# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[ X ] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

**For the quarterly period ended March 31, 2010**

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) of
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

**Commission File No. 1-11986**

# TANGER FACTORY OUTLET CENTERS, INC.

(Exact name of Registrant as specified in its Charter)

| | |
|---|---|
| **NORTH CAROLINA** | **56-1815473** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

**3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408**

(Address of principal executive offices)

(Zip code)

**(336) 292-3010**

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

40,470,362 Common Shares,

$.01 par value, outstanding as of May 3, 2010

**TANGER FACTORY OUTLET CENTERS, INC.**

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share data)
(Unaudited)

| | As of March 31, 2010 | As of December 31, 2009 |
|---|---|---|
| **ASSETS** | | |
| Rental property | | |
| Land | $ 142,822 | $ 143,933 |
| Buildings, improvements and fixtures | 1,360,010 | 1,352,568 |
| Construction in progress | 19,557 | 11,369 |
| | 1,522,389 | 1,507,870 |
| Accumulated depreciation | (432,276) | (412,530) |
| Rental property, net | 1,090,113 | 1,095,340 |
| Cash and cash equivalents | 3,197 | 3,267 |
| Investments in unconsolidated joint ventures | 8,151 | 9,054 |
| Deferred charges, net | 35,555 | 38,867 |
| Other assets | 31,889 | 32,333 |
| **Total assets** | $ 1,168,905 | $ 1,178,861 |
| **LIABILITIES AND EQUITY** | | |
| **Liabilities** | | |
| Debt | | |
| Senior, unsecured notes (net of discount of $798 and $858, respectively) | $ 256,412 | $ 256,352 |
| Mortgage payable (including a debt discount of $0 and $241, respectively) | --- | 35,559 |
| Unsecured term loan | 235,000 | 235,000 |
| Unsecured lines of credit | 93,400 | 57,700 |
| | 584,812 | 584,611 |
| Construction trade payables | 22,381 | 14,194 |
| Accounts payable and accrued expenses | 28,544 | 31,916 |
| Other liabilities | 25,657 | 27,077 |
| **Total liabilities** | 661,394 | 657,798 |
| Commitments and contingencies | | |
| **Equity** | | |
| **Tanger Factory Outlet Centers, Inc.** | | |
| Preferred shares, 7.5% Class C, liquidation preference | | |
| $25 per share, 8,000,000 shares authorized, 3,000,000 shares issued and outstanding at March 31, 2010 and December 31, 2009 | 75,000 | 75,000 |
| Common shares, $.01 par value, 150,000,000 shares authorized, 40,469,662 and 40,277,124 shares issued and outstanding at March 31, 2010 and December 31, 2009, respectively | 405 | 403 |
| Paid in capital | 597,968 | 596,074 |
| Distributions in excess of net income | (217,076) | (202,997) |
| Accumulated other comprehensive loss | (5,169) | (5,809) |
| Equity attributable to Tanger Factory Outlet Centers, Inc. | 451,128 | 462,671 |
| **Equity attributable to noncontrolling interest in Operating Partnership** | 56,383 | 58,392 |
| **Total equity** | 507,511 | 521,063 |
| **Total liabilities and equity** | $ 1,168,905 | $ 1,178,861 |

The accompanying notes are an integral part of these consolidated financial statements.

**TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)
(Unaudited)

| | For the three months ended March 31, 2010 | For the three months ended March 31, 2009 |
|---|---|---|
| **Revenues** | | |
| Base rentals | $ 43,648 | $ 42,927 |
| Percentage rentals | 1,305 | 1,308 |
| Expense reimbursements | 19,536 | 19,219 |
| Other income | 1,730 | 1,704 |
| **Total revenues** | 66,219 | 65,158 |
| | | |
| **Expenses** | | |
| Property operating | 22,472 | 21,748 |
| General and administrative | 5,466 | 5,935 |
| Depreciation and amortization | 26,527 | 20,397 |
| Impairment charge | 735 | --- |
| **Total expenses** | 55,200 | 48,080 |
| **Operating income** | 11,019 | 17,078 |
| Interest expense | (7,948) | (11,210) |
| Gain on fair value measurement of previous interest held in acquired joint venture | --- | 31,497 |
| **Income before equity in earnings (losses) of unconsolidated joint ventures** | 3,071 | 37,365 |
| Equity in earnings (losses) of unconsolidated joint ventures | (68) | (897) |
| **Net income** | 3,003 | 36,468 |
| Noncontrolling interest in Operating Partnership | (210) | (5,698) |
| **Net income attributable to Tanger Factory Outlet Centers, Inc.** | $ 2,793 | $ 30,770 |
| **Basic earnings per common share:** | | |
| Income from continuing operations | $ .03 | $ .93 |
| Net income | .03 | .93 |
| **Diluted earnings per common share:** | | |
| Income from continuing operations | $ .03 | $ .92 |
| Net income | .03 | .92 |
| Dividends paid per common share | $ .3825 | $ .3800 |

The accompanying notes are an integral part of these consolidated financial statements.

**TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)
(Unaudited)

| | For the three months ended March 31, 2010 | 2009 |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| Net income | $ 3,003 | $ 36,468 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 26,527 | 20,429 |
| Impairment charge | 735 | --- |
| Gain on sale of outparcels of land | (161) | --- |
| Amortization of deferred financing costs | 342 | 465 |
| Equity in losses of unconsolidated joint ventures | 68 | 897 |
| Compensation expense related to restricted shares and options granted | 1,227 | 1,297 |
| Amortization of debt premiums and discount, net | (214) | 999 |
| Gain on fair value measurement of previous interest held in acquired joint venture | --- | (31,497) |
| Distributions of cumulative earnings from unconsolidated joint ventures | 301 | 168 |
| Amortization of above/(below) market rent rate adjustment, net | (165) | 77 |
| Straight-line base rent adjustment | (734) | (777) |
| Increase (decrease) due to changes in: | | |
| Other assets | 1,250 | 382 |
| Accounts payable and accrued expenses | (3,451) | 1,622 |
| Net cash provided by operating activities | 28,728 | 30,530 |
| **INVESTING ACTIVITIES** | | |
| Additions to rental property | (10,235) | (11,306) |
| Acquisition of remaining interests in unconsolidated joint venture, net of cash acquired | --- | (31,086) |
| Distributions in excess of cumulative earnings from unconsolidated joint ventures | 349 | 42 |
| Net proceeds from sale of real estate | 602 | --- |
| Additions to deferred lease costs | (881) | (1,473) |
| Net cash used in investing activities | (10,165) | (43,823) |
| **FINANCING ACTIVITIES** | | |
| Cash dividends paid | (16,872) | (13,440) |
| Distributions to noncontrolling interest in Operating Partnership | (2,320) | (2,302) |
| Proceeds from borrowings and issuance of debt | 103,100 | 70,500 |
| Repayments of debt | (103,200) | (43,600) |
| Additions to deferred financing costs | (14) | --- |
| Proceeds from exercise of options | 673 | 259 |
| Net cash (used in) provided by financing activities | (18,633) | 11,417 |
| Net decrease in cash and cash equivalents | (70) | (1,876) |
| Cash and cash equivalents, beginning of period | 3,267 | 4,977 |
| Cash and cash equivalents, end of period | $ 3,197 | $ 3,101 |

The accompanying notes are an integral part of these consolidated financial statements.

**1. Business**

Tanger Factory Outlet Centers, Inc. and subsidiaries is one of the largest owners and operators of outlet centers in the United States. We are a fully-integrated, self-administered and self-managed real estate investment trust, or REIT, which focuses exclusively on developing, acquiring, owning, operating and managing outlet shopping centers. As of March 31, 2010, we owned and operated 31 outlet centers, with a total gross leasable area of approximately 9.1 million square feet. These outlet centers were 95% occupied. We also operated and had partial ownership interests in two outlet centers totaling approximately 948,000 square feet.

Our outlet centers and other assets are held by, and all of our operations are conducted by, Tanger Properties Limited Partnership and subsidiaries. Accordingly, the descriptions of our business, employees and properties are also descriptions of the business, employees and properties of the Operating Partnership. Unless the context indicates otherwise, the term "Company" refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term "Operating Partnership" refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

We own the majority of the units of partnership interest issued by the Operating Partnership through our two wholly-owned subsidiaries, the Tanger GP Trust and the Tanger LP Trust. The Tanger GP Trust controls the Operating Partnership as its sole general partner. The Tanger LP Trust holds a limited partnership interest. The Tanger family, through its ownership of the Tanger Family Limited Partnership holds the remaining units as a limited partner. Stanley K. Tanger, our founder and a member of our Board of Directors, is the sole general partner of the Tanger Family Limited Partnership.

**2. Basis of Presentation**

Our unaudited consolidated financial statements have been prepared pursuant to accounting principles generally accepted in the United States of America and should be read in conjunction with the consolidated financial statements and notes thereto of our Annual Report on Form 10-K for the year ended December 31, 2009. The December 31, 2009 balance sheet data was derived from audited financial statements. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to the Securities and Exchange Commission's ("SEC") rules and regulations, although management believes that the disclosures are adequate to make the information presented not misleading.

The accompanying unaudited consolidated financial statements include our accounts, our wholly-owned subsidiaries, as well as the Operating Partnership and its subsidiaries and reflect, in the opinion of management, all adjustments necessary for a fair statement of the interim consolidated financial statements. All such adjustments are of a normal and recurring nature. Intercompany balances and transactions have been eliminated in consolidation.

Investments in real estate joint ventures that represent non-controlling ownership interests are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for our equity in the venture's net income (loss) and cash contributions and distributions.

Control is determined using an evaluation based on accounting standards related to the consolidated of joint ventures and variable interest entities. For joint ventures that are defined as variable interest entities, the primary beneficiary consolidates the entity.

### 3. Development of Rental Properties

#### New Development

During the first quarter of 2010, construction continued on our development site in Mebane, North Carolina. Currently, we have signed leases or leases out for signature for approximately 77% of the total square feet. Currently, we expect the 317,000 square foot outlet center will be funded by operating cash flows and amounts available under our unsecured lines of credit. This center is scheduled to open in time for the 2010 holiday season.

#### Redevelopment at Existing Outlet Centers

During the first quarter of 2009, we obtained approval from Beaufort County, South Carolina to implement a redevelopment plan at the Hilton Head I, SC outlet center. As of March 31, 2010, the center was vacant of all tenants in preparation for the demolition of the existing center and the redevelopment of the new center. As a result a total of $9.2 million in depreciation and amortization was recognized in the first quarter of 2010 to completely depreciate the existing center. Accelerated depreciation and amortization recognized due to changes in the estimated remaining lives at the center was approximately $4.6 million and $1.2 million for the three months ended March 31, 2010 and 2009, respectively. Income from continuing operations and net income per share was reduced by approximately $.10 and $.03 for the three months ended March 31, 2010 and 2009, respectively.

Commitments to complete construction of our new developments, redevelopments and other capital expenditure requirements amounted to approximately $31.1 million at March 31, 2010. Commitments for construction represent only those costs contractually required to be paid by us.

Interest costs capitalized during the three months ended March 31, 2010 and 2009 amounted to $200,000 and $36,000, respectively.

