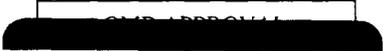


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



05056134

FORM D

NOTICE OF SALE OF SECURITIES  
PURSUANT TO REGULATION D,  
SECTION 4(6), AND/OR  
UNIFORM LIMITED OFFERING EXEMPTION

1124105

SEC USE ONLY	
Prefix	Serial
DATE RECEIVED	

Name of Offering  ( check if this is an amendment and name has changed, and indicate change.)

2004 Series C Convertible Preferred Stock

Filing Under (Check box(es) that apply):  Rule 504:  Rule 505  Rule 506  Section 4(6)  ULOE

Type of Filing:  New Filing  Amendment

**A. BASIC IDENTIFICATION DATA\***

1. Enter the information requested about the issuer

Name of Issuer  (check if this is an amendment and name has changed, and indicate change.)

Targacept, Inc.

Address of Executive Officers (Number and Street, City, State, Zip Code)  
200 East First Street, Suite 300, Winston-Salem, NC 27101

Telephone Number (Including Area Code)  
336-480-2100

\* No material change in part A.

**B. INFORMATION ABOUT OFFERING<sup>+</sup>**

2. What is the minimum investment that will be accepted from any individual? .....\$ 600,320

<sup>+</sup>The only material change in part B is the minimum investment accepted from any individual (formerly \$1.8 million).

[Part C begins on the following page]

PROCESSED

MAY 25 2005

THOMSON  
FINANCIAL



b. Enter the difference between the aggregate offering price given in response to Part C-Question 1 and total expenses furnished in response to Part C-Question 4.a. This difference is the "adjusted gross proceeds to the issuer." ..... \$ 17,980,320.00

c. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal the adjusted gross proceeds to the issuer set forth in response to Part C-Questions 4.b. above.

	Payments to Officers, Directors, & Affiliates	Payments to Others
Salaries and fees.....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Purchase of real estate (building and land) .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Purchase, rental or leasing and installation of machinery and equipment.....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Construction or leasing of plant buildings and facilities .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Acquisition of other business (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer pursuant to a merger) .....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Repayment of indebtedness.....	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
Working Capital/Reserve .....	<input type="checkbox"/> \$ _____	<input checked="" type="checkbox"/> \$ <u>17,980,320.00</u>
Other (specify): _____	<input type="checkbox"/> \$ _____	<input type="checkbox"/> \$ _____
<hr/>		
Column Totals.....	<input type="checkbox"/> \$ <u>0.00</u>	<u>\$ 17,980,320.00</u>
Total Payments Listed (column totals added) .....		<u>\$ 17,980,320.00</u>

**D. FEDERAL SIGNATURE**

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

Issuer (Print or Type) Targacept, Inc.	Signature <i>Alan A. Musso</i>	Date <i>May 12, 2005</i>
Name of Signer (Print or Type) Alan A. Musso	Title of Signer (Print or Type) Vice-President and Chief Financial Officer	

**ATTENTION**

**Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)**