Incentive Plan and a separate Stock Option Agreement between Executive and CapStar Financial Holdings, Inc.

(h) Allocation of Compensation. Bank and Company shall apportion any payments or benefits paid to Executive pursuant to this Agreement among themselves as they may agree from time to time in proportion to services actually rendered by Executive for such entity; provided, however, that they must satisfy in full all such obligations in a timely manner as set forth in this Agreement regardless of any agreed-upon apportionment. Executive's receipt of satisfaction in full of any such obligation from Company or Bank shall extinguish the obligations of the other with respect to such obligation.

3. Term of Employment; Renewal. The initial term of Executive's employment pursuant to this Agreement (the "Initial Term") shall commence on the Effective Date and shall end on May 13, 2022. The Term of Executive's employment pursuant to this Agreement may be renewed and the term thereof extended by one (1) additional year (each, an "**Extended Term**") at the end of each Extended Term, by mutual agreement of the parties, which shall be evidenced by each party giving notice of renewal to the other party at least ninety (90) days prior to the expiration of the then-current Extended Term. The Initial Term and all Extended Terms are collectively referred to herein as the "**Term**."

4. Termination of Employment.

(a) Termination By CapStar. Notwithstanding any of the foregoing provisions in this Agreement, CapStar, by action of the Board, may terminate the employment of Executive hereunder without notice at any time for Cause or without Cause. For purposes of this Agreement, "Cause" includes, but is not limited to: (i) any material breach of the terms of this Agreement which negatively impacts CapStar; (ii) personal dishonesty, fraud or theft; (iii) disclosure of CapStar's confidential information except in the course of performing his duties while employed by CapStar; (iv) willful illegal or disruptive conduct which impairs the reputation, goodwill or business position of CapStar; (v) willful failure to cooperate fully with a bona fide internal investigation or an investigation of Bank by regulatory or law enforcement authorities whether or not related to your employment with Bank (an "Investigation"), after being instructed by the Board to cooperate or Executive's willful destruction of or knowing and intentional failure to preserve documents of other material known by Executive to be relevant to any Investigation; (vi) breach of fiduciary duty involving personal profit; (vii) any order or request for removal of Executive by any regulatory authority having jurisdiction over CapStar; (viii) or Executive's disability, as defined in any disability insurance policy with benefits payable to Executive, or if there is no such disability insurance policy, then as defined in CapStar's established policy applicable to executive officers ("Disability"). Notwithstanding the foregoing, Executive shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to Executive a copy of a resolution duly adopted by the affirmative vote of a majority of the members of the Board at a duly constituted meeting of the Board, finding that in the good faith opinion of the Board, Executive was guilty of conduct justifying Termination for Cause and specifying the reasons therefor. Executive shall have the right to appear with counsel and defend himself at any meeting of the Board at which such a resolution is considered.

(b) For Cause; Nonrenewal by Executive. In the event of a termination of Executive by Company for Cause or election by Executive not to renew or extend the Term, the Executive shall be entitled to receive only the compensation that is earned and accrued as of the date of termination but no other monies or benefits except that: (A) in the case of Executive's Disability, if no disability plan or disability insurance policy is in place, Executive shall receive fifty per cent (50%) of his Base Salary for a period not to exceed twenty four (24) weeks following the date of termination; and (B) Executive shall be entitled to receive any extended benefits provided to all employees of CapStar, or required by law, such as COBRA health insurance coverage, etc.

(c) Without Cause. In the event that: (A) CapStar terminates Executive's employment hereunder without cause; or (B) CapStar engages in conduct that constitutes Good Reason, Executive shall be entitled (i) to resign from his employment with CapStar, (ii) to continue to receive his

