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TANGER FACTORY OUTLET CENTERS INC
Form DEF 14A
April 12, 2004

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. _____)

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e) (2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to 240.14a-12

TANGER FACTORY OUTLET CENTERS, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee require
- Fee computed on table below per Exchange Act Rules 14a-6(i) (4) and 0-11

- 1) Title of each class of securities to which transaction applies:
- 2) Aggregate number of securities to which transaction applies:
- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

- 4) Proposed maximum aggregate value of transaction:
- 5) Total fee paid:

Fee paid previously with preliminary materials.

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- 1) Amount Previously Paid:
- 2) Form, Schedule or Registration Statement No.:
- 3) Filing Party:

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4) Date Filed:

TANGER FACTORY OUTLET CENTERS, INC.

3200 NORTHLINE AVENUE, SUITE 360
GREENSBORO, NORTH CAROLINA 27408
PHONE: 336-292-3010
E-MAIL: tangermail@tangeroutlet.com
NYSE: SKT

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

to be held on May 14, 2004

Dear Shareholders:

On behalf of the Board of Directors, I cordially invite you to attend the 2004 Annual Meeting of Shareholders of Tanger Factory Outlet Centers, Inc. to be held on Friday, May 14, 2004 at 10 o'clock a.m. at the O. Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina, (336) 854-2000, for the following purposes:

1. To elect directors to serve for the ensuing year;
2. To ratify the Amended and Restated Incentive Award Plan (the "Incentive Award Plan") in order to add restricted shares and other share-based grants to the plan, to reflect the merger of the unit option plan of the Operating Partnership (the "Unit Option Plan") into the plan and to amend the plan in certain other respects;
3. To ratify the increase, from 2,250,000 to 3,000,000, in the aggregate number of Common Shares which may be issued under the Incentive Award Plan; and ,
4. To transact such other business as may properly come before the meeting or any adjournment(s) thereof.

Only common shareholders of record at the close of business on March 31, 2004, will be entitled to vote at the meeting or any adjournment(s) thereof.

Information concerning the matters to be considered and voted upon at the Annual Meeting is set out in the attached Proxy Statement. Our 2003 Annual Report for the year ended December 31, 2003 is also enclosed.

It is important that your shares be represented at the 2004 Annual Meeting regardless of the number of shares you hold and whether or not you plan to attend the meeting in person. Please complete, sign and date the enclosed proxy card and return it as soon as possible in the accompanying envelope. This will not prevent you from voting your shares in person if you subsequently choose to attend the meeting.

Sincerely,

Stanley K. Tanger

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Chairman of the Board and
Chief Executive Officer

April 12, 2004

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TANGER FACTORY OUTLET CENTERS, INC.

3200 NORTHLINE AVENUE, SUITE 360
GREENSBORO, NORTH CAROLINA 27408
PHONE: 336-292-3010
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PROXY STATEMENT
FOR
ANNUAL MEETING OF SHAREHOLDERS

to be held on May 14, 2004

GENERAL INFORMATION

The Board of Directors of Tanger Factory Outlet Centers, Inc. (NYSE:SKT), a self-administered and self-managed real estate investment trust, referred to as a REIT, is soliciting your proxy for use at the Annual Meeting of Shareholders of the Company to be held on Friday, May 14, 2004.

Unless the context indicates otherwise, the term "Company" refers to Tanger Factory Outlet Centers, Inc., the term "Board" refers to our Board of Directors, the term "meeting" refers to the Annual Meeting of Shareholders of the Company to be held on May 14, 2004, and the term "Operating Partnership" refers to Tanger Properties Limited Partnership. Our factory outlet centers and other assets are held by, and all of our operations are conducted by, the Operating Partnership. Accordingly, the descriptions of our business, employees and properties are also descriptions of the business, employees and properties of the Operating Partnership. The terms "we", "our" and "us" refer to the Company or the Company and the Operating Partnership together, as the text requires.

The proxy materials are being mailed on or about April 12, 2004 to holders of record of our common shares, par value \$.01 per share (the "Common Shares"), on March 31, 2004. Any shareholder who does not receive a copy of the proxy materials may obtain a copy at the meeting or by contacting Rochelle Simpson, Secretary of our Company (phone number: 336-834-6836). Our principal executive offices are located at 3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408.

