

**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

OMB APPROVAL	
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Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Toler Steven M.</u>  (Last) (First) (Middle) C/O TARGACEPT, INC. 200 EAST FIRST STREET, SUITE 300  (Street) WINSTON- SALEM NC 27101  (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 05/31/2012	3. Issuer Name and Ticker or Trading Symbol <u>TARGACEPT INC [ TRGT ]</u>	
		4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>VP, Trans Scnces &amp; Emngng Opps</u>	5. If Amendment, Date of Original Filed (Month/Day/Year)  6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Beneficially Owned**

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	1,000	D	

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
Stock Option (Right to Buy)	(1)	09/27/2017	Common Stock	3,000	8.99	D	
Stock Option (Right to Buy)	(2)	12/18/2017	Common Stock	525	8.51	D	
Stock Option (Right to Buy)	(3)	06/29/2018	Common Stock	3,500	7.27	D	
Stock Option (Right to Buy)	(4)	01/08/2019	Common Stock	17,000	2.93	D	
Stock Option (Right to Buy)	(5)	01/18/2020	Common Stock	15,000	20.68	D	
Stock Option (Right to Buy)	(6)	03/28/2021	Common Stock	25,625	26.05	D	
Stock Option (Right to Buy)	(7)	05/03/2022	Common Stock	75,000	4.59	D	

**Explanation of Responses:**

- This option vested in installments and became vested and exercisable in full on September 30, 2011.
- This option vested in installments and became vested and exercisable in full on September 30, 2011.
- This option vested 25% on June 30, 2009 and thereafter vested (vests) in equal installments on the last day of 12 consecutive calendar quarters beginning with September 30, 2009.
- This option vested (vests) in equal installments on the last day of 16 consecutive calendar quarters beginning with March 31, 2009.
- This option vested (vests) in equal installments on the last day of 16 consecutive calendar quarters beginning with March 31, 2010.
- This option vested (vests) in equal installments on the last day of 16 consecutive calendar quarters beginning with March 31, 2011.
- This option vests in equal installments on the last day of 16 consecutive calendar quarters beginning with June 30, 2012.

**Remarks:**

/s/ Peter A. Zorn, Attorney-in-Fact for Steven M. Toler 06/11/2012

\*\* Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

\* If the form is filed by more than one reporting person, see Instruction 5 (b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.

POWER OF ATTORNEY TARGACEPT, INC. Know all by these presents, that the undersigned hereby constitutes and appoints each of Pete Zorn, Mauri K. Hodges and Alan A. Musso of TARGACEPT, INC. (the "Company"), and Megan Gates, Ann Margaret Eames, Anne Leland and Kevin Johnson of Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., signing singly, with full power of substitution, the undersigned's true and lawful attorney-in-fact to: (1) execute for and on behalf of the undersigned, in the undersigned's capacity as an officer, director and/or 10% shareholder of the Company, Forms 3, 4 and 5 in accordance with Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder; (4) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such Form 3, 4 or 5 and timely file such form with the United States Securities and Exchange Commission and any stock exchange or similar authority; and (5) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interests of, or legally required by the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this Power of Attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion. The undersigned hereby grants to each such attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorneys-in-fact, in serving in such capacity at the request of the undersigned, are not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with Section 16 of the Securities Exchange Act of 1934, as amended. This Power of Attorney shall remain in full force and effect until the undersigned is no longer required to file Forms 3, 4 and 5 with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorneys-in- fact. IN WITNESS WHEREOF, the undersigned has caused this Power of Attorney to be executed this 5th day of June 2012. /s/ Steven M. Toler Signature Steven M. Toler Print Name