

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULES 13d-1(b),(c), AND (d) AND AMENDMENTS THERETO FILED
PURSUANT TO RULE 13d-2(b)
(Amendment No. 2)¹

Targacept Inc.
(Name of Issuer)

Common Stock, \$.001 par value
(Title of Class of Securities)

87611R 30 6
(CUSIP Number)

December 31, 2008
Date of Event Which Requires Filing of this Statement

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

¹ The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page. The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act.

1)	Name of Reporting Person I.R.S. Identification No. of Above Person (Entities Only)	EuclidSR Partners, L.P.	
2)	Check the Appropriate Box if a Member of a Group	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3)	SEC Use Only		
4)	Citizenship or Place of Organization	Delaware	
Number of Shares Beneficially Owned by Each Reporting Person With	5)	Sole Voting Power	1,152,631 shares of Common Stock
	6)	Shared Voting Power	-0-
	7)	Sole Dispositive Power	1,152,631 shares of Common Stock
	8)	Shared Dispositive Power	-0-
9)	Aggregate Amount Beneficially Owned by Each Reporting Person	1,152,631 shares of Common Stock	
10)	Check if the Aggregate Amount in Row (9) Excludes Certain Shares		
11)	Percent of Class Represented by Amount in Row (9)	4.6%	
12)	Type of Reporting Person	PN	

1)	Name of Reporting Person I.R.S. Identification No. of Above Person (Entities Only)	EuclidSR Biotechnology Partners, L.P.	
2)	Check the Appropriate Box if a Member of a Group	(a) <input checked="" type="checkbox"/> (b) <input type="checkbox"/>	
3)	SEC Use Only		
4)	Citizenship or Place of Organization	Delaware	
Number of Shares Beneficially Owned by Each Reporting Person With	5)	Sole Voting Power	284,115 shares of Common Stock
	6)	Shared Voting Power	-0-
	7)	Sole Dispositive Power	284,115 shares of Common Stock
	8)	Shared Dispositive Power	-0-
9)	Aggregate Amount Beneficially Owned by Each Reporting Person	284,115 shares of Common Stock	
10)	Check if the Aggregate Amount in Row (9) Excludes Certain Shares		
11)	Percent of Class Represented by Amount in Row (9)	1.1%	
12)	Type of Reporting Person	PN	

Amendment No. 2 to Schedule 13G

Reference is hereby made to the statement on Schedule 13G filed with the Securities and Exchange Commission on February 26, 2007 and Amendment No. 1 thereto filed on February 11, 2008 (as so amended, the "Schedule 13G"). Terms defined in the Schedule 13G are used herein as so defined.

The following Items of the Schedule 13G are hereby amended and restated as follows:

Item 4 – Ownership.

(a) Amount Beneficially Owned:

ESR Partners: 1,152,631 shares of Common Stock
ESR Biotech: 284,115 shares of Common Stock

(b) Percent of Class:

ESR Partners: 4.6%
ESR Biotech: 1.1%

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote:

ESR Partners: 1,152,631 shares of Common Stock
ESR Biotech: 284,115 shares of Common Stock

(ii) shared power to vote or to direct the vote: -0-

(iii) sole power to dispose or to direct the disposition of:

ESR Partners: 1,152,631 shares of Common Stock
ESR Biotech: 284,115 shares of Common Stock

(iv) shared power to dispose or to direct the disposition of: -0-

Signature:

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

EUCLIDSR PARTNERS, L.P.

By: EuclidSR Associates, L.P., General Partner

By: /s/ Stephen K. Reidy

General Partner

EUCLIDSR BIOTECHNOLOGY PARTNERS, L.P.

By: EuclidSR Biotechnology Associates, L.P.,
General Partner

By: /s/ Stephen K. Reidy

General Partner

Date: February 9, 2009