Date, Time and Place

We will hold the meeting on Friday, May 14, 2004 at 10 o'clock a.m. at the O. Henry Hotel, 624 Green Valley Road, Greensboro, North Carolina, (336) 854-2000, subject to any adjournments or postponements.

Who Can Vote; Votes per share

All holders of record of the Common Shares as of the close of business on the record date, March 31, 2004, are entitled to attend and vote at the

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meeting. The outstanding Common Shares are the only class of securities entitled to vote at the meeting. Each Common Share entitles the holder thereof to one vote. At the close of business on March 19, 2004, 13,452,203 Common Shares were issued and outstanding.

How to Vote

Common Shares represented by a properly executed proxy will be voted as directed on the proxy card. To be voted, proxies must be filed with the Secretary of the Company prior to voting.

If your Common Shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of those Common Shares and you have the right to instruct your broker, bank or other nominee how to vote on your behalf. Brokerage firms and other nominees have the authority, under New York Stock Exchange rules at the time of this Proxy Statement, to vote Common Shares for the beneficial owner on certain "routine" matters for which you do not provide voting instructions. The election of directors is considered

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a routine matter and where no specification is made on the properly executed and returned form of proxy, the shares will be voted FOR the election of all nominees for director. The proposals for (1) the ratification of the Amended and Restated Incentive Award Plan and (2) the ratification of the increase, from 2,250,000 to 3,000,000, in the aggregate number of the Company's Common Shares that may be issued under the Incentive Award Plan, are not considered "routine" under the applicable rules. When a proposal is not a routine matter and the broker or nominee has not received specific voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm or nominee cannot vote FOR or AGAINST the proposal for the beneficial owner. This is called a "broker non-vote".

Quorum and Voting Requirements

Under the Company's By-Laws and North Carolina law, Common Shares represented at the meeting by proxy for any purpose will be deemed present for quorum purposes for the remainder of the meeting. Directors will be elected by the vote of a plurality of the votes cast by the Common Shares entitled to vote in the election, provided that a quorum is present. Accordingly, Common Shares which are present at the meeting for any other purpose but which are not voted in the election of directors will not affect the election of the candidates receiving a plurality of the votes cast by the Common Shares entitled to vote in the election at the meeting. All other proposals to come before the meeting require a plurality of the votes cast regarding the proposal. Accordingly, abstentions, broker non-votes and Common Shares which are present at the meeting for any other purpose but which are not voted on a particular proposal will not affect the outcome of the vote on the proposal unless the North Carolina Business Corporation Act requires that the proposal be approved by a greater number of affirmative votes than a plurality of the votes cast.

Revocation of Proxies

You may revoke your proxy at any time before it is voted by filing a notice of such revocation, by filing a later dated proxy with the Secretary of the Company or by voting in person at the meeting. You cannot revoke your proxy by merely attending the meeting. If you dissent, you will not have any rights of appraisal with respect to the matters to be acted upon at the meeting.

Proxy Solicitation

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We will bear the costs of soliciting proxies from the holders of our Common Shares. Proxies will initially be solicited by us by mail. We have retained the services of Georgeson Shareholder to assist in the solicitation of proxies for fee of \$5,500, plus out-of-pocket expenses. Our Directors, officers and employees may also solicit proxies by telephone, telegraph, fax, e-mail or personal interview. We will reimburse banks, brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy material to shareholders.

PROPOSAL 1

ELECTION OF DIRECTORS

The Company's By-Laws provide that directors be elected at each Annual Meeting of Shareholders. Pursuant to such By-Laws, our Board has fixed the number of directors to be elected at five. The persons named as proxies in the accompanying form of proxy intend to vote in favor of the election of the five nominees for director designated below, all of whom are presently directors of the Company, to serve until the next Annual Meeting of Shareholders and until their successors are elected and shall qualify. It is expected that each of these nominees will be able to serve, but if any such nominee is unable to serve for any reason, the proxies reserve discretion to vote or refrain from voting for a substitute nominee or nominees. All directors of the Company serve terms of one year or until the election of their respective successors.

