

## INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

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 Partners, L.P.</u>	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)
(Last) (First) (Middle) 45 ROCKFELLER PLAZA, SUITE 3240			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
(Street) NEW YORK NY 10111			
(City) (State) (Zip)			

## 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	679	D <sup>(1)</sup>	

## 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 B Convertible Preferred Stock	(2)	(3)	Common Stock 642,735 <sup>(4)</sup>	(4)	D <sup>(1)</sup>	
Series C Convertible Preferred Stock	(2)	(3)	Common Stock 866,666 <sup>(5)</sup>	(5)	D <sup>(1)</sup>	
Stock Option (Right to Buy)	08/08/2003	08/07/2012	Common Stock 4,333	0.075	D <sup>(1)</sup>	
Stock Option (Right to Buy)	06/11/2004	06/10/2013	Common Stock 1,000	0.075	D <sup>(1)</sup>	
Stock Option (Right to Buy)	06/07/2006	(6)	Common Stock 803	0.075	D <sup>(1)</sup>	

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

## Explanation of Responses:

- 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.
- The securities are immediately convertible.
- The securities have no expiration date.
- Each share of Series B Convertible Preferred Stock is automatically convertible 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. 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.

6. 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  
Associates, L.P., as General      04/11/2006  
Partner of EuclidSR Partners,  
L.P.

/s/Elaine V. Jones, General  
Partner of EuclidSR      04/11/2006  
Associates, 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 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.**