#### Impairment Charge

In 2005 we sold an outlet center located in Seymour, Indiana. We retained various outparcels of land at the development site, some of which we sold in recent years. In February 2010, our Board of Directors approved the sale of the remaining parcels of land in Seymour, IN. As a result of this Board approval and an approved plan to actively market the land, we accounted for the land as "held for sale" and recorded a non-cash impairment charge of approximately $735,000 in our consolidated statement of operations which equaled the excess of the carrying amount of the land over its current fair value. We determined the estimated fair value using a market approach considering offers that we have obtained for all the various parcels less estimated closing costs. See Note 10, Fair Value Measurements, for further discussion.

#### Land Outparcel Sales

Gains on sale of outparcels are included in other income in the consolidated statements of operations. Cost is allocated to the outparcels based on the relative market value method.

In March 2010, we closed on the sale of an outparcel of land at our property in Lincoln City, Oregon. The net proceeds from the sale were approximately $403,000 resulting in a gain on sale of outparcel of approximately $161,000.

In March 2010, we sold two of the remaining outparcels in Seymour, IN for net proceeds of approximately $199,000. As these parcels were recorded at their fair value earlier in the quarter, no gain or loss on sale was recorded. The only remaining land as of March 31, 2010 is currently recorded at its fair value which is approximately $200,000.

### 4. Investments in Unconsolidated Real Estate Joint Ventures

Our investments in unconsolidated real estate joint ventures as of March 31, 2010 and December 31, 2009 aggregated $8.2 million and $9.1 million, respectively. We have evaluated the accounting treatment for each of the joint ventures and have concluded based on the current facts and circumstances that the equity method of accounting should be used to account for the individual joint ventures. At March 31, 2010, we were members of the following unconsolidated real estate joint ventures:

| Joint Venture | Center Location | Opening Date | Ownership % | Square Feet | Carrying Value of Investment (in millions) | Total Joint Venture Debt (in millions) |
|---|---|---|---|---|---|---|
| Deer Park | Deer Park, Long Island, NY | 2008 | 33.3% | 683,033 | $2.8 | $267.2 |
| Wisconsin Dells | Wisconsin Dells, Wisconsin | 2006 | 50% | 265,061 | $5.3 | $25.3 |

These investments are recorded initially at cost and subsequently adjusted for our equity in the venture's net income (loss) and cash contributions and distributions.

In accordance with amended guidance related to the consolidation of variable interest entities which became effective January 1, 2010, we performed an analysis of all of our real estate joint ventures to determine whether they would qualify as variable interest entities, or VIE, and whether the joint venture should be consolidated or accounted for as an equity method investment in an unconsolidated joint venture. As a result of our qualitative assessment, we confirmed, as previously concluded, that Deer Park is a VIE and Wisconsin Dells is not a VIE. Deer Park is considered a VIE because it does not meet the criteria of the members having a sufficient equity investment at risk. In the case of Wisconsin Dells, the members do have a sufficient equity investment at risk.

After making the determination that Deer Park was a VIE, we performed an assessment to determine if we would be considered the primary beneficiary and thus be required to consolidate Deer Park's balance sheets and results of operations. This assessment was based upon whether we had the following:

a. The power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance

Per review of the operating and management agreements of Deer Park, it was determined that no one member alone has the power to direct the significant activities that affect the economic performance of Deer Park. While we are the Deer Park property manager, we must operate the property within the approved budget or risk being removed by the other two members as the property manager.

b. The obligation to absorb losses of the entity that could potentially be significant to the variable interest entity or the right to receive benefits from the entity that could potentially be significant to the variable interest entity

All three members have equal 33.3% ownership of Deer Park and per the terms of the operating agreement would have an equal obligation to absorb losses or the right to receive benefits of the VIE.

Based on the above, we have determined that all three partners share power in the decisions that most significantly impact Deer Park, as well as the financial rights and obligations, and therefore we are not required to consolidate Deer Park. Our equity method investment in Deer Park as of March 31, 2010 was approximately $2.8 million. We are unable to estimate our maximum exposure to loss at this time. Upon completion of the final phase of the project, the debt is expected to be approximately $284.0 million, of which our proportionate share would be approximately $94.7 million. A calculation of the maximum loss would involve variables such as the loan balance amount and any proceeds from the sale of the property.

The following management, leasing and marketing fees were recognized from services provided to Wisconsin Dells and Deer Park (in thousands):

| | Three months ended March 31, 2010 | Three months ended March 31, 2009 |
|---|---|---|
| Fee: | | |
| Management and leasing | $ 464 | $ 471 |
| Marketing | 41 | 39 |
| Total Fees | $ 505 | $ 510 |

Our investments in real estate joint ventures are reduced by 50% of the profits earned for leasing services provided to Wisconsin Dells and by 33.3% of the profits earned for leasing services provided to Deer Park. Our carrying value of investments in unconsolidated joint ventures differs from our share of the assets reported in the "Summary Balance Sheets — Unconsolidated Joint Ventures" shown below due to adjustments to the book basis, including intercompany profits on sales of services that are capitalized by the unconsolidated joint ventures. The differences in basis are amortized over the various useful lives of the related assets.

On a periodic basis, we assess whether there are any indicators that the value of our investments in unconsolidated joint ventures may be impaired. An investment is impaired only if management's estimate of the value of the investment is less than the carrying value of the investments, and such decline in value is deemed to be other than temporary. To the extent impairment has occurred, the loss shall be measured as the excess of the carrying amount of the investment over the fair value of the investment. Our estimates of fair value for each joint venture investment are based on a number of assumptions that are subject to economic and market uncertainties including, among others, demand for space, competition for tenants, changes in market rental rates and operating costs of the property. As these factors are difficult to predict and are subject to future events that may alter our assumptions, the values estimated by us in our impairment analysis may not be realized. As of March 31, 2010, we do not believe that any of our equity investments were impaired.

Condensed combined summary financial information of joint ventures accounted for using the equity method is as follows (in thousands):



| **Summary Balance Sheets — Unconsolidated Joint Ventures** | As of March 31, 2010 | As of December 31, 2009 |
|---|---|---|
| **Assets:** | | |
| Investment properties at cost, net | $ 292,105 | $ 294,857 |
| Cash and cash equivalents | 6,937 | 8,070 |
| Deferred charges, net | 5,197 | 5,450 |
| Other assets | 5,878 | 5,610 |
| Total assets | $ 310,117 | $ 313,987 |
| | | |
| **Liabilities and Owners' Equity:** | | |
| Mortgages payable | $ 292,468 | $ 292,468 |
| Construction trade payables | 1,845 | 3,647 |
| Accounts payable and other liabilities | 3,568 | 3,826 |
| Total liabilities | 297,881 | 299,941 |
| Owners' equity | 12,236 | 14,046 |
| Total liabilities and owners' equity | $ 310,117 | $ 313,987 |

| **Summary Statement of Operations — Unconsolidated Joint Ventures** | Three months ended March 31, 2010 | 2009 |
|---|---|---|
| **Revenues** | $ 9,274 | $ 8,524 |
| | | |
| **Expenses:** | | |
| Property operating | 4,210 | 4,247 |
| General and administrative | 287 | 189 |
| Depreciation and amortization | 3,503 | 3,174 |
| Total expenses | 8,000 | 7,610 |
| Operating income | 1,274 | 914 |
| Interest expense | 1,674 | 3,731 |
| **Net loss** | $ (400) | $ (2,817) |
| | | |
| **Tanger Factory Outlet Centers, Inc's share of:** | | |
| Net loss | $ (68) | $ (897) |
| Depreciation (real estate related) | $ 1,265 | $ 1,166 |

**5. Other Comprehensive Income**

Total comprehensive income is as follows (in thousands):

| | Three months ended March 31, 2010 | 2009 |
|---|---|---|
| Net income | $ 3,003 | $ 36,468 |
| Other comprehensive income: | | |
| Reclassification adjustment for amortization of gain on settlement of US treasury rate lock included in net income | (76) | (72) |
| Change in fair value of cash flow hedges | 852 | (70) |
| Change in fair value of our portion of unconsolidated joint ventures cash flow hedges | (39) | 1,437 |
| Other comprehensive income | 737 | 1,295 |
| Total comprehensive income | 3,740 | 37,763 |
| Comprehensive income attributable to the noncontrolling interest | (307) | (5,909) |
| Total comprehensive income attributable to the Company | $ 3,433 | $ 31,854 |

**6. Share-Based Compensation**

During the first quarter of 2010, our Board of Directors approved the grant of 150,288 restricted common shares to the independent directors and our officers. The restricted common shares granted to independent directors vest ratably over a three year period. The restricted common shares granted to officers vest ratably over a five year period. The grant date fair value of the awards is $39.24 per share, which was determined based upon the closing market price of our common shares on the day prior to the grant date in accordance with the terms of the Company's Incentive Award Plan, or Plan. Compensation expense related to the amortization of the deferred compensation amount is being recognized in accordance with the vesting schedule of the restricted shares.

Also during the first quarter of 2010, our Compensation Committee approved the general terms of the Tanger Factory Outlet Centers, Inc. 2010 Multi-Year Performance Plan, or the "2010 Multi-Year Performance Plan". Under the 2010 Multi-Year Performance Plan, we will grant 205,000 notional units to award recipients as a group. If our aggregate share price appreciation during this period equals or exceeds the minimum threshold of 40%, then the notional units will convert into the Company's common shares on a one-for-one basis. The notional units will convert into common shares on a one-for-two basis if the share price appreciation exceeds the target threshold of 50% and on a one-for-three basis if the share price appreciation exceeds the maximum threshold of 60%. The notional amounts will convert on a pro rata basis between share price appreciation thresholds. The share price targets will be reduced on a dollar-for-dollar basis with respect to any dividend payments made during the measurement period, subject to a minimum level price target. After the awards are earned, they will remain subject to a one-year vesting period. For notional amounts granted in 2010, any shares earned on December 31, 2013 will vest on December 31, 2014 contingent on continued employment through the vesting date.

The notional units, prior to the date they are converted into restricted common shares, will not entitle award recipients to receive any dividends or other distributions. If the notional units are earned, and thereby converted into restricted common shares, then award recipients will be entitled to receive a payment of all dividends and other distributions that would have been paid had the number of earned common shares been issued at the beginning of the performance period. Thereafter, dividends and other distributions will be paid with respect to all restricted common shares that were earned.

At the end of the four-year performance period, if the minimum share price threshold is not achieved but the Company's share performance exceeds the 50$^{th}$ percentile of the share performance of its peer group, the notional units will convert into restricted common shares on a one-for-one basis. All determinations, interpretations and assumptions relating to the vesting and calculation of the performance awards will be made by our Compensation Committee.

We recorded share-based compensation expense in our statements of operations as follows (in thousands):

| | Three months ended March 31, 2010 | Three months ended March 31, 2009 |
|---|---|---|
| Restricted shares | $ 959 | $ 1,244 |
| Notional unit performance awards | 268 | --- |
| Options | --- | 53 |
| Total share-based compensation | $ 1,227 | $ 1,297 |

As of March 31, 2010, there was $21.1 million of total unrecognized compensation cost related to unvested share-based compensation arrangements granted under the Plan.

**7. Noncontrolling Interest**

Noncontrolling interest in the Operating Partnership in the consolidated financial statements relates to the ownership of units by the Tanger Family Limited Partnership, or TFLP. Net income attributable to noncontrolling interests in the Operating Partnership is computed by applying the weighted average percentage of units owned by TFLP during the period, as a percentage of the total number of outstanding units, to the Operating Partnership's net income for the period after deducting distributions for preferred units.