Base Salary, payable as before such termination, for a period of two (2) years after the effective date of such termination, (iii) subject to Section 12 hereof, be provided, for a period of twenty-four (24) months after such termination, with life, medical, dental and disability coverage substantially identical to the coverage maintained by the CapStar for Executive prior to Executive's severance, and (iv) to receive all benefits and reimbursements accrued and payable to Executive at the time of termination of his employment hereunder, including any stock or payments to which Executive is entitled under, and subject to the terms of, all incentive plans in which Executive participates (including and subject to the terms of each and any individual grant or award agreement), including stock option plans, restricted stock plans, performance share plans, and any other stock-based or cash-based incentive plans and the individual grant or award agreements under such plans (collectively, Executive's "**Severance Pay**"); provided, however, that if CapStar offers and Executive voluntarily accepts terms of employment that would otherwise constitute Good Reason, then Executive shall be deemed to have waived his right to resign and receive Severance Pay. Upon termination of Executive's employment hereunder for any reason (other than by CapStar for Cause), whether voluntarily by Executive or by termination by CapStar without Cause, by non-renewal, or otherwise, Executive shall continue to be bound by the provisions contained in Sections 7, 8, 9 and 10 hereof. In the event Executive's employment hereunder is terminated by CapStar for Cause, Executive shall not be bound by the covenant not to compete set forth in Section 8 hereof.

(d) By Executive. Notwithstanding any of the foregoing provisions in this Agreement, Executive may terminate or elect not to extend the employment of Executive hereunder without notice at any time. In the event of a termination or election not to extend the Term by Executive for any reason other than Good Reason, including the death or Disability of Executive, Executive shall be entitled to receive only the compensation that has been earned and benefits and reimbursements that have accrued as of the date of termination and any extended benefits required by law, but no other monies or benefits other than continuing benefits under any retirement plan, disability insurance policy, or life insurance policy payable by virtue of the retirement, death or disability of Executive having occurred prior to such termination of employment. Upon termination of Executive's employment hereunder for whatever reason, Executive shall continue to be bound by the terms of the confidentiality agreement contained in Section 7 hereof, the covenant not to compete contained in Section 8 hereof, and the non-solicitation provisions contained in Sections 9 and 10 hereof.

(e) Nonrenewal by CapStar. In the event the expiration of the Term of this Agreement solely by the decision of CapStar not to renew or extend the Term, and provided that such nonrenewal does not constitute a Qualifying Termination that would entitle Executive to benefits under Section 5 below, Executive shall be entitled (i) to continue to receive his Base Salary, payable as before such termination, for a period of one (1) year after the effective date of such termination, (ii) subject to Section 12 hereof, for a period of twelve (12) months after such termination, life, medical, dental and disability coverage substantially identical to the coverage maintained by the CapStar for Executive prior to Executive's severance, and (iii) to receive all benefits and reimbursements accrued and payable to Executive at the time of termination of his employment hereunder, including any stock or payments to which Executive is entitled under, and subject to the terms of, all incentive plans in which Executive participates (including and subject to the terms of each and any individual grant or award agreement), including stock option plans, restricted stock plans, performance share plans, and any other stock-based or cash-based incentive plans and the individual grant or award agreements under such plans.

5. Change in Control. Capitalized terms used in this Section 5 or in Section 6 but not otherwise defined in this Section 5 or in Section 6 shall have the meanings ascribed to them in Section 11.

(a) Entitlement to Benefits upon Termination. Subject to Section 12 hereof, if during the Protection Period a Qualifying Termination of Executive's employment occurs, CapStar shall pay to

Executive the Change in Control benefits described in this Section 6. Change in Control benefits shall not be payable if Executive's employment is terminated (i) for Cause, (ii) by Executive voluntarily without Good Reason or (iii) by reason of Disability. In addition, the Change in Control benefits shall not be payable if Executive's employment is terminated for any or no reason prior to or following the Protection Period.

(b) **Change in Control Payment and Benefits.** Executive shall be entitled to receive a cash payment equal to two (2) times Executive's Base Salary in effect immediately prior to the date of termination (the "**Change in Control Payment**"), which shall be paid in twenty-four (24) equal monthly payments commencing on the first business day of the first month following the date of termination. Subject to Section 12 hereof, if a Qualifying Termination of Executive's employment occurs during the Protection Period, CapStar shall maintain for the remaining duration of the Protection Period Executive's health insurance coverage under any applicable Employee Benefit Plans, including any insurance policy held by CapStar, and pay the employer's portion of such coverage, with the intent of the parties being that Executive shall continue to receive such health insurance coverage for a period of twenty-four (24) months following a Change in Control. Subject to Section 12 hereof, Executive shall have the right to continue COBRA health insurance coverage at the end of the Protection Period.

