

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>INVESTMENT 10 LLC</u> (Last) (First) (Middle) <u>C/O GROSVENOR CAPITAL MANAGEMENT LP</u> <u>900 N. MICHIGAN AVENUE, SUITE 1100</u> (Street) <u>CHICAGO IL 60611</u> (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) <u>01/01/2013</u>	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 Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) <u>See Explanation of Responses</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 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, \$0.001 par value	1,130,361	D ⁽¹⁾	
Common Stock, \$0.001 par value	2,977,919	I ⁽²⁾	By Biotechnology Value Fund, L.P.
Common Stock, \$0.001 par value	1,713,907	I ⁽³⁾	By Biotechnology Value Fund II, L.P.
Common Stock, \$0.001 par value	349,482	I ⁽⁴⁾	By BVF Investments, L.L.C.

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			

Explanation of Responses:

1. The Reporting Person is a member of a Section 13(d) group with Biotechnology Value Fund, L.P. ("BVF"), Biotechnology Value Fund II, L.P. ("BVF2"), BVF Investments, L.L.C. ("BVLLC"), BVF Partners L.P., BVF Inc. and Mark N. Lampert (collectively, the "Group") that owns more than 10% of the Issuer's outstanding Common Stock. A Form 3 with respect to the securities of the Issuer beneficially owned by the other members of the Group was filed with the Securities and Exchange Commission by such members on September 10, 2012, disclosing such members' beneficial ownership of securities of the Issuer as of the date thereof.

2. Shares of Common Stock owned directly by BVF. The Reporting Person disclaims beneficial ownership of such shares of Common Stock.

3. Shares of Common Stock owned directly by BVF2. The Reporting Person disclaims beneficial ownership of such shares of Common Stock.

4. Shares of Common Stock owned directly by BVLLC. The Reporting Person disclaims beneficial ownership of such shares of Common Stock.

Investment 10, L.L.C., By:
BVF Partners L.P., its
investment manager, By: BVF 01/11/2013
Inc., its general partner, By: /s/
Mark N. Lampert, President

** 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.