The following table sets forth noncontrolling interests in the Operating Partnership (in thousands):

| | Three months ended March 31, 2010 | Three months ended March 31, 2009 |
|---|---|---|
| Beginning noncontrolling interest in the Operating Partnership | $ 58,392 | $ 30,692 |
| Net income attributable to noncontrolling interest in the Operating Partnership | 210 | 5,698 |
| Distributions to noncontrolling interest in the Operating Partnership | (2,320) | (2,302) |
| Other comprehensive income attributable to noncontrolling interest in the Operating Partnership | 97 | 211 |
| Reallocation of noncontrolling interest in the Operating Partnership due to changes in ownership | 4 | (17) |
| Total noncontrolling interest in the Operating Partnership | $ 56,383 | $ 34,282 |

**8. Earnings Per Share**

The following table sets forth a reconciliation of the numerators and denominators in computing earnings per share (in thousands, except per share amounts):

| | Three months ended March 31, 2010 | Three months ended March 31, 2009 |
|---|---|---|
| **NUMERATOR:** | | |
| Net income available to the Company | $ 2,793 | $ 30,770 |
| Less applicable preferred share dividends | (1,406) | (1,406) |
| Less allocation of earnings to participating securities | (169) | (437) |
| Net income available to common shareholders | $ 1,218 | $ 28,927 |
| **DENOMINATOR:** | | |
| Basic weighted average common shares | 40,030 | 31,269 |
| Effect of exchangeable notes | 33 | --- |
| Effect of outstanding options | 54 | 81 |
| Diluted weighted average common shares | 40,117 | 31,350 |
| Basic earnings per common share: | | |
| Income from continuing operations | $ .03 | $ .93 |
| Net income | $ .03 | $ .93 |
| Diluted earnings per common share: | | |
| Income from continuing operations | $ .03 | $ .92 |
| Net income | $ .03 | $ .92 |

The exchangeable notes are included in the diluted earnings per share computation, if the effect is dilutive, using the treasury stock method. In applying the treasury stock method, the effect will be dilutive if the average market price of our common shares for at least 20 trading days in the 30 consecutive trading days at the end of each quarter is higher than the exchange rate of $35.87 per share.

The computation of diluted earnings per share excludes options to purchase common shares when the exercise price is greater than the average market price of the common shares for the period. No options were excluded from the computations for the three months ended March 31, 2010 and 2009, respectively. The assumed conversion of the partnership units held by the noncontrolling interest limited partner as of the beginning of the year, which would result in the elimination of earnings allocated to the noncontrolling interest in the Operating Partnership, would have no impact on earnings per share since the allocation of earnings to a partnership unit, as if converted, is equivalent to earnings allocated to a common share.

The Company's unvested restricted share awards contain non-forfeitable rights to dividends or dividend equivalents. The impact of the unvested restricted share awards on earnings per share has been calculated using the two-class method whereby earnings are allocated to the unvested restricted share awards based on dividends declared and the unvested restricted shares' participation rights in undistributed earnings.

The notional units are considered contingently issuable common shares and are included in earnings per share if the effect is dilutive using the treasury stock method. The notional units were issued in January 2010 and all have been excluded from the computation of diluted earnings per share for the three months ended March 31, 2010 as none of the contingent conditions were satisfied as of the end of the reporting period.

**9. Derivatives**

We are exposed to various market risks, including changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. We may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert floating rate debt to a fixed rate basis. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

In accordance with our derivatives policy, all derivatives are assessed for effectiveness at the time the contracts are entered into and are assessed for effectiveness on an on-going basis at each quarter end. All of our derivatives have been designated as cash flow hedges. Unrealized gains and losses related to the effective portion of our derivatives are recognized in other comprehensive income and gains or losses related to ineffective portions are recognized in the income statement. At March 31, 2010, all of our derivatives were considered effective.

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Balance Sheet as of March 31, 2010 and December 31, 2009 (in millions).

| | Liability Derivatives | | | | |
|---|---|---|---|---|---|
| | | As of March 31, 2010 | | As of December 31, 2009 | |
| | **Notional amounts** | **Balance sheet location** | **Fair value** | **Balance sheet location** | **Fair value** |
| **Derivatives designated as hedging instruments** | | | | | |
| Interest rate swap agreements | $ 235.0 | Other liabilities | $ 8.2 | Other liabilities | $ 9.1 |
| **Derivatives not designated as hedging Instruments (1)** | | | | | |
| Interest rate swap agreement | 35.0 | N/A | N/A | Other liabilities | 0.4 |
| **Total derivatives** | $ 270.0 | | $ 8.2 | | $ 9.5 |

(1) *The derivative not designated as a hedging instrument was the interest rate swap agreement assumed when we purchased the remaining 50% interest in the joint venture that owned the outlet center in Myrtle Beach, SC on Hwy 17. We could not qualify for hedge accounting for this assumed derivative which had a fair value of $1.7 million upon acquisition and was recorded in other liabilities in the balance sheet. Changes in fair value of this derivative were recorded through the statement of operations until its expiration in March 2010 at which time its value was zero. For the three months ended March 31, 2010 and 2009 we recorded approximately $439,000 and $121,000 as a reduction in interest expense related to the amortization of the net benefit from the derivative.*

The remaining net benefit from a derivative settled during 2005 in accumulated other comprehensive income was an unamortized balance as of March 31, 2010 of $2.0 million which will amortize into the statement of operations through October 2015.

**10. Fair Value Measurements**

Accounting guidance on fair value measurements includes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers are defined as follows:

| Tier | Description |
|---|---|
| Level 1 | Defined as observable inputs such as quoted prices in active markets |
| Level 2 | Defined as inputs other than quoted prices in active markets that are either directly or indirectly observable |
| Level 3 | Defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions |

The valuation of our financial instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period t o maturity, and uses observable market-based inputs, including interest rate curves. The valuation also includes a discount for counterparty risk. We have determined that our derivative valuations are classified in Level 2 of the fair value hierarchy.

For assets and liabilities measured at fair value on a recurring basis, quantitative disclosure of the fair value for each major category of assets and liabilities is presented below as of March 31, 2010 and December 31, 2009:

| **RECURRING BASIS** | Fair Value Measurements at Reporting Date Using (in millions) | | |
|---|---|---|---|
| | Quoted prices in active markets for identical assets Level 1 | Significant other observable inputs Level 2 | Significant unobservable inputs Level 3 |
| **Liabilities as of March 31, 2010:** | | | |
| Derivative financial instruments (1) | --- | $ (8.2) | --- |
| **Liabilities as of December 31, 2009:** | | | |
| Derivative financial instruments (1) | --- | $ (9.5) | --- |

(1) *Included in "Other liabilities" in the accompanying consolidated balance sheet.*

For assets and liabilities measured at fair value on a non-recurring basis, quantitative disclosure of the fair value for each major category of assets and liabilities is presented below:

| **NON-RECURRING BASIS** | Fair Value Measurements at Reporting Date Using (in millions) | | |
|---|---|---|---|
| | Quoted prices in active markets for identical assets Level 1 | Significant other observable inputs Level 2 | Significant unobservable inputs Level 3 |
| **Assets as of March 31, 2010:** | | | |
| Land[(1)] | --- | $ 0.2 | --- |

(1) *Land with a carrying amount of $1.1 million was written down to its fair value of $399,000 in February 2010. In March a portion of the land was sold for $199,000. Included in "Land" in the accompanying consolidated balance sheet.*

The estimated fair value of our debt, consisting of senior unsecured notes, exchangeable notes, unsecured term credit facilities and unsecured lines of credit, at March 31, 2010 and December 31, 2009 was $544.4 million and $567.0 million, respectively, and its recorded value was $584.8 million and $584.6 million, respectively. Fair values were determined, based on level 2 inputs, using discounted cash flow analyses with an interest rate or credit spread similar to that of current market borrowing arrangements.

**11. Non-Cash Investing Activities**

We purchase capital equipment and incur costs relating to construction of facilities, including tenant finishing allowances. Expenditures included in construction trade payables as of March 31, 2010 and 2009 amounted to $22.4 million and $9.1 million, respectively.

**12. Subsequent Events**

In April 2010, we made the decision to terminate our option contract for a new development site located in Irving, Texas. As the development is no longer probable, we will write-off approximately $400,000 of predevelopment and due diligence costs associated with the project in the second quarter of 2010.

### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The discussion of our results of operations reported in the unaudited, consolidated statements of operations compares the three months ended March 31, 2010 with the three months ended March 31, 2009. The following discussion should be read in conjunction with the unaudited consolidated financial statements appearing elsewhere in this report. Historical results and percentage relationships set forth in the unaudited, consolidated statements of operations, including trends which might appear, are not necessarily indicative of future operations. Unless the context indicates otherwise, the term "Company" refers to Tanger Factory Outlet Centers, Inc. and subsidiaries and the term "Operating Partnership" refers to Tanger Properties Limited Partnership and subsidiaries. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

**Cautionary Statements**

Certain statements made below are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend for such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Reform Act of 1995 and included this statement for purposes of complying with these safe harbor provisions. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words "believe", "expect", "intend", "anticipate", "estimate", "project", or similar expressions. You should not rely on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond our control and which could materially affect our actual results, performance or achievements. Factors which may cause actual results to differ materially from current expectations include, but are not limited to, those set forth under Item 1A — "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2009. There have been no material changes to the risk factors listed there through March 31, 2010.

**General Overview**

At March 31, 2010, our consolidated portfolio included 31 wholly-owned outlet centers in 21 states totaling 9.1 million square feet compared to 31 wholly-owned outlet centers in 21 states totaling 9.2 million square feet at March 31, 2009. The changes in the number of centers and square feet are due to the following events:

| | No. of Centers | Square Feet (000's) | States |
|---|---|---|---|
| As of March 31, 2009 | 31 | 9,218 | 21 |
| Center expansions: | | | |
| Commerce II, Georgia | --- | 23 | --- |
| Center redevelopment: | | | |
| Hilton Head I, South Carolina | --- | (182) | --- |
| Other | --- | (2) | --- |
| As of March 31, 2010 | 31 | 9,057 | 21 |

The following table summarizes certain information for our existing outlet centers in which we have an ownership interest as of March 31, 2010. Except as noted, all properties are fee owned.

| Location<br>Wholly-Owned Outlet Centers | Square<br>Feet | %<br>Occupied |
|---|---|---|
| Riverhead, New York (1) | 729,475 | 99 |
| Rehoboth Beach, Delaware (1) | 568,868 | 99 |
| Foley, Alabama | 557,235 | 92 |
| San Marcos, Texas | 441,929 | 97 |
| Myrtle Beach Hwy 501, South Carolina | 426,417 | 88 |
| Sevierville, Tennessee (1) | 419,038 | 99 |
| Myrtle Beach Hwy 17, South Carolina (1) | 402,466 | 99 |
| Washington, Pennsylvania | 372,972 | 94 |
| Commerce II, Georgia | 370,512 | 96 |
| Charleston, South Carolina | 352,315 | 92 |
| Howell, Michigan | 324,631 | 94 |
| Branson, Missouri | 302,992 | 97 |
| Park City, Utah | 298,379 | 100 |
| Locust Grove, Georgia | 293,868 | 97 |
| Westbrook, Connecticut | 291,051 | 97 |
| Gonzales, Louisiana | 282,403 | 98 |
| Williamsburg, Iowa | 277,230 | 91 |
| Lincoln City, Oregon | 270,280 | 98 |
| Lancaster, Pennsylvania | 255,152 | 97 |
| Tuscola, Illinois | 250,439 | 82 |
| Tilton, New Hampshire | 245,698 | 100 |
| Hilton Head, South Carolina | 206,586 | 100 |
| Fort Myers, Florida | 198,950 | 90 |
| Commerce I, Georgia | 185,750 | 44 |
| Terrell, Texas | 177,800 | 93 |
| Barstow, California | 171,300 | 100 |
| West Branch, Michigan | 112,120 | 98 |
| Blowing Rock, North Carolina | 104,235 | 100 |
| Nags Head, North Carolina | 82,178 | 94 |
| Kittery I, Maine | 59,694 | 100 |
| Kittery II, Maine | 24,619 | 100 |
| Totals | 9,056,582 | 95 |
| | | |
| **Unconsolidated Joint Ventures** | | |
| Deer Park, New York (33.3% owned) (2) | 683,033 | 81 |
| Wisconsin Dells, Wisconsin (50% owned) | 265,061 | 97 |

