

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>SANDELL SCOTT D</u> (Last) (First) (Middle) <u>1954 GREENSPRING DRIVE</u> <u>SUITE 600</u> (Street) <u>TIMONIUM MD 21093</u> (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>TARGACEPT INC [TRGT]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)
	3. Date of Earliest Transaction (Month/Day/Year) <u>11/19/2012</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/19/2012		X		3,333	A	\$0.075	5,333	I	See Note 1 ⁽¹⁾
Common Stock								4,563,512	I	See Note 2 ⁽²⁾

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Stock Option (Right to Buy)	\$0.075	11/19/2012		X		3,333		03/28/2003	11/26/2012	Common Stock	3,333	\$0	0	I	See Note 1 ⁽¹⁾

Explanation of Responses:

- The Reporting Person is a member of New Enterprise Associates, LLC, which is the sole owner of New Enterprise Associates, Inc. (formerly NEA Development Corp.), the beneficial owner of the securities. Following the exercise of the options, the shares were transferred to an affiliated entity. The Reporting Person disclaims beneficial ownership, within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, or otherwise, of the securities held by New Enterprise Associates, Inc., except to the extent of his pecuniary interest therein.
- The Reporting Person is a general partner of NEA Partners 10, Limited Partnership, which is the sole general partner of New Enterprise Associates 10, Limited Partnership, ("NEA 10") the direct beneficial owner of the securities. The Reporting Person disclaims beneficial ownership within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, or otherwise of the shares held by NEA 10, except to the extent of his pecuniary interest therein.

/s/ Louis Citron, attorney-in-fact 11/20/2012

** 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 4 (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.