

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

OMB APPROVAL	
OMB Number:	3235-0104
Estimated average burden hours per response:	0.5

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>EuclidSR Biotechnology Associates, L.P.</u> (Last) (First) (Middle) 45 ROCKEFELLER PLAZA, SUITE 3240 (Street) NEW YORK NY 10111 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 04/11/2006	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 <input checked="" type="checkbox"/> 10% Owner Officer (give title below) Other (specify below)	5. If Amendment, Date of Original Filed (Month/Day/Year) 6. Individual or Joint/Group Filing (Check Applicable Line) Form filed by One Reporting Person <input checked="" type="checkbox"/> 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	320	D ⁽¹⁾	

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				
Series C Convertible Preferred Stock	(2)	(3)	Common Stock 371,428 ⁽⁴⁾	(4)	D ⁽¹⁾	
Stock Option (Right to Buy)	06/07/2006	(5)	Common Stock 197	0.075	D ⁽¹⁾	

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

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

Explanation of Responses:

- These securities are owned of record by EuclidSR Biotechnology 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 Biotechnology Associates, L.P., the general partner of EuclidSR Biotechnology Partners, L.P. Dr. Jones, a director of Targacept, Inc., and each of the other general partners of EuclidSR Biotechnology Associates, L.P. disclaims beneficial ownership of these securities except to the extent of his or her pecuniary interest therein.
- The securities are immediately convertible.
- The securities have no expiration date.
- Each share of Series C Convertible Preferred Stock is automatically convertible 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.
- This stock option expires on the later of (1) the date that is two and one-half months following the end of the optionee's first taxable year during which the option vests, or (2) the date that is two and one-half months following the end of the Issuer's taxable year in which the option vests, and in no event after March 15, 2007.

Remarks:

/s/ Elaine V. Jones, General
Partner of EuclidSR
Biotechnology Associates,
L.P., as General Partner of
EuclidSR Biotechnology
Partners, L.P.

04/11/2006

/s/ Elaine V. Jones, General
Partner of EuclidSR
Biotechnology Associates, L.P.

04/11/2006

** 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.