(1) *These properties or a portion thereof are subject to a ground lease.*

(2) *Includes a 29,253 square foot warehouse adjacent to the property utilized to support the operations of the retail tenants.*

## RESULTS OF OPERATIONS

### Comparison of the three months ended March 31, 2010 to the three months ended March 31, 2009

BASE RENTALS

Base rentals increased $721,000, or 2%, in the 2010 period compared to the 2009 period. The following table sets forth the changes in various components of base rents from 2009 to 2010 (in thousands):

| | 2010 | 2009 | Change |
|---|---|---|---|
| Existing property base rentals | $ 42,787 | $ 42,316 | $ 471 |
| Incremental base rentals from expansion | 114 | --- | 114 |
| Termination fees | 582 | 688 | (106) |
| Amortization of net above below market rent adjustments | 165 | (77) | 242 |
| | $ 43,648 | $ 42,927 | $ 721 |

Base rental income generated from existing properties in our portfolio increased due to increases in rental rates on lease renewals and incremental rents from re-tenanting vacant spaces. In addition, the 2010 period included the base rentals from the tenants that occupy space in the 23,000 square foot expansion completed during the second quarter of 2009 at our Commerce II, Georgia property.

Also, the amount of termination fees recognized in the 2009 period was approximately $106,000 higher when compared to the 2010 period due to several tenants terminating leases early. Payments received from the early termination of leases are recognized as revenue from the time the payment is receivable until the tenant vacates the space.

Finally, included in base rentals is the amortization from the value of above and below market leases recorded as a result of our property acquisitions as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. The net amortization of above and below market leases increased for the 2010 period due to the 2009 period including the recognition of a large above market lease amount from the early termination of a single tenant.

At March 31, 2010, the net liability representing the amount of unrecognized below market lease values totaled approximately $2.3 million. If a tenant vacates its space prior to the contractual termination of the lease and no rental payments are being made on the lease, any unamortized balance of the related above or below market lease value will be written off and could materially impact our net income positively or negatively.

EXPENSE REIMBURSEMENTS

Expense reimbursements, which represent the contractual recovery from tenants of certain common area maintenance, insurance, property tax, promotional, advertising and management expenses and which generally fluctuates consistently with the reimbursable property operating expenses to which it relates, increased approximately $317,000, or 2% in the 2010 period compared to the 2009 period. Expense reimbursements, expressed as a percentage of property operating expenses, were 87% and 88% in the 2010 and 2009 periods, respectively.

PROPERTY OPERATING EXPENSES

Property operating expenses increased $724,000, or 3%, in the 2010 period as compared to the 2009 period. The increase is due primarily to higher common area maintenance costs for various projects and increased snow removal costs from the extreme winter weather experienced in 2010.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses decreased $469,000, or 8%, in the 2010 period as compared to the 2009 period. The decrease is due mainly to the retirement of Stanley K. Tanger in September 2009. The incremental decrease from Mr. Tanger's retirement was partially offset by amortization associated with the notional units issued under our new 2010 Multi-Year Performance Plan.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization increased $6.1 million, or 30%, in the 2010 period compared to the 2009 period. During the first quarter of 2009, we obtained approval from Beaufort County, South Carolina to implement a redevelopment plan at the Hilton Head I, SC outlet center. As of March 31, 2010, the center was vacant of all tenants in preparation for the demolition of the existing center and the redevelopment of the new center. As a result a total of $9.2 million in depreciation and amortization was recognized in the first quarter of 2010 to completely depreciate the existing center. Accelerated depreciation recognized due to changes in the estimated remaining lives at the center were approximately $4.6 million and $1.2 million for the three months ended March 31, 2010 and 2009, respectively. Income from continuing operations and net income per share were reduced by approximately $.10 and $.03 for the three months ended March 31, 2010 and 2009, respectively.

IMPAIRMENT CHARGE

In 2005 we sold an outlet center located in Seymour, Indiana. We retained various outparcels of land at the development site, some of which we had sold in recent years. In February 2010, our Board of Directors approved the sale of the remaining parcels of land in Seymour, IN. As a result of this Board approval and an approved plan to actively market the land, we accounted for the land as "held for sale" and recorded a non-cash impairment charge of approximately $735,000 in our consolidated statement of operations which equaled the excess of the carrying amount of the land over its current fair value. We determined the estimated fair value using a market approach considering offers that we have obtained for all the various parcels less estimated closing costs.

INTEREST EXPENSE

Interest expense decreased $3.3 million, or 29%, in the 2010 period compared to the 2009 period. This decrease was due to the significant decline in the average amount of debt outstanding which was accomplished through an exchange offering in May 2009 and a common share offering in August 2009. These two equity transactions in essence retired approximately $259.1 million of outstanding debt.

EQUITY IN EARNINGS (LOSSES) OF UNCONSOLIDATED JOINT VENTURES

Our equity in the earnings and losses of unconsolidated joint ventures improved by $829,000, or 92%, in the 2010 period compared to the 2009 period. The improvement is due to the natural expiration of $170.0 million of interest rate swaps at the Deer Park joint venture in June 2009. The expiration of these swaps enabled the construction loan for the joint venture to incur interest at a variable rate based on a LIBOR index that is currently at historically low levels.

**LIQUIDITY AND CAPITAL RESOURCES**

General Overview

Property rental income represents our primary source to pay property operating expenses, debt service, capital expenditures and dividends, excluding non-recurring capital expenditures and acquisitions. To the extent that our cash flow from operating activities is insufficient to cover such non-recurring capital expenditures and acquisitions, we finance such activities from borrowings under our unsecured lines of credit or from the proceeds from the Operating Partnership's and the Company's debt and equity offerings.

We believe we achieve a strong and flexible financial position by attempting to: (1) maintain a conservative leverage position relative to our portfolio when pursuing new development and expansion opportunities, (2) extend and sequence debt maturities, (3) manage our interest rate risk through a proper mix of fixed and variable rate debt, (4) maintain access to liquidity by using our lines of credit in a conservative manner and (5) preserve internally generated sources of capital by strategically divesting of underperforming assets and maintaining a conservative distribution payout ratio. We manage our capital structure to reflect a long term investment approach and utilize multiple sources of capital to meet our requirements.

The following table sets forth our changes in cash flows for the three months ended March 31, 2010 and 2009, respectively (in thousands):

| | 2010 | 2009 | Change |
|---|---|---|---|
| Net cash provided by operating activities | $ 28,728 | $ 30,530 | $ (1,802) |
| Net cash used in investing activities | (10,165) | (43,823) | 33,658 |
| Net cash (used in) provided by financing activities | (18,633) | 11,417 | (30,050) |
| Net cash decrease | $ (70) | $ (1,876) | $ 1,806 |

**Operating Activities**

Cash flow provided by operating activities decreased by $1.8 million in the 2010 period compared to the 2009 period due primarily to a decrease in accounts payable and accrued expenses.

**Investing Activities**

Cash flow used in investing activities was lower in the 2010 period by approximately $33.7 million due to the 2009 period including the acquisition of the remaining 50% interest in the joint venture that held the Myrtle Beach Hwy 17, South Carolina outlet center. We acquired our partners' interest for a cash purchase price of $32.0 million. In addition, the 2010 period included proceeds from the sale of outparcels of land of approximately $602,000 while there were no sales of outparcels during the 2009 period.

**Financing Activities**

The 2010 period resulted in cash used by financing activities as we repaid our only remaining mortgage loan during the period with amounts available under our unsecured lines of credit. In addition, dividends and distributions paid in the 2010 period were higher by $3.5 million compared to the 2009 period due to a higher number of outstanding common shares from the 2009 exchange offering and common share offering and an increase in the dividend rate paid on our common shares. During the 2009 period funding from our unsecured lines of credit was utilized to pay for the acquisition of the remaining 50% interest in the Myrtle Beach Hwy 17, SC joint venture for a cash price of $32.0 million.

***Current Developments***

We intend to continue to grow our portfolio by developing, expanding or acquiring additional outlet centers. In the section below, we describe the new developments that are either currently planned, underway or recently completed. However, you should note that any developments or expansions that we, or a joint venture that we are involved in, have planned or anticipated may not be started or completed as scheduled, or may not result in accretive net income or Funds From Operations, or FFO. See the section "Funds From Operations" in the Management's Discussion and Analysis section for further discussion of FFO. In addition, we regularly evaluate acquisition or disposition proposals and engage from time to time in negotiations for acquisitions or dispositions of properties. We may also enter into letters of intent for the purchase or sale of properties. Any prospective acquisition or disposition that is being evaluated or which is subject to a letter of intent may not be consummated, or if consummated, may not result in an increase in liquidity, net income or funds from operations.

WHOLLY OWNED CURRENT DEVELOPMENTS

*New Development*

During the first quarter of 2010, construction continued on our development site in Mebane, North Carolina. Currently, we have signed leases or leases out for signature for approximately 77% of the total square feet. Currently, we expect the 317,000 square foot outlet center will be funded by operating cash flows and amounts available under our unsecured lines of credit. This center is scheduled to open in time for the 2010 holiday season.

*Redevelopment at Existing Outlet Centers*

During the first quarter of 2009, we obtained approval from Beaufort County, South Carolina to implement a redevelopment plan at the Hilton Head I, SC outlet center. As of March 31, 2010, the center was vacant of all tenants in preparation for the demolition of the existing center and the redevelopment of the new center. As a result a total of $9.2 million in depreciation and amortization was recognized in the first quarter of 2010 to completely depreciate the existing center. Accelerated depreciation recognized due to changes in the estimated remaining lives at the center were approximately $4.6 million and $1.2 million for the three months ended March 31, 2010 and 2009, respectively.

*Potential Future Developments*

In April 2010, we made the decision to terminate our option contract for a new development site located in Irving, Texas. As the development is no longer probable, we will write-off approximately $400,000 of predevelopment and due diligence costs associated with the project in the second quarter of 2010.

At this time, we are in the initial study period on several potential new locations. There can be no assurance that any potential sites will ultimately be developed. These projects, if realized, would be primarily funded by amounts available under our unsecured lines of credit but could also be funded by other sources of capital such as collateralized construction loans, public debt or equity offerings as necessary or available. We may also consider the use of additional operational or developmental joint ventures.

**Financing Arrangements**

At March 31, 2010, 100% of our outstanding debt represented unsecured borrowings and 100% of the gross book value of our real estate portfolio was unencumbered. We maintain five unsecured, revolving lines of credit that provide for borrowings of up to $325.0 million, all with expiration dates of June 30, 2011 or later.

