
**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): January 13, 2012

TARGACEPT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-51173
(Commission
File Number)

56-2020050
(IRS Employer
Identification No.)

200 East First Street, Suite 300
Winston-Salem, North Carolina
(Address of principal executive offices)

27101
(Zip Code)

(336) 480-2100

Registrant's telephone number, including area code

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:

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

(e) As previously disclosed, Targacept, Inc. (the "Company") maintains an incentive award program under which all of its employees, including its executive officers, are eligible to receive an annual cash incentive bonus. On January 13, 2012, the Compensation Committee of the Company's Board of Directors determined that no cash bonuses would be awarded to the Company's executive officers under the incentive award program for fiscal 2011.

Also on January 13, 2012, the Compensation Committee established performance objectives and associated weightings for the incentive award program for fiscal 2012. The performance objectives for 2012 include the achievement of specified goals with respect to: the execution of, or outcomes from, clinical development of Company product candidates TC-5214, TC-5619, TC-6987 and AZD3480; a new drug application for TC-5214; business development activities; and capital efficiency. The performance objectives include up to 60% in additional weighting associated with events considered by the Compensation Committee to be particularly challenging or to require exceptional cross-functional performance and that, if achieved, would be expected to provide substantial benefit to the Company and its stockholders. As a result, the aggregate weight ascribed to all of the performance objectives for 2012 is 160%.

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.

TARGACEPT, INC.

Date: January 19, 2012

/s/ Alan A. Musso

Alan A. Musso
Senior Vice President, Finance and Administration,
Chief Financial Officer and Treasurer