(c) **Section 280G compliance.** If tax counsel appointed by CapStar (the "**Tax Counsel**") determines that any or the aggregate value (as determined pursuant to Section 280G of the Code) of all payments, distributions, accelerations of vesting, awards and provisions of benefits by CapStar to or for the benefit of Executive (whether paid or payable, distributed or distributable, accelerated, awarded or provided pursuant to the terms of this Agreement or otherwise) (a "**Payment**") would constitute an "excess parachute payment" within the meaning of Section 280G of the Code and be subject to the excise tax imposed by Section 4999 of the Code (the "**Excise Tax**"), such Payment shall be reduced to the least extent necessary so that no portion of the Payment shall be subject to the Excise Tax and no part of the income tax deduction for the Payment shall be disallowed under Section 280G of the Code, but only if, by reason of such reduction, the net after-tax benefit received by Executive as a result of such reduction will exceed the net after-tax benefit that would have been received by Executive if no such reduction were made. The Payment shall be reduced, if applicable, by CapStar in the following order of priority: (A) reduction of any cash severance payments otherwise payable to Executive that are exempt from Section 409A of the Code; (B) reduction of any other cash payments or benefits otherwise payable to Executive that are exempt from Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code; (C) reduction of any payments attributable to any acceleration of vesting or payments with respect to any equity award that are exempt from Section 409A of the Code, in each case beginning with payments that would otherwise be made last in time; and (D) reduction of any other payments or benefits otherwise payable to Executive on a pro-rata basis or such other manner that complies with Section 409A of the Code, but excluding any payments attributable to any acceleration of vesting and payments with respect to any equity award that are exempt from Section 409A of the Code. If, however, such Payment is not reduced as described above, then such Payment shall be paid in full to Executive and Executive shall be responsible for payment of any Excise Taxes relating to the Payment.

All determinations required to be made under this Section 4, and the assumptions to be utilized in arriving at such determination, shall be made by the Tax Counsel, which shall provide its determinations and any supporting calculations both to CapStar and Executive within ten business days of having made such determination. The Tax Counsel shall consult with any nationally recognized compensation consultants, accounting firm and/or other legal counsel selected by CapStar in determining which payments to, or for the benefit of, the Executive are to be deemed to be parachute payments within the meaning of Section 280G of the Code. In connection with making determinations under this Section 4,

the Tax Counsel shall take into account the value of any reasonable compensation for services to be rendered by Executive before or after the Change in Control, including without limitation, Executive's agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, and CapStar shall cooperate in good faith in connection with any such valuations and reasonable compensation positions. Without limiting the generality of the foregoing, for purposes of this provision, CapStar agrees to allocate as consideration for the covenants set forth in Section 6 the maximum amount of compensation and benefits payable under Section 5 hereof reasonably allocable thereto so as to avoid, to the extent possible, subjecting any Payment to tax under Section 4999 of the Code.

6. Compliance with Section 409A.

(a) Executive shall not have any right to make any election regarding the time or form of any payment due under this Agreement.

(b) A payment of any amount or benefit hereunder that is (i) subject to Code Section 409A, and (ii) to be made because of a termination of employment shall not be made unless such termination is also a "separation from service" within the meaning of Code Section 409A and the regulations promulgated thereunder and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment," "resignation" or like terms shall mean "separation from service" within the meaning of Code Section 409A. Notwithstanding any provision of this Agreement to the contrary, if at the time of Executive's "separation from service" Executive is a "specified employee" (within the meaning of Code Section 409A), then to the extent that any amount to which Executive is entitled in connection with his separation from service is subject to Code Section 409A, payments of such amounts to which Executive would otherwise be entitled during the six month period following the separation from service will be accumulated and paid in a lump sum on the earlier of (i) the first day of the seventh month after the date of the separation from service, or (ii) the date of Executive's death. This paragraph shall apply only to the extent required to avoid Executive's incurrance of any additional tax or interest under section 409A or any regulations or Treasury guidance promulgated thereunder.

(c) Notwithstanding any provision of this Agreement or any other arrangement to the contrary, to the extent that any payment to Executive under the terms of this Agreement or any other arrangement would constitute an impermissible acceleration or deferral of payments under Code Section 409A of the or any regulations or Treasury guidance promulgated thereunder, or under the terms of any applicable plan, program, arrangement or policy of CapStar, such payments shall be made no earlier or later than at such times allowed under Code Section 409A or the terms of such plan, program, arrangement or policy.