We intend to retain the ability to raise additional capital, including public debt or equity, to pursue attractive investment opportunities that may arise and to otherwise act in a manner that we believe to be in our shareholders' best interests. We have no significant debt maturities until 2011. We are a well-known seasoned issuer with a shelf registration, which we updated in July 2009 that allows us to register unspecified amounts of different classes of securities on Form S-3. To generate capital to reinvest into other attractive investment opportunities, we may also consider the use of additional operational and developmental joint ventures, the sale or lease of outparcels on our existing properties and the sale of certain properties that do not meet our long-term investment criteria. Based on cash provided by operations, existing credit facilities, ongoing negotiations with certain financial institutions and our ability to sell debt or issue equity subject to market conditions, we believe that we have access to the necessary financing to fund the planned capital expenditures during 2010.

Although we receive most of our rental payments on a monthly basis, distributions to shareholders are made quarterly and interest payments on the senior, unsecured notes are made semi-annually. Amounts accumulated for such payments will be used in the interim to reduce the outstanding borrowings under our existing lines of credit or invested in short-term money market or other suitable instruments.

We believe our financing activities in 2009 have improved the strength of our balance sheet so that we can meet our current expected obligations; however, due to the uncertainty and unpredictability of the capital and credit markets, we can give no assurance that affordable access to capital will exist between now and 2011 when our next debt maturity occurs. As a result, our current primary focus is to strengthen our capital and liquidity position by controlling and reducing overhead costs, generating positive cash flows from operations to cover our dividend and reducing outstanding debt.

Our debt agreements require the maintenance of certain ratios, including debt service coverage and leverage, and limit the payment of dividends such that dividends and distributions will not exceed funds from operations, as defined in the agreements, for the prior fiscal year on an annual basis or 95% on a cumulative basis. We have historically been and currently are in compliance with all of our debt covenants. We expect to remain in compliance with all of our existing debt covenants; however, should circumstances arise that would cause us to be in default, the various lenders would have the ability to accelerate the maturity on our outstanding debt.

Our senior unsecured notes contain covenants and restrictions requiring us to meet certain financial ratios and reporting requirements. Key financial covenants and their covenant levels include:

| **Senior unsecured notes financial covenants** | Required | Actual |
|---|---|---|
| Total consolidated debt to adjusted total assets | 60% | 36% |
| Total secured debt to adjusted total assets | 40% | 0% |
| Total unencumbered assets to unsecured debt | 135% | 280% |

On April 8, 2010, our Board of Directors approved an increase in the annual cash dividend on our common shares from $1.53 per share to $1.55 per share. This marks the 17th consecutive year that we have increased our common share dividend. Simultaneously, the Board of Directors declared a quarterly dividend of $0.3875 per share for the first quarter ended March 31, 2010. A cash dividend of $0.3875 per share will be payable on May 14, 2010 to shareholders of record on April 30, 2010. We have paid dividends each quarter since becoming a public company in May 1993. The Board of Directors also declared a $.46875 cash dividend per 7.5% Class C Cumulative Preferred Share payable on May 17, 2010 to holders of record on April 30, 2010.

**Off-Balance Sheet Arrangements**

The following table details certain information as of March 31, 2010 about various unconsolidated real estate joint ventures in which we have an ownership interest:

| Joint Venture | Center Location | Opening Date | Ownership % | Square Feet | Carrying Value of Investment (in millions) | Total Joint Venture Debt (in millions) |
|---|---|---|---|---|---|---|
| Deer Park | Deer Park, Long Island, NY | 2008 | 33.3% | 683,033 | $2.8 | $267.2 |
| Wisconsin Dells | Wisconsin Dells, Wisconsin | 2006 | 50% | 265,061 | $5.3 | $25.3 |

We may issue guarantees for the debt of a joint venture in order for the joint venture to obtain funding or to obtain funding at a lower cost than could be obtained otherwise. We are party to a limited joint and several guarantee with respect to the Wisconsin Dells joint venture loan, which currently has a balance of $25.3 million. We are also party to limited joint and several guarantees with respect to the loans obtained by the Deer Park joint venture which currently have a balance of $267.2 million.

Each of the above ventures contains provisions where a venture partner can trigger certain provisions and force the other partners to either buy or sell their investment in the joint venture. Should this occur, we may be required to sell the property to the venture partner or incur a significant cash outflow in order to maintain ownership of these outlet centers.

The following table details our share of the debt maturities of the unconsolidated joint ventures as of March 31, 2010 (in thousands):

| Joint Venture | Our Portion of Joint Venture Debt | Maturity Date | Interest Rate |
|---|---|---|---|
| Deer Park | $89,073 | May 2011 (1) | Libor + 1.375-3.50% |
| Wisconsin Dells | $12,625 | December 2012 | Libor + 3.00% |

(1) The Deer Park mortgage has a one-year extension option which is exercisable at the May 17, 2011 initial maturity date subject to certain qualifications.

**Critical Accounting Policies and Estimates**

Refer to our 2009 Annual Report on Form 10-K for a discussion of our critical accounting policies which include principles of consolidation, acquisition of real estate, cost capitalization, impairment of long-lived assets and revenue recognition. There have been no material changes to these policies in 2010.

**Related Party Transactions**

As noted above in "Off-Balance Sheet Arrangements", we are 50% owners of the Wisconsin Dells joint venture and a 33.3% owner in the Deer Park joint venture. These joint ventures pay us management, leasing, marketing and development fees, which we believe approximate current market rates, for services provided to the joint ventures. During the three months ended March 31, 2010 and 2009, respectively, we recognized the following fees (in thousands):

| | Three months ended March 31, 2010 | Three months ended March 31, 2009 |
|---|---|---|
| Fee: | | |
| Management and leasing | $ 464 | $ 471 |
| Marketing | 41 | 39 |
| Total Fees | $ 505 | $ 510 |

Tanger Family Limited Partnership is a related party which holds a limited partnership interest in, and is the noncontrolling interest in the Operating Partnership. Stanley K. Tanger, the Company's founder and a current member of the Board of Directors, is the sole general partner of Tanger Family Limited Partnership. The only material related party transaction with Tanger Family Limited Partnership is the payment of quarterly distributions of earnings which were $2.3 million for each of the three months ended March 31, 2010 and 2009, respectively.

**Funds From Operations**

Funds from Operations, or FFO, represents income before extraordinary items and gains (losses) on sale or disposal of depreciable operating properties, plus depreciation and amortization uniquely significant to real estate and after adjustments for unconsolidated partnerships and joint ventures.

FFO is intended to exclude historical cost depreciation of real estate as required by Generally Accepted Accounting Principles, or GAAP, which assumes that the value of real estate assets diminishes ratably over time. Historically, however, real estate values have risen or fallen with market conditions. Because FFO excludes depreciation and amortization unique to real estate, gains and losses from property dispositions and extraordinary items, it provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, operating costs, development activities and interest costs, providing perspective not immediately apparent from net income.

We present FFO because we consider it an important supplemental measure of our operating performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of REITs, many of which present FFO when reporting their results. FFO is widely used by us and others in our industry to evaluate and price potential acquisition candidates. The National Association of

Real Estate Investment Trusts, Inc., of which we are a member, has encouraged its member companies to report their FFO as a supplemental, industry-wide standard measure of REIT operating performance. In addition, a percentage of bonus compensation to certain members of management is based on our FFO performance.

FFO has significant limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- FFO does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- FFO does not reflect changes in, or cash requirements for, our working capital needs;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and FFO does not reflect any cash requirements for such replacements;
- FFO, which includes discontinued operations, may not be indicative of our ongoing operations; and
- Other companies in our industry may calculate FFO differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, FFO should not be considered as a measure of discretionary cash available to us to invest in the growth of our business or our dividend paying capacity. We compensate for these limitations by relying primarily on our GAAP results and using FFO only supplementally.

Below is a reconciliation of net income to FFO for the three months ended March 31, 2010 and 2009 as well as other data for those respective periods (in thousands, except per share data):

| | Three Months Ended March 31, 2010 | Three Months Ended March 31, 2009 |
|---|---|---|
| **FUNDS FROM OPERATIONS** | | |
| Net income (1) | $ 3,003 | $ 36,468 |
| Adjusted for: | | |
| Depreciation and amortization uniquely significant to real estate — wholly-owned | 26,412 | 20,278 |
| Depreciation and amortization uniquely significant to real estate — unconsolidated joint ventures | 1,265 | 1,166 |
| Gain on fair value measurement of previously held interest in acquired joint venture | --- | (31,497) |
| Funds from operations (FFO) | 30,680 | 26,415 |
| Preferred share dividends | (1,406) | (1,406) |
| Allocation of earnings to participating securities | (268) | (306) |
| Funds from operations available to common shareholders | $ 29,006 | $ 24,703 |
| Weighted average shares outstanding (2) | 46,184 | 37,417 |
| Funds from operations available to common shareholders per share - diluted | $ .63 | $ .66 |

(1) *Includes gain on sale of outparcel of land of $161 for the three months ended March 31, 2010.*

(2) *Includes the dilutive effect of options and exchangeable notes and assumes the partnership units of the Operating Partnership held by the noncontrolling interest are converted to common shares of the Company.*

**Economic Conditions and Outlook**

The majority of our leases contain provisions designed to mitigate the impact of inflation. Such provisions include clauses for the escalation of base rent and clauses enabling us to receive percentage rentals based on tenants' gross sales (above predetermined levels, which we believe often are lower than traditional retail industry standards) which generally increase as prices rise. Most of the leases require the tenant to pay their share of property operating expenses, including common area maintenance, real estate taxes, insurance and advertising and promotion, thereby reducing exposure to increases in costs and operating expenses resulting from inflation.

While we believe outlet stores will continue to be a profitable and fundamental distribution channel for many brand name manufacturers, some retail formats are more successful than others. As typical in the retail industry, certain tenants have closed, or will close, certain stores by terminating their lease prior to its natural expiration or as a result of filing for protection under bankruptcy laws.

During 2010, we have approximately 1.5 million square feet, or 16%, of our wholly-owned portfolio coming up for renewal. During the first quarter of 2010, we renewed approximately 43% of the 1.5 million square feet that came up for renewal with the existing tenants at a 9% increase in the average base rental rate compared to the expiring rate. We also re-tenanted 227,000 square feet at a 23% increase in the average base rental rate. In addition, we continue to attract and retain additional tenants. If we were unable to successfully renew or release a significant amount of this space on favorable economic terms, the loss in rent could have a material adverse effect on our results of operations.

Given current economic conditions it may take longer to re-lease the remaining space and more difficult to achieve similar increases in base rental rates. Also, there may be additional tenants that have not informed us of their intentions and which may close stores in the coming year. There can be no assurances that we will be able to re-lease such space. While the timing of an economic recovery is unclear and these conditions may not improve quickly, we believe in our business and our long-term strategy.

Our outlet centers typically include well-known, national, brand name companies. By maintaining a broad base of well-known tenants and a geographically diverse portfolio of properties located across the United States, we reduce our operating and leasing risks. No one tenant (including affiliates) accounts for more than 9% of our square feet or 6% of our combined base and percentage rental revenues. Accordingly, we do not expect any material adverse impact on our results of operations and financial condition as a result of leases to be renewed or stores to be released. As of March 31, 2010 and 2009, respectively, occupancy at our wholly-owned centers was 95% and 94%.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

**Market Risk**

We are exposed to various market risks, including changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates. In an effort to reduce our exposure to market risk, we may periodically enter into certain interest rate protection and interest rate swap agreements to effectively convert floating rate debt to a fixed rate basis and to hedge anticipated future financings. We do not enter into derivatives or other financial instruments for trading or speculative purposes.

