



FOR IMMEDIATE RELEASE

Contacts:

Alan Musso, VP and CFO
Targacept, Inc.
Tel: (336) 480-2186
Email: alan.musso@targacept.com

Ernie Knewitz
Euro RSCG Life NRP
Tel: (212) 845-4253
Email: ernie.knewitz@eurorscg.com

TARGACEPT FILES FOR INITIAL PUBLIC OFFERING

Winston-Salem, NC, May 14, 2004 -- Targacept, Inc. today announced that it has filed a registration statement on Form S-1 with the Securities and Exchange Commission for the proposed initial public offering of shares of its common stock. All of the shares will be issued and sold by Targacept.

The managing underwriter of the offering will be Morgan Stanley, acting as book-running manager, with Deutsche Bank Securities Inc., CIBC World Markets and Pacific Growth Equities, LLC as co-managers.

The offering will be made only by means of a prospectus. A copy of the preliminary prospectus relating to the offering may be obtained, when available, from Morgan Stanley & Co. Incorporated, Prospectus Department, located at 1585 Broadway, New York, NY 10036, (212) 761-6775.

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 nervous system diseases and disorders by selectively targeting a class of receptors known as neuronal nicotinic acetylcholine receptors, or NNRs. Targacept is located in Winston-Salem, North Carolina.

###