(d) Any payments provided in this Agreement or any other arrangement subject to Code Section 409A as an installment of payments or benefits, is intended to constitute a separately identified "payment" for purposes of Treas. Reg. § 1.409A-2(b)(2)(i).

(e) Payments with respect to reimbursements of expenses or benefits or provision of fringe or other in-kind benefits shall be made on or before the last day of the calendar year following the calendar year in which the relevant expense or benefit is incurred. The amount of expenses or benefits eligible for reimbursement, payment or provision during a calendar year shall not affect the expenses or benefits eligible for reimbursement, payment or provision in any other calendar year.

7. Confidentiality. Executive shall not, at any time or in any manner, during or after the Term, either directly or indirectly, divulge, disclose or communicate to any person, firm or corporation in any manner, whatsoever, any material information concerning any matters affecting or relating to the

business of CapStar, except in the course of performing his duties while employed by CapStar. This includes, without limitation, the name of its clients, customers or suppliers, the terms and conditions of any contract to which CapStar is a party or any other information concerning the business of CapStar, its manner or operations or its plans for the future without regard to whether all of the foregoing matters will be deemed confidential, material or important. This does not include Executive's ability to disclose the details of this Agreement to his spouse, attorneys, accountants, or lenders as needed for financial or tax purposes. Executive further agrees that he shall continue to be bound by the provisions of this Section 7 following any termination of Executive's employment pursuant to this Agreement.

8. Covenant Not to Compete. During the Term and for the period of two (2) years thereafter, upon termination of Executive's employment hereunder for any reason (other than by CapStar for Cause or by nonrenewal of this Agreement solely by the decision of CapStar), whether voluntarily by Executive or by termination by CapStar without Cause, and whether before or after a Change in Control, and for a period of two (2) years thereafter, Executive agrees that Executive will not be employed by, consult with, or directly or indirectly own, become interested in, or become involved in any manner whatsoever in any business (including any bank or other financial institution in organization) which is or will be similar to or competitive with any aspect of the business of CapStar which operates a bank branch or other business location in Davidson or Williamson Counties, Tennessee, or in any other county in which CapStar operates a bank branch or other business location, determined as of the date of termination of Executive's employment with CapStar. If Executive's employment is terminated by nonrenewal of this Agreement solely by the decision of CapStar, Executive agrees to comply with the foregoing restrictions for a period of one (1) year. For the avoidance of any doubt, the restriction will not prevent from retaining his ownership stake in Highlands Union Bank until it can be divested within 90 days of the Effective Date. Executive agrees that should a court find the geographical scope of this covenant unreasonably broad, such court should nevertheless enforce this covenant to the extent that it deems reasonable. Executive specifically acknowledges and agrees that the foregoing restriction on competition with CapStar will not prevent Executive from obtaining gainful employment following termination of employment with CapStar and is a reasonable restriction upon Executive's ability to compete with CapStar and to secure such gainful employment. In the event Executive's employment hereunder is terminated by CapStar for Cause, Executive shall not be bound by the covenant not to compete in this Section 8.

9. Non-Solicitation Covenant. Executive agrees that for a period of two (2) years following the termination of his employment with CapStar, he will not contact or solicit, directly or indirectly, any customer or account that was a customer or account of CapStar within twelve (12) months prior to the termination of Executive's employment with CapStar. Executive further agrees that for a period of two (2) years following the termination of his employment with CapStar, he will not contact or solicit, directly or indirectly, any employee or person who was an employee of CapStar within twelve (12) months prior to the termination of Executive's employment with CapStar for the purposes of inducing such person to leave their employment with CapStar. The parties agree that these covenants are intended to prohibit Executive from engaging in such proscribed activities as an owner, partner, director, officer, executive, consultant, stockholder, agent, salesperson, or in any other capacity for any person, partnership, firm, corporation or other entity (including any financial institution in organization) unless he receives the express written consent of the Board. Executive specifically acknowledges and agrees that the foregoing restriction on competition with CapStar will not prevent Executive from obtaining gainful employment following termination of his employment with CapStar and is a reasonable restriction upon Executive's ability to compete with CapStar and to secure such gainful employment.