In July 2008 and September 2008, we entered into LIBOR based interest rate swap agreements with Wells Fargo Bank, N.A. and BB&T for notional amounts of $118.0 million and $117.0 million, respectively. The purpose of these swaps was to fix the interest rate on the $235.0 million outstanding under the term loan facility completed in June 2008. The swaps fixed the one month LIBOR rate at 3.605% and 3.70%, respectively. When combined with the current spread of 160 basis points which can vary based on changes in our debt ratings, these swap agreements fix our interest rate on the $235.0 million of variable rate debt at 5.25% until April 1, 2011. At March 31, 2010, the fair value of these contracts was a liability of $8.2 million. If interest rates decreased 50 basis points, the fair value would be approximately $9.4 million. The valuation of our financial instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. We have determined that our derivative valuations are classified in Level 2 of the fair value hierarchy.

As of March 31, 2010, approximately 16% of our outstanding debt had variable interest rates that were not covered by an interest rate derivative agreement and was therefore subject to market fluctuations. An increase in the LIBOR rate of 100 basis points would result in an increase of approximately $934,000 in interest expense on an annual basis. The information presented herein is merely an estimate and has limited predictive value. As a result, the ultimate effect upon our operating results of interest rate fluctuations will depend on the interest rate exposures that arise during the period, our hedging strategies at that time and future changes in the level of interest rates.

The estimated fair value of our debt, consisting of senior unsecured notes, exchangeable notes, unsecured term credit facilities and unsecured lines of credit, at March 31, 2010 and December 31, 2009 was $544.4 million and $567.0 million, respectively, and its recorded value was $584.8 million and $584.6 million, respectively. A 1% increase from prevailing interest rates at March 31, 2010 and December 31, 2009 would result in a decrease in fair value of total debt of approximately $17.7 million and $17.1 million, respectively. Fair values were determined, based on level 2 inputs, using discounted cash flow analyses with an interest rate or credit spread similar to that of current market borrowing arrangements.

**Item 4. Controls and Procedures**

Based on the most recent evaluation, the Company's Chief Executive Officer and Chief Financial Officer, have concluded the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective as of March 31, 2010. There were no changes to the Company's internal controls over financial reporting during the quarter ended March 31, 2010, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART II. OTHER INFORMATION

**Item 1. Legal Proceedings**

Neither the Company nor the Operating Partnership is presently involved in any material litigation nor, to their knowledge, is any material litigation threatened against the Company or the Operating Partnership or its properties, other than routine litigation arising in the ordinary course of business and which is expected to be covered by liability insurance.

**Item 1A. Risk Factors**

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2009.

**Item 6. Exhibits**

Exhibits

| | |
|---|---|
| 10.1 | Form of Notional Unit Multi-Year Performance Award Agreement between the Company and certain Officers. |
| 12.1 | Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Share Dividends. |
| 31.1 | Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002. |
| 31.2 | Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 302 of the Sarbanes - Oxley Act of 2002. |
| 32.1 | Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002. |
| 32.2 | Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes - Oxley Act of 2002. |

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

TANGER FACTORY OUTLET CENTERS, INC.

By: /s/ Frank C. Marchisello, Jr.

Frank C. Marchisello, Jr.

Executive Vice President, Chief Financial Officer & Secretary

DATE: May 7, 2010

| Exhibit No. | Description |
|---|---|
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**Exhibit 10.1**

**TANGER FACTORY OUTLET CENTERS, INC.**
**NOTIONAL UNIT**

**AWARD AGREEMENT**

Name of Grantee: _____________________ ("Grantee")
No. of Notional Units: _____________________
Grant Date: ______________, 2010 (the "Grant Date")

**RECITALS**

A. The Grantee is an employee of Tanger Factory Outlet Centers, Inc., a North Carolina corporation (the " Company").

B. The Company has adopted the Amended and Restated Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties L.P., as amended (the " Plan") to provide additional incentives to the Company's employees and directors. This award agreement (this " Agreement") evidences an award to the Grantee under the Plan (the "Award"), which is subject to the terms and conditions set forth herein.

C. The Plan permits the award of Performance Awards and the Company wishes to award Performance Awards in the form of Notional Units.

D. The Grantee was selected by the Share and Unit Option Committee (the "Committee") to receive the Award and, effective as of the Grant Date, the Company issued to the Grantee the number of Notional Units set forth above.

**NOW, THEREFORE,** the Company and the Grantee agree as follows:

1 . Definitions. Capitalized terms used herein without definitions shall have the meanings given to those terms in the Plan. In addition, as used herein:

"Cause" means (a) the Grantee causing material harm to the Company or any Subsidiary or affiliate thereof through a material act of dishonesty in the performance of his or her duties for the Company or any Subsidiary or affiliate thereof, (b) the Grantee's conviction of a felony involving moral turpitude, fraud or embezzlement, or (c) the Grantee's willful failure to perform the material duties of the Grantee's employment (other than failure due to Disability); *provided* that, if the Employment Agreement includes a different definition of "Cause," the definition in the Employment Agreement shall be incorporated by reference herein and supersede the definition in this Section 1.

"Change in Control" has the meaning set forth in the Plan. In addition, if a Change in Control constitutes a payment event with respect to the Award, and the Award provides for the deferral of compensation and is subject to Section 409A of the Code (together with any Department of Treasury regulations and other interpretive guidance that may be issued after the date hereof, " Section 409A"), the transaction or event described in the Change in Control definition set forth in the Plan must also constitute a "change in control event," as defined in Department of Treasury Regulation Section 1.409A-3(i)(5) to the extent required by Section 409A.

"CIC Minimum Return to Shareholders" shall mean the amount equal to the product of (a) the Minimum Return to Shareholders and (b) a fraction, the numerator of which is the number of days from the Effective Date to and including the date of the Change in Control and the denominator of which is the number of days during the period beginning on the Effective Date and ending on the Measurement Date.

"Common Shares" means the Company's common shares, par value $0.01 per share, either currently existing or authorized hereafter.

"Common Share Price" means, as of a particular date, the highest twenty (20) consecutive trading day trailing average of the Fair Market Value within the ninety (90) day period ending on, and including, such date (or, if such date is not a trading day, the most recent trading day immediately preceding such date); *provided* that if any of such trading days is the ex-dividend date for a dividend or other distribution on the Common Shares, then the Fair Market Value for each trading day prior to the ex-dividend date shall be adjusted and shall equal the Fair Market Value on each such trading day (prior to the adjustment herein) divided by (i) the sum of (A) one and (B) the per share amount of the dividend or other distribution declared to which such ex-dividend date relates divided by the Fair Market Value on the ex-dividend date for such dividend or other distribution; and, *provided*, *further*, that if such date is the date upon which a Change in Control (within the meaning of Section 1.6(a) or (c) of the Plan) occurs, the Common Share Price as of such date shall be equal to the fair market value in cash, as determined by the Committee, of the total consideration paid or payable in the transaction resulting in such Change in Control for one Common Share.

"Disability" means the Grantee's inability through physical or mental illness or other cause to perform any of the material duties assigned to him or her by the Company or a Subsidiary or affiliate thereof for a period of ninety (90) days or more within any twelve (12) consecutive calendar months; *provided* that, if the Employment Agreement includes a different definition of "Disability," the definition in the Employment Agreement shall be incorporated by reference herein and supersede the definition in this Section 1.

"Effective Date" means January 1, 2010.

"Effective Date Common Share Price" means $38.99.

"Employment Agreement" means, as of a particular date, the employment agreement by and between the Grantee and the Company or a Subsidiary or affiliate thereof in effect as of that date, if any.

"50th Percentile" means in accordance with standard statistical methodology, for any applicable measurement period, the median of the Total Return to Shareholders of the REITs included in the Peer Group. Notwithstanding the foregoing, the Committee may, upon consideration of the statistical distribution of the REITs included in the Peer Group within the full range of Total Return to Shareholders for the applicable measurement period, exercise its reasonable discretion to allow for issuance of Restricted Shares to be granted as part of the Award under Section 3 on a basis other than a strict mathematical calculation of the 50th Percentile. By way of illustration, if for the period the Total Return to Shareholders of a number of REITs included in the Peer Group is clustered within a narrow range such that the effect of the precise calculation of percentiles is that issuance would not occur, the Committee could in its sole discretion conclude that issuance should nonetheless occur to the extent appropriate in light of all the circumstances, including the Company's Total Return to Shareholders performance relative to the REITs included in the Peer Group taken as a whole.

The Grantee shall have "Good Reason" to terminate his or her employment in the event of the Company's material breach of the terms of the Grantee's employment; *provided* that (i) the Grantee provides written notice to the Company of the existence of the condition(s) constituting Good Reason within ninety (90) days of the initial existence of any such condition(s), (ii) the Company has thirty (30) days after receipt of such notice to remedy such condition(s) and (iii) if the Company fails to remedy the condition(s), the Grantee terminates his or her employment for Good Reason within two (2) years following the initial existence of any condition constituting Good Reason; *provided*, *further*, that, if the Employment Agreement includes a different definition of "Good Reason," to the extent a Termination of Employment by the Grantee for Good Reason thereunder would be an "involuntary separation from service" (as defined in Section 409A), the definition in the Employment Agreement shall be incorporated by reference herein and supersede the definition in this Section 1.

"Maximum Total Return to Shareholders" means Total Return to Shareholders equal to 60%.

"Measurement Date" means December 31, 2013.

"Minimum Total Return to Shareholders" means Total Return to Shareholders equal to 40%.

"Notional Unit" means a Performance Award granted pursuant to the Plan which entitles the Grantee to the opportunity to be receive Restricted Shares on or after the Share Issuance Date as set forth herein.

"Notional Unit Conversion Ratio" means (a) in the event the Total Return to Shareholders is equal to the Minimum Total Return to Shareholders, 1.0, (b) in the event the Total Return to Shareholders is equal to the Maximum Total Return to Shareholders, 3.0, (c) in the event the Total Return to Shareholders is greater than the Minimum Total Return to Shareholders and less than the Maximum Total Return to Shareholders, the Notional Unit Conversion Ratio will be pro-rated between 1.0 and 3.0 by linear interpolation (e.g., other than in the event of a Change in Control, the Notional Unit Conversation Ratio will increase by 0.1 for each percentage point by which the Total Return to Shareholders exceeds the Minimum Total Return to Shareholders up to the Maximum Total Return to Shareholders) and (d) in the event the Total Return to Shareholders is greater than the Maximum Total Return to Shareholders, 3.0 multiplied by a fraction, the numerator of which is the Common Share Price required to generate the Maximum Total Return to Shareholders on the Valuation Date, less the actual dividends paid from the Effective Date to the Valuation Date, up to a maximum of $6.22, and the denominator of which is the Common Share Price on the Valuation Date.

"Peer Group" means the peer group of companies set forth on Exhibit A; *provided* that if a constituent company(s) in the Peer Group ceases to be actively traded, due, for example, to merger or bankruptcy, or the Committee otherwise reasonably determines that it is no longer suitable for the purposes of this Agreement, then the Committee in its reasonable discretion shall select a comparable company to be added to the Peer Group for purposes of making the Total Return to Shareholders comparison required by Section 3(b) meaningful and consistent across the relevant measurement period.

"Restricted Shares" has the meaning set forth in Section 2(a).

"Share Issuance Date" means the earlier of (a) January 1, 2014 and (b) the date upon which a Change in Control shall occur.

