

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>EuclidSR Partners, L.P.</u> (Last) (First) (Middle) 45 ROCKFELLER PLAZA, SUITE 3240 (Street) NEW YORK NY 10111 (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) 04/18/2006			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		
			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	04/18/2006		C		1,509,401	A	(4)(5)	1,510,080	D ⁽¹⁾	

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
Series B Convertible Preferred Stock	(4)	04/18/2006		C		2,021,505		(2)	(3)	Common Stock	642,735	\$0	0	D ⁽¹⁾	
Series C Convertible Preferred Stock	(5)	04/18/2006		C		6,016,529		(2)	(3)	Common Stock	866,666	\$0	0	D ⁽¹⁾	

1. Name and Address of Reporting Person*
EuclidSR Partners, L.P.
 (Last) (First) (Middle)
 45 ROCKFELLER PLAZA, SUITE 3240
 (Street)
 NEW YORK NY 10111
 (City) (State) (Zip)

1. Name and Address of Reporting Person*
EuclidSR Associates, L.P.
 (Last) (First) (Middle)
 45 ROCKFELLER PLAZA, SUITE 3240
 (Street)
 NEW YORK NY 10111
 (City) (State) (Zip)

Explanation of Responses:

1. These securities are owned of record by EuclidSR Partners, L.P., for which voting and investment power is shared by Elaine V. Jones, Graham D.S. Anderson, Barbara J. Dalton, Milton J. Pappas, Stephen K. Reidy and Raymond J. Whitaker, each of whom is a general partner of EuclidSR Associates, L.P., the general partner of EuclidSR Partners, L.P. Dr. Jones, a director of Targacept, Inc., and each of the other general partners of EuclidSR Associates, L.P. disclaims beneficial ownership of these securities except to the extent of his or her pecuniary interest therein.

2. The securities are immediately convertible.

3. The securities have no expiration date.

4. In connection with the closing of the Issuer's initial public offering, each share of Series B Convertible Preferred Stock automatically converted into approximately 0.318 share of the Issuer's Common Stock, for no additional consideration. This conversion ratio reflects a 1 for 7.5 share reverse stock split of the Issuer's common stock effected February 3, 2005.

5. In connection with the closing of the Issuer's initial public offering, each share of Series C Convertible Preferred Stock automatically converted into approximately 0.144 share of the Issuer's Common Stock, for no

additional consideration. This conversion ratio reflects a 1 for 7.5 share reverse stock split of the Issuer's common stock effected February 3, 2005.

Remarks:

/s/Elaine V. Jones, General
Partner of Euclid SR Associates, 04/18/2006
L.P., as General Partner of
EuclidSR Partners, L.P.

/s/Elaine V. Jones, General
Partner of EuclidSR Associates, 04/18/2006
L.P.

** 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.