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Information Regarding Nominees (as of March 19, 2004)

Name	Age	Present Principal Occupation or Employment and Five-Year Employment Hist
Stanley K. Tanger	80	Chairman of the Board of Directors and Chief Executive Company since March 3, 1993. Mr. Tanger opened one of first outlet shopping centers in Burlington, N.C. in 19 founder and Chief Executive of the Company's predecessor until its business was acquired by the Company in 1993.
Steven B. Tanger	55	Director of the Company since May 13, 1993. President Operating Officer since January 1995; Executive Vice Pr to 1994. Mr. Tanger joined the Company's predecessor i son of Stanley K. Tanger.
Jack Africk (1)	75	Director of the Company since June 4, 1993. Managing P Evolution Partners, LLC since June 1993. President and Officer of North Atlantic Trading Company from January 1998. Director of Crown Central Petroleum Corporation.

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William G. Benton (1)	58	Director of the Company since June 4, 1993. Chairman of Chief Executive Officer of Salem Senior Housing, Inc. s Chairman of the Board and Chief Executive Officer of Di Services, Inc. since May 1996. Chairman of the Board a Executive Officer of Benton Investment Company since 19 the Board and Chief Executive Officer of Health Equity from 1987 to September 1994.
-----------------------	----	--

Thomas E. Robinson (1)	56	Director of the Company since January 21, 1994. Managi Legg Mason Wood Walker, Inc. since June 1997. Director 1997), President (August 1994 to June 1997) and Chief F (July 1996 to June 1997) of Storage USA, Inc. Director Properties Trust.
------------------------	----	--

(1) Member of the Board's Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Share and Unit Option Committee.

Vote Required. The nominees will be elected by the affirmative vote of the holders of a plurality of those votes cast at the meeting; provided that a quorum is present. Accordingly, abstentions, broker non-votes and Common Shares present at the meeting for any other purpose but which are not voted on this proposal will not affect the outcome of the vote on the nominees unless the North Carolina Business Corporation Act requires that the nominee be approved by a greater number of affirmative votes than a plurality of the votes cast.

THE BOARD RECOMMENDS THAT YOU VOTE FOR ALL OF THE NOMINEES SET FORTH ABOVE.

Director Independence

Our Corporate Governance Guidelines and the listing standards of the New York Stock Exchange require that a majority of our directors must be independent directors and every member of the Board's Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee be independent. Generally, independent directors are those directors who are not concurrently serving as officers of the Company and who currently have no material relationship to us that may interfere with the exercise of their independence from management and the Company. Our Board has affirmatively determined that the following nominees to our Board are independent, as that term is defined under our Corporate Governance Guidelines and the general independence standards in the listing standards of the New York Stock Exchange: Jack Africk, William G. Benton, and Thomas E. Robinson. We presently have five directors, including these three independent directors.

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Attendance at Board Meetings

The Board held five regular and seven special meetings during 2003. Each of the above directors attended at least 75% of the meetings held during 2003 by the Board and the committees of which he was a member. The non-management directors are required to meet in executive sessions periodically, but no less than once a year. The non-management directors shall designate the director who will preside at the executive sessions. The independent directors should meet in executive session at least once a year. Our policies for non-management and independent directors executive sessions were adopted with our Corporate Governance Guidelines in 2004. The Company does not have a formal policy of attendance for directors at our Annual Meeting of Shareholders. Four of our five directors attended the Annual Meeting of

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Shareholders in 2003.

Committees of the Board

Audit Committee. The Board has established an Audit Committee consisting of our three independent directors. As restructured in February of 2004, the purpose of the Audit Committee is (i) to assist the Board in fulfilling its oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the qualifications and independence of the Company's independent auditors and the performance of the Company's independent auditors and the Company's internal audit function and (ii) to prepare any audit committee reports required by the Securities Exchange Commission to be included in the Company's annual proxy statement. The Audit Committee is directly responsible for the appointment, compensation retention and oversight of the work of the Company's independent auditors and approves in advance, or adopts appropriate procedures to approve in advance, all audit and non-audit services provided by the independent auditors. The Board has determined that each member of the Audit Committee is "financially literate", as that term is defined in the listing requirements of the New York Stock Exchange, and that each member of the committee is an "audit committee financial expert", as that term is defined in Item 401(f) of Regulation S-K. The Audit Committee acts under a written charter adopted by the Board. A copy of the Audit Committee Charter is attached to this Proxy Statement as Appendix A and is available on our website. Mr. Africk, Mr. Benton and Mr. Robinson currently serve on the Audit Committee, with Mr. Africk serving as chairman. During 2003, there were five meetings of the Audit Committee.

