



#37293

DATE: AUGUST 19, 2015

SUBJECT: TARGACEPT, INC. - DISTRIBUTION
OPTION SYMBOL: TRGT
NEW SYMBOL: TRGT1
DATE: 8/20/15

On August 18, 2015, shareholders of Targacept, Inc. (TRGT) voted on a reverse split and merger with Catalyst Biosciences, Inc. (CBIO). In conjunction with the reverse split/merger, Targacept, Inc. (TRGT) has announced a pre-closing dividend consisting of approximately, \$0.5692 cash and non-interest bearing, redeemable, convertible notes in the aggregate principal amount of approximately, \$1.08 per TRGT share. The convertible notes are redeemable for cash or can be converted to stock.

The record date is August 14, 2015; the payable date is August 19, 2015. The NASDAQ Stock Market has set August 20, 2015 as the ex-distribution date for this distribution.

Note: The Targacept, Inc. non-interest bearing, redeemable, convertible notes are not anticipated to be listed for trading and it is unknown if an OTC market will develop. As a result, the redeemable notes will not be included in the adjusted TRGT1 option deliverable; instead, the aggregate principle amount of approximately \$1.08 cash per share will be included in the adjusted TRGT1 option deliverable, as indicated below.

Exercise Consideration – On August 20, 2015, TRGT options will become adjusted symbol TRGT1. The deliverable for TRGT1 will reflect the distribution of non-interest bearing, redeemable, convertible notes by including a cash value equivalent of the aggregate principle amount in the TRGT1 deliverable. TRGT Call option holders who do not wish to receive the value of the distribution in this manner, must exercise their options sufficiently in advance of the contract adjustment. In all cases, it is the sole responsibility of persons holding call options to determine when to exercise their options.

CONTRACT ADJUSTMENT

EFFECTIVE DATE:	August 20, 2015
OPTION SYMBOL:	TRGT changes to TRGT1
STRIKE PRICES:	No Change
NUMBER OF CONTRACTS:	No Change
MULTIPLIER:	100 (e.g., a premium of 1.50 yields \$150; a strike of 2 yields \$200)
NEW DELIVERABLE PER CONTRACT	1) 100 Targacept, Inc. (TRGT) Common Shares 2) Approximately, \$164.92 Cash ($(\$0.5692 + \$1.08) \times 100$)

CUSIP:

TRGT: 87611R306

PRICING

Until the exact cash distribution amount and the exact aggregate principle amount, to be included in the TRGT1 deliverable are determined, the underlying price for TRGT1 will be determined as follows:

$$\text{TRGT1} = \text{TRGT} + 1.6492$$

DELAYED SETTLEMENT

The TRGT component of the TRGT1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash component of the TRGT1 deliverable until exact amount of cash distribution and the exact aggregate principle amount to be included in the TRGT1 deliverable are determined. Upon determination of the exact cash distribution amount and the exact aggregate principle amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount.

DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.