"Total Return to Shareholders" means the percentage appreciation in the Common Share Price from the Effective Date to the Valuation Date, determined by dividing (a) the difference obtained by subtracting (1) the Effective Date Common Share Price, from (2) the Common Share Price on the Valuation Date plus all dividends paid on a Common Share from the Effective Date to the Valuation Date up to a maximum of $6.22 by (b) the Effective Date Common Share Price; *provided*, *however*, for the purpose of calculating Total Return to Shareholders under Sections 3(b)(ii) and (iii), no such dividend per share limitation shall apply for purposes of the comparison of Total Return to Shareholders to the 50th Percentile; *provided*, *further*, that for the purposes of calculating the Total Return to Shareholders under Section 2(b)(iii), the amount of the maximum dividend considered herein shall be prorated based on the number of days from the Effective Date to and including the date of the Change in Control divided by the total number of days from the Effective Date to and including the Measurement Date. Additionally, as set forth in, and pursuant to, Section 6, appropriate adjustments to the Total Return to Shareholders shall be made to take into account all stock dividends, stock splits, reverse stock splits and the other events set forth in Section 6 that occur between the Effective Date and the Valuation Date.

"Valuation Date" means the earlier of (a) the Measurement Date and (b) the date upon which a Change in Control shall occur.

2. Notional Unit Award.

(a) Award. In consideration of the Grantee's past and/or continued employment with or service to the Company and/or a Subsidiary or affiliate thereof and for other good and valuable consideration, effective as of the Grant Date, the Grantee is hereby granted an Award consisting of the number of Notional Units set forth above, which will be subject to (i) forfeiture or conversion into a right to receive unrestricted Common Shares or restricted Common Shares (such restricted Common Shares, "Restricted Shares") to the extent provided in Sections 2 and 3, and (ii) the terms and conditions otherwise set forth in the Plan and this Agreement.

(b) Effect of Termination of Employment and Change in Control.

(i) Except as provided in Section 2(b)(iii), if, prior to the Share Issuance Date, a Termination of Employment of the Grantee occurs for any reason other than those reasons described in Section 2(b)(ii), then all Notional Units shall automatically and immediately be forfeited by the Grantee without any action by any other person or entity and for no consideration whatsoever, and the Grantee and any beneficiary or personal representative thereof, as the case may be, will be entitled to no payments or benefits with respect to the Notional Units.

(ii) Except as provided in Section 2(b)(iii), if, prior to the Share Issuance Date, a Termination of Employment of the Grantee (1) without Cause by the Company, (2) with Good Reason by the Grantee, or (3) due to the Grantee's death or Disability, occurs, the Grantee shall be entitled on the Share Issuance Date to the number of Common Shares equal to the number of Restricted Shares he or she would have received pursuant to Section 3(b) as if no Termination of Employment of the Grantee had occurred, multiplied by a fraction, the numerator of which is the number of days from the Effective Date to and including the date of Termination of Employment of the Grantee, and the denominator of which is the total number of days from the Effective Date to and including the Measurement Date, which Common Shares shall be fully vested upon issuance. On the Share Issuance Date, all Notional Units shall automatically and immediately be forfeited by the Grantee without any action by any other person or entity and for no other consideration whatsoever, and the Grantee and any beneficiary or personal representative thereof, as the case may be, will be entitled to no further payments or benefits with respect to the Notional Units.

(iii) Notwithstanding anything to the contrary, on the date of a Change in Control occurring on or prior to the Measurement Date, subject to the Grantee's continued employment with the Company from the Grant Date through the date of such Change in Control, the Company shall issue to the Grantee, immediately prior to such Change in Control, that number of Common Shares determined as follows (which Common Shares shall be fully vested upon issuance):

(x) If, as of the date of such Change in Control, the Total Return to Shareholders is equal to or greater than the CIC Minimum Total Return to Shareholders, then the Company shall issue to the Grantee that number of Common Shares equal to the number of Notional Units held by the Grantee on the Share Issuance Date multiplied by the Notional Unit Conversion Ratio (and, for purposes of determining the Notional Unit Conversion Ratio, the Maximum Total Return to Shareholders and the maximum amount of dividends taken into account in subsection (d) of the definition of "Notional Unit Conversion Ratio" shall be adjusted in the same manner as Minimum Return to Shareholders is adjusted in determining the CIC Minimum Return to Shareholders);

(y) If, as of the date of such Change in Control, the Total Return to Shareholders is less than the CIC Minimum Total Return to Shareholders and is less than the 50th Percentile for the period beginning on the Grant Date and ending on the Valuation Date, then no Common Shares will be issued to the Grantee;

(z) If, as of the date of such Change in Control, the Total Return to Shareholders is less than the CIC Minimum Total Return to Shareholders, but is equal to or greater than the 50th Percentile for the period beginning on the Grant Date and ending on the Valuation Date, then the Company shall issue to Grantee that number of Common Shares equal to the number of Notional Units held by the Grantee on the Share Issuance Date.

In consideration for the Common Shares granted pursuant to this Section 2(b)(iii), all Notional Units shall automatically and immediately be forfeited by the Grantee without any action by any other person or entity and for no other consideration whatsoever, and the Grantee and any beneficiary or personal representative thereof, as the case may be, will be entitled to no further payments or benefits with respect to the Notional Units.

3. Restricted Shares.

(a) Grant of Restricted Shares. Subject to Section 3(f), on the Share Issuance Date, the Company shall deliver to the Grantee (or any transferee permitted under Section 5) a number of Restricted Shares (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Company in its sole discretion) equal to the number of Restricted Shares that are issuable pursuant to Section 3(b). Upon the Share Issuance Date, all Notional Units shall automatically and immediately be forfeited by the Grantee without any action by any other person or entity and for no other consideration whatsoever, and the Grantee and any beneficiary or personal representative thereof, as the case may be, will be entitled to no further payments or benefits with respect to the Notional Units. Notwithstanding the foregoing, in the event Restricted Shares cannot be issued pursuant to Sections 3(f)(i), then the Restricted Shares shall be issued pursuant to the preceding sentence at the earliest date at which the Committee reasonably anticipates that Restricted Shares can again be issued in accordance with Sections 3(f)(i).

(b) Number of Restricted Shares. The number of Restricted Shares that shall be granted pursuant to the Notional Units shall be determined based on the Total Return to Shareholders on the Valuation Date and shall be determined as follows:

(i) If, as of the Valuation Date, the Total Return to Shareholders is equal to or greater than the Minimum Total Return to Shareholders, then the Company shall issue to the Grantee that number of Restricted Shares equal to the number of Notional Units held by the Grantee on the Share Issuance Date multiplied by the Notional Unit Conversion Ratio.

(ii) If, as of the Valuation Date, the Total Return to Shareholders is less than the Minimum Total Return to Shareholders and is less than the 50th Percentile for the period beginning on the Grant Date and ending on the Valuation Date, then no Restricted Shares will be issued to the Grantee.

(iii) If, as of the Valuation Date, the Total Return to Shareholders is less than the Minimum Total Return to Shareholders, but is equal to or greater than the 50th Percentile for the period beginning on the Grant Date and ending on the Valuation Date, then the Company shall issue to the Grantee that number of Restricted Shares equal to the number of Notional Units held by the Grantee on the Share Issuance Date.

The number of Restricted Shares that the Grantee shall be entitled to pursuant to the Notional Units shall be determined by the Committee in its sole good faith discretion. The Grantee will not become entitled to Restricted Shares with respect to the Notional Units subject to this Agreement unless and until the Committee determines the Total Return to Shareholders and, if required for calculation of the number of Restricted Shares to be issued pursuant to Sections 3(b)(ii) and (iii), the 50th Percentile. Upon such determination by the Committee and subject to the provisions of the Plan and this Agreement, the Grantee shall be entitled to a number of Restricted Shares equal to the number that is determined pursuant to this Section 3(b).

(c) Vesting of Restricted Shares. Except as provided in Section 3(d), all of the Restricted Shares granted on the Share Issuance Date as provided in this Section 3 shall vest on December 31, 2014.

(d) Effect of Termination of Employment and Change in Control.

(i) Except as provided in Section 3(d)(iii), if, on or after the Share Issuance Date, a Termination of Employment of the Grantee occurs for any reason other than those reasons described in Section 3(d)(ii), then all Restricted Shares that remain unvested at such time shall automatically and immediately be forfeited by the Grantee without any action by any other person or entity and for no consideration whatsoever, and the Grantee and any beneficiary or personal representative thereof, as the case may be, will be entitled to no payments or benefits with respect to the Restricted Shares.

(ii) If, on or after the Share Issuance Date, a Termination of Employment of the Grantee (1) without Cause by the Company, (2) with Good Reason by the Grantee, or (3) due to the Grantee's death or Disability, occurs, then all of the Grantee's Restricted Shares shall automatically and immediately vest.

(iii) On the date of a Change in Control occurring after the Measurement Date, subject to the Grantee's continued employment with the Company from the Grant Date through the date of such Change in Control, all unvested Restricted Shares shall, immediately prior to such Change in Control, automatically and immediately vest.

(e) Rights as Shareholder. The Grantee shall not be, nor have any of the rights or privileges of, a shareholder of the Company, including, without limitation, voting rights and rights to dividends, in respect of the Notional Units or any Restricted Shares underlying the Notional Units and deliverable hereunder unless and until such Restricted Shares have been issued to the Grantee, and held of record by the Grantee (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company).

(f) Conditions on Delivery of Restricted Shares. The Restricted Shares deliverable hereunder, or any portion thereof, may be either previously authorized but unissued Common Shares or issued Common Shares which have then been reacquired by the Company. Such Common Shares shall be fully paid and nonassessable. The Company shall not be required to issue or deliver any Common Shares issuable hereunder (i) if such issuance would violate any applicable law, rule or regulation and (ii) prior to the receipt by the Company of payment of any applicable withholding tax, which may be in one or more of the forms of consideration permitted under Section 3(g).

(g) Withholding and Taxes. Notwithstanding anything to the contrary in this Agreement, the Company shall be entitled to require payment by the Grantee of any sums required by applicable law to be withheld with respect to the grant of the Notional Units or the grant or vesting of the Restricted Shares related thereto. Such payment shall be made by deduction from other compensation payable to the Grantee or in such other form of consideration acceptable to the Company which may, in the sole discretion of the Committee, include:

(i) Cash or check;

(ii) Surrender of Common Shares held for such period of time as may be required by the Committee in order to avoid adverse accounting consequences and having a Fair Market Value on the date of delivery equal to the minimum amount required to be withheld by statute; or

(iii) Other property acceptable to the Committee.

The Company shall not be obligated to deliver any new certificate representing the Restricted Shares to the Grantee or the Grantee's legal representative or enter such Restricted Shares in book entry form unless and until the Grantee or the Grantee's legal representative shall have paid or otherwise satisfied in full the amount of all federal, state and local taxes applicable to the taxable income of the Grantee resulting from the grant of the Notional Units or the grant or vesting of Restricted Shares related thereto.

4. Dividends.

(a) Upon the grant of Common Shares pursuant to Section 2(b)(ii), the Grantee shall be entitled to receive, for each Common Share granted, an amount equal to the per share amount of all dividends declared with respect to Common Shares with a record date on or after the Effective Date to and including the date of the Termination of Employment of the Grantee. After the date of grant of the Common Shares pursuant to Section 2(b)(ii), the holder of such Common Shares shall be entitled to receive dividends in the same manner as dividends are paid to all other holders of Common Shares.

