



Targacept Files for Initial Public Offering

Winston-Salem, NC - January 17, 2006 - Targacept, Inc. today announced that the Company has filed a registration statement with the U.S. Securities and Exchange Commission relating to the proposed initial public offering of its common stock. The number of shares to be offered and the price range for the offering have not yet been determined. All shares of the common stock to be sold in this offering will be offered by the Company.

Deutsche Bank Securities Inc. will be acting as the sole book-running manager. Pacific Growth Equities, LLC, CIBC World Markets Corp. and Lazard Capital Markets LLC will be co-managers for the offering.

This offering will be made only by means of a prospectus. When available, copies of the preliminary prospectus relating to the offering may be obtained from Deutsche Bank Securities Inc., 60 Wall Street, New York, NY 10005.

A registration statement relating to these securities has been filed with the Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

Targacept, Inc. is a biopharmaceutical company engaged in the design, discovery and development of drugs to treat multiple diseases and disorders of the central nervous system by selectively targeting a class of receptors known as neuronal nicotinic receptors, or NNRs. Targacept is located in Winston-Salem, North Carolina.

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Contact:

Alan Musso, VP and CFO

Targacept, Inc.

Tel: (336) 480 2186

Email: alan.musso@targacept.com