10. No Enticement of Officers. Executive shall not, directly or indirectly, entice or induce, or attempt to entice or induce any Officer of CapStar to leave such employment during the term of this Agreement or within two (2) years thereafter.

11. Certain Definitions. Whenever used in this Agreement and not otherwise defined herein, the following terms shall have the meanings set forth below:

(a) **“Change in Control”** means a transaction or circumstance in which any of the following have occurred, provided that the board of directors of CapStar (the **“Company Board”**) shall have determined that any such transaction or circumstance has resulted in a Change in Control, as defined in this paragraph, which determination shall be made in a manner consistent with Treas. Reg. § 1.409A-3(i)(5):

- (i) the date that any person, or persons acting as a group, as described in Treas. Reg. § 1.409A-3(i)(5) (a “Person”), other than a trustee or other fiduciary holding securities under an employee benefit plan of CapStar or a corporation controlling CapStar or owned directly or indirectly by the shareholders of CapStar in substantially the same proportions as their ownership of stock of CapStar, becomes the beneficial owner (as defined in Rule 13d-3 under the Securities and Exchange Act of 1934, as amended), directly or indirectly, of securities of the CapStar representing more than 40% of the total voting power represented by CapStar’s then outstanding voting securities (as defined below);
- (ii) the merger, acquisition or consolidation of CapStar with any corporation pursuant to which the other corporation immediately after such merger, acquisition or consolidation owns more than 50% of the voting securities (defined as any securities which vote generally in the election of its directors) of CapStar outstanding immediately prior thereto or more than 50% of CapStar’s total fair market value immediately prior thereto; or
- (iii) the date that a majority of the members of the Company Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company Board before the date of the appointment or election.

(b) **“Code”** means the Internal Revenue Code of 1986, as the same may be from time to time amended.

(c) **“Good Reason”** means any of the following:

- (i) Executive’s then current base salary is reduced;
- (ii) Executive’s work or reporting responsibilities are materially diminished, or
- (iii) Executive is relocated to a work location more than thirty (30) miles from the Executive’s then current work location.

To terminate this Agreement and his employment under this Agreement for Good Reason, the Executive must provide written notice to CapStar of the existence of the circumstances providing grounds for termination for Good Reason within 90 days of the initial existence of such grounds and must give CapStar at least 30 days from receipt of such written notice to cure the condition constituting Good Reason (“**Notice of Good Reason**”). Such termination must be effective within one year after the initial existence of the condition constituting Good Reason. In the event of termination for Good Reason, the date of termination shall be the effective date specified in the Executive’s Notice of Good Reason.

(d) “**Protection Period**” means the period commencing on the date that a Change in Control occurs, and ending on the last day of the twelfth (12th) calendar month following the calendar month during which such Change in Control occurred. Anything in this Agreement to the contrary notwithstanding, if a Change in Control occurs, and if the date of termination with respect to Executive’s employment by CapStar occurs prior to the date on which the Change in Control occurs, unless it is reasonably demonstrated by CapStar that such termination of employment (i) was not at the request of a third party who has taken steps reasonably calculated to effect the Change in Control and (ii) did not otherwise arise in connection with or in anticipation of the Change in Control, then for all purposes of this Agreement the “Protection Period” shall be deemed to have commenced on the date immediately preceding the date of termination of Executive.

(e) “**Qualifying Termination**” means:

- (i) an involuntary termination of Executive’s employment by CapStar (or any successor to CapStar after the Change in Control) for reasons other than Cause (and other than on account of Executive’s Disability); or
- (ii) a voluntary termination of employment by Executive for Good Reason.

12. COBRA Health Insurance Coverage. Notwithstanding any provision of this Agreement to the contrary, nothing in this Agreement shall be interpreted to require CapStar to extend COBRA health insurance coverage benefits to Executive in violation of applicable law. In the event that, following termination of Executive’s employment with CapStar, Executive shall be entitled to receive extended insurance benefits pursuant to the terms of this Agreement, Executive shall be required to elect COBRA health insurance coverage and, thereafter, CapStar shall provide such coverage to Executive through a COBRA subsidy; provided, however, that at such time as CapStar is no longer permitted to extend COBRA health insurance coverage benefits to Executive under applicable law, CapStar shall provide a cash payment to Executive in lieu of such subsidy (with each cash payment being equal to the amount of the last COBRA subsidy provided to Executive prior to Executive’s termination pursuant to the terms hereof), and Executive shall elect and obtain his own health insurance coverage.