(b) Upon the grant of Common Shares pursuant to Section 2(b)(iii), the Grantee shall be entitled to receive, for each Common Share granted, an amount equal to the per share amount of all dividends declared with respect to Common Shares with a record date on or after the Effective Date to and including the date of the Change in Control. After the date of grant of the Common Shares pursuant to Section 2(b)(iii), the holder of such Common Shares shall be entitled to receive dividends in the same manner as dividends are paid to all other holders of Common Shares.

(c) Upon grant of the Restricted Shares pursuant to Section 3(a), the Grantee shall be entitled to receive, for each of the Restricted Shares (whether vested or unvested), an amount in cash equal to the per share amount of all dividends declared with respect to the Common Shares with a record date on or after the Effective Date and before the Share Issuance Date (other than those with respect to which an adjustment was made pursuant to Section 6); *provided* that, notwithstanding the foregoing, if on the Valuation Date the Total Return to Shareholders exceeds the Maximum Total Return to Shareholders, then the amount the Grantee shall be entitled to receive pursuant to this Section 4(c) shall equal the product of (a) the per share amount of all dividends declared with respect to the Common Shares with a record date on or after the Effective Date and before Share Issuance Date (other than those with respect to which an adjustment was made pursuant to Section 6) and (b) the number of Restricted Shares the Grantee would have received had the Total Return to Shareholders equaled the Maximum Total Return to Shareholders on the Valuation Date. After the Share Issuance Date, the holder of Restricted Shares (whether vested or unvested) shall be entitled to receive the per share amount of any dividends declared with respect to Common Shares for each Restricted Share (whether vested or unvested) held on the record date of each such dividend and each such dividend shall be paid in the same manner as dividends are paid to the holders of Common Shares.

(d) Except as provided in this Section 4, the Grantee shall not be entitled to receive any payments in lieu of or in connection with dividends with respect to any Notional Units and/or Restricted Shares.

5. Restrictions on Transfer. The Notional Units may not be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of, encumbered, whether voluntarily or by operation of law (each such action, " Transfer"). The Restricted Shares may not be Transferred, unless and until such Restricted Shares have been granted and have fully vested. Neither the Notional Units, the Restricted Shares nor any interest or right therein shall be liable for the debts, contracts or engagements of the Grantee or his or her successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no force or effect, except to the extent that such disposition is permitted by the preceding sentence.

6 . Changes in Capital Structure. In addition to any actions by the Committee permitted under Section 10.3 of the Plan, if (1) the Company shall at any time be involved in a merger, consolidation, dissolution, liquidation, reorganization, exchange of shares, sale of all or substantially all of the assets or shares of the Company or a transaction similar thereto, (2) any stock dividend, stock split, reverse stock split, stock combination, reclassification, recapitalization, significant repurchases of shares or other similar change in the capital structure of the Company, or any distribution to holders of Common Shares other than regular cash dividends, shall occur, or (3) any other event shall occur for which, in its sole discretion, the Committee determines action by way of adjusting the terms of the Award is necessary or appropriate, then the Committee shall take such action as in its sole discretion shall be necessary or appropriate to maintain the Grantee's rights hereunder so that they are substantially proportionate to the rights existing under this Agreement prior to such event, including, without limitation, adjustments in the number and/or terms and conditions of the Notional Units or Restricted Shares, Common Share Price, Total Return to Shareholders and payments to be made pursuant to Section 4. The Grantee acknowledges that the Notional Units and Restricted Shares are subject to amendment, modification and termination in certain events as provided in this Section 6 and Section 10.3 of the Plan.

7. Miscellaneous.

(a) Administration. The Committee shall have the power to interpret the Plan and this Agreement and to adopt such rules for the administration, interpretation and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. All actions taken and all interpretations and determinations made by the Committee in good faith shall be final and binding upon the Grantee, the Company and all other interested persons. No member of the Committee or the Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, this Agreement, the Notional Units or the Restricted Shares.

(b) Amendments. To the extent permitted by the Plan, this Agreement may be amended, modified, suspended or terminated at any time and from time to time by the Committee or the Board; *provided* that, except as otherwise provided in the Plan, any such amendment, modification, suspension or termination that adversely affects the rights of the Grantee in a material way must be consented to by the Grantee to be effective as against him or her.

(c) Incorporation of Plan. The provisions of the Plan are hereby incorporated by reference as if set forth herein. If and to the extent that any provision contained in this Agreement is inconsistent with the Plan, the Plan shall govern.

(d) Severability. In the event that one or more of the provisions of this Agreement may be invalidated for any reason by a court, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.

(e) Governing Law. This Agreement is made under, and will be construed in accordance with, the laws of the State of North Carolina, without giving effect to the principle of conflict of laws of such State or any other jurisdiction.

(f) No Obligation to Continue Position as an Employee. Neither the Company nor any Subsidiary or affiliate thereof is obligated by or as a result of this Agreement to continue to have the Grantee as an employee and this Agreement shall not interfere in any way with the right of the Company or any Subsidiary or affiliate thereof to terminate the Grantee as an employee at any time, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary or affiliate thereof and the Grantee.

(g) Notices. Notices hereunder shall be mailed or delivered to the Company in care of the Secretary of the Company at its principal place of business, and shall be mailed or delivered to the Grantee at the address on file with the Company or, in either case, at such other address as one party may subsequently furnish to the other party in writing. Any notice shall be deemed duly given when sent via email or when sent by certified mail (return receipt requested) and deposited (with postage prepaid) in a post office or branch post office regularly maintained by the United States Postal Service.

(h) Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

(i) Conformity to Securities Laws.

(i) The Grantee will use his or her best efforts to comply with all applicable securities laws. The Grantee acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all provisions of the Securities Act of 1933, as amended, and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission thereunder, and state securities laws and regulations. Notwithstanding anything herein to the contrary, the Plan and this Agreement shall be administered, and the Notional Units and/or Restricted Shares shall be granted, only in such a manner as to conform to such laws, rules and regulations. To the extent permitted by applicable law, the Plan and this Agreement shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

(ii) Notwithstanding any other provision of the Plan or this Agreement, if the Grantee is subject to Section 16 of the Exchange Act, the Plan, this Agreement, the Notional Units, and the Restricted Shares shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, this Agreement shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

(j) Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement shall inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer herein set forth in Section 5, this Agreement shall be binding upon the Grantee and his or her heirs, executors, administrators, successors and assigns.

(k) Entire Agreement. The Plan and this Agreement constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and the Grantee with respect to the subject matter hereof.

(l) Section 409A. This Agreement is intended to comply with or be exempt from Section 409A and, to the extent applicable, this Agreement shall be interpreted in accordance with Section 409A. However, notwithstanding any other provision of the Plan or this Agreement, if at any time the Committee determines that the Notional Units and/or the Restricted Shares (or any portion thereof) may be subject to Section 409A, the Committee shall have the right in its sole discretion (without any obligation to do so or to indemnify the Grantee or any other person for failure to do so) to adopt such amendments to the Plan or this Agreement, or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, as the Committee determines are necessary or appropriate either for the Notional Units and/or Restricted Shares to be exempt from the application of Section 409A or to comply with the requirements of Section 409A.

(m) Limitation on the Grantee's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Grantee shall have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the Notional Units and the Restricted Shares, and rights no greater than the right to receive Common Shares as a general unsecured creditor with respect to Notional Units and the Restricted Shares, as and when payable hereunder.

(n) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

*[signature page follows]*

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed as of the first day written above.

TANGER FACTORY OUTLET CENTERS, INC.

By: ________________________
Name: Steven B. Tanger
Title: President and Chief Executive Officer

GRANTEE

________________________

Name:

**EXHIBIT A**

**[List of Peer Group]**

**TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES**

Exhibit 12.1

**Ratios of Earnings to Fixed Charges**
**(in thousands, except ratios)**

| | Three Months Ended Ended March 31, | |
|---|---|---|
| | **2010** | **2009** |
| Earnings before income (losses) from equity investees and noncontrolling interests (1) | $ 3,071 | $ 37,365 |
| Add: | | |
| Distributed income of unconsolidated joint ventures | 301 | 168 |
| Amortization of previously capitalized interest | 120 | 117 |
| Interest expense | 7,948 | 11,210 |
| Interest portion of rent expense | 404 | 419 |
| Earnings available for fixed charges | $ 11,844 | $ 49,279 |
| Fixed charges: | | |
| Interest expense | $ 7,948 | $ 11,210 |
| Capitalized interest and capitalized amortization of debt issue costs | 209 | 38 |
| Interest portion of rent expense | 404 | 419 |
| Total fixed charges | $ 8,561 | $ 11,667 |
| Ratio of earnings to fixed charges | 1.4 | 4.2 |

(1) Earnings before income (losses) from equity investees and noncontrolling interests for the three months ended March 31, 2009 includes a $31.5 million gain on acquisition of previously held unconsolidated joint venture interest.

**TANGER FACTORY OUTLET CENTERS, INC. AND SUBSIDIARIES**

**Ratios of Earnings to Combined Fixed Charges and Preferred Dividends**
**(in thousands, except ratios)**

| | Three Months Ended Ended March 31, | |
|---|---|---|
| | **2010** | **2009** |
| Earnings before income (losses) from equity investees and noncontrolling interests (1) | $ 3,071 | $ 37,365 |
| Add: | | |
| Distributed income of unconsolidated joint ventures | 301 | 168 |
| Amortization of previously capitalized interest | 120 | 117 |
| Interest expense | 7,948 | 11,210 |
| Interest portion of rent expense | 404 | 419 |
| Earnings available for fixed charges and preferred dividends | $ 11,844 | $ 49,279 |
| Fixed charges: | | |
| Interest expense | $ 7,948 | $ 11,210 |
| Capitalized interest and capitalized amortization of debt issue costs | 209 | 38 |
| Interest portion of rent expense | 404 | 419 |
| Total fixed charges | $ 8,561 | $ 11,667 |
| Preferred dividends | 1,406 | 1,406 |
| Total fixed charges and preferred dividends | $ 9,967 | $ 13,073 |
| Ratio of earnings to fixed charges and preferred dividends | 1.2 | 3.8 |

(1) Earnings before income (losses) from equity investees and noncontrolling interests for the three months ended March 31, 2009 includes a $31.5 million gain on acquisition of previously held unconsolidated joint venture interest.

EXHIBIT 31.1

I, Steven B. Tanger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tanger Factory Outlet Centers, Inc. for the period ended March 31, 2010;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2010

/s/ Steven B. Tanger
Steven B. Tanger
President and Chief Executive Officer
Tanger Factory Outlet Centers, Inc.

**EXHIBIT 31.2**

I, Frank C. Marchisello, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Tanger Factory Outlet Centers, Inc. for the period ended March 31, 2010;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2010

/s/ Frank C. Marchisello, Jr.

Frank C. Marchisello, Jr.
Executive Vice-President,
Chief Financial Officer and Secretary
Tanger Factory Outlet Centers, Inc.

**Exhibit 32.1**

**Certification of Chief Executive Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Factory Outlet Centers, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2010

/s/ Steven B. Tanger

Steven B. Tanger
President and Chief Executive Officer
Tanger Factory Outlet Centers, Inc.

**Exhibit 32.2**

**Certification of Chief Financial Officer**

Pursuant to 18 U.S.C. § 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Tanger Factory Outlet Centers, Inc. (the "Company") hereby certifies, to such officer's knowledge, that:

(i) the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2010 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2010

/s/ Frank C. Marchisello, Jr.
Frank C. Marchisello, Jr.
Executive Vice President,
Chief Financial Officer & Secretary