Compensation Committee. The Board has established a Compensation Committee consisting of our three independent directors. The Compensation Committee is charged with determining compensation for our chief executive officer and making recommendations to the Board with respect to the compensation of other officers. The Compensation Committee acts under a written charter adopted by the Board. A copy of the Compensation Committee Charter is available on our website. Mr. Africk, Mr. Benton, and Mr. Robinson currently serve on the Compensation Committee, with Mr. Africk serving as chairman. During 2003, there were two meetings of the Compensation Committee.

Nominating and Corporate Governance Committee. The Board has established a Nominating and Corporate Governance Committee consisting of our three independent directors. The Nominating and Corporate Governance Committee makes recommendations to the Board of changes in the size of the Board or any committee of the Board, recommends individuals for the Board to nominate for election as directors, recommends individuals for appointment to committees of the Board, establishes procedures for the Board's oversight of the evaluation of the Board and management, and develops and recommends corporate governance guidelines.

The Nominating and Corporate Governance Committee evaluates annually the effectiveness of the Board as a whole and identifies any areas in which the Board would be better served by adding new members with different skills, backgrounds or areas of experience. The Board considers director candidates based on a number of factors including: whether the Board member will be "independent", in accordance with our Corporate Governance Guidelines and as such term is defined by the New York Stock Exchange listing requirements; personal qualities and characteristics, accomplishments and reputation in the business community; experience with businesses and other organizations of comparable size and current knowledge and contacts in the Company's industry or other industries relevant to the Company's business; experience and understanding of the Company's business and financial matters affecting its business; ability and willingness to commit adequate time to Board and committee matters; the fit of the individual's skills and personality with those of other directors and potential directors in building a Board that is effective,

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collegial and responsive to the needs of the Company; and diversity of viewpoints, background, experience and other demographics.

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The Nominating and Corporate Governance Committee acts under a written charter adopted by the Board. A copy of the Nominating and Corporate Governance Committee Charter is available on our website. Mr. Africk, Mr. Benton and Mr. Robinson currently serve on the Nominating and Corporate Governance Committee, with Mr. Robinson serving as chairman. Since the committee was formed in February 2004, there were no meetings of the Nominating and Corporate Governance Committee during 2003.

Share and Unit Option Committee. The Board has established a Share and Unit Option Committee (referred to as the "Option Committee") consisting of our three independent directors. The Option Committee administers our Incentive Award Plan (formerly known as the Share Option Plan) and the Operating Partnership's Unit Option Plan (which will be merged into the Incentive Award Plan). Mr. Africk, Mr. Benton, and Mr. Robinson currently serve on the Option Committee, with Mr. Benton serving as chairman. During 2003, there was one meeting of the Option Committee.

Shareholder Communications with Directors

Any shareholder may send communications to the Board and individual members of the Board by sending a letter by mail addressed to the Board of Directors (or an individual director) c/o Tanger Factory Outlet Centers, Inc., 3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408, Attn: Corporate Secretary.

Compensation of Directors

During 2003, we paid our independent directors an annual compensation fee of \$15,000 and a per meeting fee of \$750 (\$500 for telephone meetings) for each Board meeting and each committee meeting attended. Effective for 2004, we will pay our independent directors an annual compensation fee of \$20,000 and a per meeting fee of \$1,000 (\$500 for telephone meetings) for each Board meeting and each committee meeting attended. In addition, the chairman of each committee, except the Audit Committee, will be paid an annual compensation fee of \$2,500. The chairman of the Audit Committee will be paid an annual compensation fee of \$5,000.