13. Remedies. Executive acknowledges and agrees that the breach or threatened breach of any of the provisions of Sections 7, 8, 9 or 10 of this Agreement will cause irreparable harm to CapStar which cannot be adequately compensated by the payment of damages. Accordingly, Executive covenants and agrees that CapStar, in addition to any other rights or remedies which CapStar may have, will be entitled to such equitable and injunctive relief as may be available from any court of competent jurisdiction to restrain Executive from breaching or threatening to breach any of the provisions of this Agreement, without the requirement that CapStar post bond or other surety. Such right to obtain injunctive relief may be exercised at the option of CapStar in addition to, concurrently with, prior to, after, or in lieu of the exercise of any other rights or remedies which CapStar may have as a result of any such breach or threatened breach.

14. Entire Agreement. CapStar and Executive agree that this Agreement contains the complete agreement concerning the employment arrangement, written or oral, between them and that this Agreement supersedes all prior negotiations, offer letters, practices and/or agreements. Neither party has made any representations that are not contained herein on which either party has relied in entering into this Agreement.

15. Assignment. It is agreed that CapStar shall have the right to assign this Agreement to any purchaser of the business of or substantially all of the assets of CapStar. This is a personal services contract, and may not be assigned by Executive.

16. Modification. This Agreement shall not be modified or amended except by a writing duly executed by both parties. No waiver of any provision of this Agreement shall be effective unless the waiver is in writing and duly executed by both parties.

17. Waiver of Breach. The waiver by a party of the breach of any provision of this Amended Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach of the same of any other provision hereof by that party.

18. Severability. The provisions of this Agreement shall be severable, and the invalidity of any provisions or portion thereof shall not affect the validity of the other provisions.

19. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, except to the extent governed by the laws of the United States of America in which case federal laws shall govern.

20. Notice. Any notice required or authorized hereunder shall be deemed delivered when delivered to Executive or to an executive officer of CapStar, or when deposited, postage prepaid, in the United States mail certified, with return receipt requested, addressed to the parties as follows:

Executive: Timothy K. Schools
340 West Main Street
Abingdon, Virginia 24210

with a copy (which copy shall not constitute notice) to:

Benjamin A. Barnhill
Nelson Mullins LLP
Poinsett Plaza
104 South Main Street, Suite 900
Greenville, South Carolina 29601

CapStar: CapStar Financial Holdings, Inc.
1201 Demonbreun St. Suite 700
Nashville, TN 37203
Attn: Secretary

with a copy (which copy shall not constitute notice) to:

Waller Lansden Dortch & Davis, LLP
Attn: Chase Cole
511 Union Street, Suite 2700
Nashville, TN 37219

21. Survival. The provisions of Sections 7, 8, 9, 10, 13 and 17 of this Agreement shall survive any termination of this Agreement.

22. Withholding. CapStar shall be entitled to withhold from amounts payable to Executive hereunder such amounts as may be required by applicable law.

23. Indemnification. Notwithstanding anything in the articles of incorporation or bylaws of the Company or the Bank to the contrary, the Executive shall at all times during the Executive's employment by the Company or the Bank, and after such employment, be indemnified by such entities to the fullest extent applicable law permits for any matter in any way relating to the Executive's affiliation with the Company or the Bank; provided, however, that if the Company or the Bank shall have terminated the Executive's employment for Cause, then neither the Company or the Bank shall have any obligation whatsoever to indemnify the Executive for any claim arising out of the matter for which the Executive's employment shall have been terminated for Cause or for any conduct of the Executive not within the scope of the Executive's duties under this Agreement.

[Execution Page follows]

EXECUTION PAGE

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and date first written above.

CAPSTAR:

CapStar Bank and CapStar Financial Holdings, Inc.

