
**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): September 28, 2012

TARGACEPT, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-51173
(Commission
File Number)

56-202050
(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 2.05 Costs Associated with Exit or Disposal Activities.

On October 8, 2012, Targacept, Inc. announced staff reductions of 27 employees, or approximately 38% of the company's workforce, and that it will close its laboratory operations by the end of 2012. Targacept is implementing these measures to align its resources more closely with corporate objectives. Affected employees were notified on October 8, 2012. Targacept expects to complete the workforce reduction by December 15, 2012.

Conditional on the execution of a release of potential claims, all employees whose employment is being terminated as part of the workforce reduction will be provided with severance pay and benefits. In addition, the company has arranged to make outplacement services available to all employees whose employment is being terminated.

Targacept estimates the staff reductions and related operational changes to result in annual savings of approximately \$9.6 million in cash operating expenses beginning in 2013, with estimated one-time severance and other cash charges related to the workforce reduction of approximately \$1.5 million expected to be recorded in the fourth quarter of 2012. Targacept may also incur non-cash costs associated with the closure of its laboratory operations, the amounts of which Targacept is currently unable to estimate. Targacept does not anticipate that there will be any further material future cash expenditure associated with the workforce reduction or laboratory closures. The estimated savings and costs noted above are subject to a number of assumptions. Actual results and experience may differ materially as a result of various important factors, including the risks and uncertainties described under the heading "Forward-Looking Statements" in the press release attached as Exhibit 99.1 to this Current Report on Form 8-K, which are incorporated by reference herein. Targacept may incur additional costs not currently contemplated due to events that may occur as a result of, or that are associated with, the workforce reduction and changes to operations.

Item 7.01 Regulation FD Disclosure.

On October 8, 2012, Targacept issued a press release announcing the workforce reduction described in Item 2.05 of this Current Report on Form 8-K. Except to the extent of the portion of the press release incorporated by reference into Item 2.05 as described above, the press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K pursuant to Item 7.01 of this Current Report on Form 8-K and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press release dated October 8, 2012

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: October 8, 2012

/s/ Peter A. Zorn

Peter A. Zorn

Senior Vice President, Legal Affairs, General Counsel and Secretary

EXHIBIT INDEX

Exhibit
Number

Description

99.1 Press release dated October 8, 2012

Targacept Takes Further Actions to Align Resources with Corporate Objectives

Winston-Salem, NC — October 8, 2012 — Targacept, Inc. (NASDAQ: TRGT) today provided details of a previously announced workforce reduction that will affect approximately 38% of current employees. The company further announced that it will close its laboratory operations by the end of 2012. Targacept is implementing these measures to align its resources more closely with corporate objectives that include realizing the value potential of its clinical programs and conserving capital to best position the company for future opportunities. The reduction in force and changes to operations are expected to generate annual savings of approximately \$9.6 million beginning in 2013.

“This is a difficult step for us to take, as many talented professionals who have contributed significantly to Targacept over the years will be leaving the company. We are deeply appreciative of these employees for their years of committed service,” said Mark Skaletsky, Chairman of Targacept’s Board of Directors.

Targacept estimates one-time severance and other charges related to the reduction in force of approximately \$1.5 million will be incurred in the fourth quarter of 2012. Targacept expects the actions announced today, together with steps implemented earlier this year, will generate annual savings of approximately \$22.5 million on a going forward basis. Targacept currently has cash and investments of approximately \$195.0 million and continues to expect that its cash resources will be sufficient to fund its operating requirements through at least 2015.

With the reduction in force announced today, Targacept will have 43 employees.

About Targacept

Targacept is developing a diverse pipeline of innovative NNR Therapeutics™ for difficult-to-treat diseases and disorders of the nervous system. NNR Therapeutics selectively modulate the activity of specific neuronal nicotinic receptors, unique proteins that regulate vital biological functions that are impaired in various disease states. Targacept’s clinical pipeline includes multiple Phase 2 product candidates, all representing first-in-class opportunities. Targacept leverages its scientific leadership and diverse pipeline to attract significant collaborations with global pharmaceutical companies. For more information, please visit www.targacept.com.

TARGACEPT

Building Health, Restoring Independence®

Forward-Looking Statements

This press release includes “forward-looking statements” made under the provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements, other than statements of historical fact, regarding, without limitation: the annual savings from the reduction in Targacept’s workforce and operational changes, alone or together with steps implemented earlier in 2012; the amount of severance and other costs related to the workforce reduction; the value potential of Targacept’s clinical-stage programs; or Targacept’s plans, expectations or future operations, financial position, revenues, costs or expenses. Actual results, performance or experience may differ materially from those expressed or implied by any forward-looking statement as a result of various important factors, including without limitation Targacept’s critical accounting policies and risks and uncertainties relating to: Targacept’s ability to implement the workforce reduction successfully and achieve the estimated savings; Targacept’s ability to manage its cash operating expenses; whether the

workforce reduction will have an adverse impact on the development of any Targacept product candidate or Targacept's business generally; the conduct and results of clinical trials and non-clinical studies and assessments of TC-5619, TC-5214, AZD3480, AZD1446 or any other Targacept product candidate, including the performance of third parties engaged to execute such trials, studies and assessments; whether positive findings from any particular completed clinical trial of TC-5619 will be replicated in ongoing or any future clinical trials; Targacept's ability to protect its intellectual property; the timing and success of submission, acceptance and approval of regulatory filings; and those risks and uncertainties described under the heading "Risk Factors" in Targacept's most recent Annual Report on Form 10-K and in other filings that it makes with the Securities and Exchange Commission. As a result of the risks and uncertainties, the results or events indicated by the forward-looking statements may not occur. Targacept cautions you not to place undue reliance on any forward-looking statement.

In addition, any forward-looking statement in this press release represents Targacept's views only as of the date of this press release and should not be relied upon as representing its views as of any subsequent date. Targacept disclaims any obligation to update any forward-looking statement, except as required by applicable law.

NNR Therapeutics™ and Building Health, Restoring Independence® are trademarks or service marks of Targacept, Inc. Any other service marks, trademarks and trade names appearing in this press release are the properties of their respective owners.

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