On the date of his or her initial election to the Board and on each of the first two anniversaries thereof, each independent director received an option to purchase 3,000 Common Shares at an exercise price per Common Share equal to the Fair Market Value (as defined in the Incentive Award Plan) of a Common Share on the date of the option grant (except for the initial grant of options to Mr. Africk and Mr. Benton as described below); 20% of such options become exercisable on each of the first five anniversaries of the date of grant, subject to the independent director's continued service as a director. On June 4, 1993, we granted to Mr. Africk and Mr. Benton options to purchase 3,000 Common Shares with an exercise price set at \$22.50 per Common Share, the initial public offering price of the Common Shares. Our employees who are also Directors will not be paid any director fees and will not receive any options for their services as Directors of the Company.

Upon approval of the entire Board, we may from time to time under the Incentive Award Plan grant to any independent director additional options, restricted or deferred shares, dividend equivalents or other awards. Upon shareholder approval of the Incentive Award Plan, the Board plans to make grants of restricted share awards to each of the independent directors with a value of \$15,000 to vest in three annual installments or, alternatively, at the time the

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director leaves the Board. On January 6, 1998, January 8, 1999 and March 8, 2000, the Board granted to each of Mr. Africk, Mr. Benton and Mr. Robinson options to purchase 5,000 Common Shares pursuant to the Incentive Award Option Plan at an exercise price equal to the Fair Market Value as of such option grant dates. On each of the first five anniversaries of the date of grant, 20% of these options become exercisable subject to the director's continued service as a director.

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REPORT OF THE AUDIT COMMITTEE

The Audit Committee has provided the following report:

The 2003 financial statements, which were prepared under accounting principles generally accepted in the United States of America, have been approved by the Board at the recommendation of the Audit Committee. The Audit Committee reviewed the 2003 quarterly and annual financial results with management and the Company's independent auditors. The Audit Committee has discussed with the independent auditors and received the written disclosures and confirmation from the independent auditors of their independence as required under applicable standards for auditors of public companies and has discussed the matters required to be discussed by Statement on Auditing Standards No. 61. Based on this review of the financial results and these discussions with management and the independent auditors, the Audit Committee has recommended to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for 2003.

The Audit Committee has considered and discussed with the independent auditors the compatibility of the non-audit services with maintaining auditor independence.

The Audit Committee pre-approves all audit and non-audit services provided by the independent auditor.

The Audit Committee has recommended to the Board that the firm of PricewaterhouseCoopers LLP be appointed to audit the accounts of the Company with respect to its operations for the fiscal year ending on December 31, 2004 and to perform such other services as may be required. See "Other Matters" in this Proxy Statement.

The following is a summary of the fees billed to the Company by the independent auditors for the fiscal years ended December 31, 2003 and 2002:

	2003	2002
	----	----
Audit fees.....	\$264,265	\$183,000
Audit-related fees.....	116,065	22,800
Tax fees.....	213,362	180,128
All other fees.....	---	---

The audit fees for the years ended December 31, 2003 and 2002, respectively, were for professional services rendered for the audits of our consolidated financial statements and also included services related to the issuance of comfort letters and assistance with the review of documents filed with the Securities and Exchange Commission.

The audit-related fees for the years ended December 31, 2003 and 2002, respectively, were for compliance with the Sarbanes-Oxley Act of 2002 and consultation and special audit work for the acquisition of real estate and, for 2003 only, for assurances and related services associated with the implementation of new accounting pronouncements and consultation services

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regarding our joint ventures.

The tax fees for the year ended December 31, 2003 and 2002, were for tax compliance and tax research and planning services, including tax return preparation and tax advice regarding acquisitions and joint ventures.

THE AUDIT COMMITTEE

Jack Africk (Chairman)
William G. Benton
Thomas E. Robinson

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Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of March 19, 2004, available to us with respect to our Common Shares, and of units of partnership interests in the Operating Partnership (the "Units") (i) held by those persons known by us to be the beneficial owners (as determined under the rules of the Securities and Exchange Commission, the "SEC") of more than 5% of such shares, (ii) held individually by the directors and our executive officers named elsewhere in this Proxy Statement, and (iii) held by our directors and all of our executive officers as a group.

