

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

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

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

1. Name and Address of Reporting Person* <u>HILL STEPHEN A</u>  (Last) (First) (Middle) <u>C/O TARGACEPT, INC.,</u> <u>100 NORTH MAIN STREET, SUITE 1510</u>  (Street) <u>WINSTON-</u> <u>NC</u> <u>27101</u> <u>SALEM</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) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>President, CEO</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>08/14/2015</u>	
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 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			

**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
Redeemable Convertible Note	\$1.31	08/14/2015		A <sup>(1)</sup>		\$210,397		(2)	(3)	Common Stock	160,608	\$0.00	\$210,397	D	

**Explanation of Responses:**

- Reflects a Redeemable Convertible Note of the Issuer (the "Note") to be issued as a dividend on the Issuer's common stock to holders of record of the common stock on August 14, 2015, which will be paid on August 19, 2015.
- At the option of the reporting person, at any time within 30 months of the closing of the merger of Talos Merger Sub, Inc., a wholly owned subsidiary of the Issuer, with and into Catalyst Biosciences, Inc. (the "Merger"), the Notes shall be redeemable into cash or convertible into shares of common stock of the Issuer at a conversion rate of \$1.31 per share (\$9.19 per share as adjusted for the planned 1-for-7 reverse stock split of the Issuer's common stock prior to the Merger).
- The Notes will mature on the 30-month anniversary of the closing of the Merger.

**Remarks:**

/s/ Megan N. Gates, Attorney-in-fact 08/18/2015

\*\* 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.