By: /s/ Dennis C. Bottorff
Dennis C. Bottorff, Chairman of the Board

EXECUTIVE:

/s/ Timothy K. Schools
Timothy K. Schools



FOR IMMEDIATE RELEASE

For more information, contact:
Beth Alexander (615) 732-6424
balexander@capstarbank.com

CapStar Financial Holdings, Inc. Names Timothy K. Schools as President and CEO to Succeed Claire W. Tucker

Succession plan positions CapStar for Seamless Leadership Transition

Nashville, TN (May 14, 2019)—The Board of Directors (the “Board”) of CapStar Financial Holdings, Inc. (the “Company”) announced that, effective May 13, 2019, Claire W. Tucker will step aside as President of the Company and as President and Chief Executive Officer of CapStar Bank (the “Bank”) and will be succeeded by Timothy K. Schools. Schools will be President and Chief Executive Officer of the Bank and President of the Company, and Tucker will continue as Chief Executive Officer of the Company. On July 31, 2019, Schools will succeed Tucker as Chief Executive Officer of the Company. Tucker will then serve as Founding President and Chief Executive Officer Emerita until May 31, 2021.

“Today’s announcement provides for leadership continuity to deliver on CapStar’s future strategic plans,” said Dennis Bottorff, Chairman of the Board.

“The Board actively engaged in a comprehensive succession plan that included a nationwide search,” said Julie Frist, Vice Chair of the Board and Chair of the Nominating, Governance and Community Affairs Committee of the Board. “Tim has demonstrated capabilities spanning 27 years of diverse leadership experience at several of the nation’s well-known banking institutions. Tim’s experience suited him to develop strategy and lead CapStar to generate top-tier financial performance and long-term shareholder returns while distinguishing itself as a great place to work and providing superior customer satisfaction.”

“Claire’s tenure at CapStar has been tremendous,” continued Bottorff. “Under her leadership since its founding, the Bank has experienced phenomenal growth both through organic expansion and acquisitions, including mortgage, wealth management and the addition of two banks. Because of her vision, CapStar is well positioned for strong performance over the next decade and beyond.”

Schools has held positions of increasing responsibility with leading Southeastern banks, including National Commerce Financial Corporation in Memphis, Tennessee and SouthTrust Corporation in Birmingham, Alabama. Previously, he served as President of American Savings Bank, Hawaii’s third largest financial institution, where he led it to become one of the nation’s highest performing and employee-engaged banks. Most recently, Schools was President and Chief Executive Officer of Highlands Bancshares, Inc. in Abingdon, Virginia. Schools is a graduate of James Madison University and holds an MBA from Emory University.

--- more ---

PAGE TWO: CapStar Names Claire W. Tucker's Successor

"I am grateful to have had the unique opportunity to start a bank and am grateful to the founders who provided financial support and encouragement along the way and especially to the associates who have shared the CapStar mission, focusing on our customers, shareholders and communities," Tucker said. "I look forward to Tim's leadership and will continue to support CapStar's expansion through both judicious acquisitions and sound, profitable growth."

"I am excited to join such an outstanding organization, filled with talented people at every level," said Schools. "Under Claire's leadership, CapStar has built a unique business delivering a highly-personalized banking experience which has achieved strong profitability and significant organic growth. I look forward to working closely with Claire during the transition and with our team to execute on the Company's vision to expand our presence in Nashville as well as become a leading regional bank. We are well positioned to create long-term sustainable value for our employees, customers, and shareholders."

CapStar Bank, with assets of \$2.04 billion, provides custom financial solutions to businesses and consumers through 13 locations in seven Tennessee counties. The Bank has been recognized by Greenwich Associates, an international marketing firm, as a national CX Leader for small business banking. The Bank specializes in business lending for C&I, Commercial Real Estate, Healthcare and Small Business, as well as correspondent banking services and a robust treasury management platform. Personal banking specialties include tailored loan and deposit products, wealth management and mortgage products. For more information about CapStar, please visit www.CapStarBank.com.

This press release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are subject to many risks and uncertainties, including, but not limited to, the risks detailed from time to time in the Company's periodic and current reports filed with the Securities and Exchange Commission, including those factors included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018 under the headings "Item 1A. Risk Factors" and "Cautionary Note Regarding Forward Looking Statements" and in the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We caution you that the forward-looking statements included in this press release are not a guarantee of future events, and that actual events may differ materially from those made in or suggested by the forward-looking statements. Any forward-looking statements presented herein are made only as of the date of this press release, and we do not undertake any obligation to update or revise any forward-looking statements to reflect changes in assumptions, the occurrence of unanticipated events, or otherwise, except as required by law.

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We're Listening