Name and Business Address (where required) of ----- Beneficial Owner	Number of Common Shares Beneficially Owned (1) -----	Percent of All Common Shares -----	Number Unit Benefici Owned -----
Stanley K. Tanger (3) Tanger Factory Outlet Centers, Inc. 3200 Northline Avenue, Suite 360 Greensboro, NC 27408	232,641	1.7%	3,103
Steven B. Tanger (4) Tanger Factory Outlet Centers, Inc. 110 East 59th Street New York, NY 10022	---	---	49
Stichting Pensioenfonds Oude Lindestraat 70 Postbus 2889 6401 DL Heerlen, The Kingdom of the Netherlands	833,600	6.2%	
Jack Africk (5)	24,000	*	
William G. Benton (6)	12,499	*	
Thomas E. Robinson	6,795	*	
Rochelle G. Simpson (7)	5,585	*	12
Willard A. Chafin (7)	---	*	5
Frank C. Marchisello, Jr. (7)	2,369	*	8
Directors and Executive Officers as a Group (13 persons) (8)	285,817	2.1%	3,227

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* Less than 1%

- (1) The ownership of Common Shares reported herein is based upon filings with the SEC and is subject to confirmation by us that such ownership did not violate the ownership restrictions in our Articles of Incorporation.
- (2) Units held by the Tanger Family Limited Partnership (the "TFLP") and Units that may be acquired upon the exercise of options to purchase Units may be exchanged for our Common Shares on a one-for-one basis.
- (3) Includes 139,031 Common Shares and 3,033,305 Units owned by the TFLP, of which Stanley K. Tanger is the general partner and may be deemed to be the beneficial owner. Also includes 92,610 Common Shares and 70,000 presently exercisable options to purchase Units owned by Stanley K. Tanger individually and 1,000 Common Shares owned by Stanley K. Tanger's spouse. Does not include 10,000 options to purchase Units, which are presently unexercisable, owned by Stanley K. Tanger individually.
- (4) Includes 49,000 presently exercisable options to purchase Units. Does not include 139,031 Common Shares and 3,033,305 Units owned by the TFLP (Steven B. Tanger is a limited partner of the Tanger Investments Limited Partnership, which is a limited partner of TFLP). Does not include 7,000 options to purchase Units which are presently unexercisable. Does not include 92,610 Common Shares actually owned or 140,031 Common Shares which may be deemed beneficially owned by Steven B. Tanger's father, Stanley K. Tanger.
- (5) Includes 17,000 presently exercisable options to purchase our Common Shares.

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- (6) Includes 8,000 presently exercisable options to purchase our Common Shares.
- (7) Amounts shown as Units beneficially owned represent presently exercisable options to purchase Units.
- (8) Includes 25,000 presently exercisable options to purchase Common Shares and 194,300 presently exercisable options to purchase Units. Does not include 3,000 options to purchase Common Shares and 176,720 options to purchase Units which are presently unexercisable.

Executive Compensation

The following table sets forth the compensation earned for the fiscal years ended December 31, 2003, 2002, and 2001 with respect to our CEO and our four (4) most highly compensated executives other than our CEO whose cash compensation exceeded \$100,000 during such year.

SUMMARY COMPENSATION TABLE

Annual Compensation	Long Term Compensa Award
-----	-----
Other Annual	Securit Underly Optio

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Name and Principal Position -----	Year ----	Salary (\$) -----	Bonus (\$) -----	Compensation (\$) -----	SARS (#) -----
Stanley K. Tanger, Chairman of the Board of Directors and Chief Executive Officer (1)	2003	451,474	534,979 (2)	---	---
	2002	429,975	729,497 (2)	---	---
	2001	409,500	163,391	---	---
Steven B. Tanger, President and Chief Operating Officer (1)	2003	382,016	363,066 (3)	---	---
	2002	363,825	418,268 (3)	---	---
	2001	346,500	147,484	---	---
Rochelle G. Simpson, Secretary, Executive Vice President-Administration And Finance	2003	231,441	---	---	---
	2002	231,525	3,000	---	---
	2001	220,500	---	---	---
Willard A. Chafin, Jr. Executive Vice President- Leasing, Site Selection, Operations and Marketing	2003	254,678	---	---	---
	2002	242,550	3,000	---	---
	2001	231,000	---	---	---
Frank C. Marchisello, Jr. Executive Vice President- Chief Financial Officer	2003	243,101	---	---	---
	2002	231,525	10,000	---	---
	2001	220,500	---	---	---

(1) A portion of the salaries of Stanley K. Tanger and Steven B. Tanger are paid by the Company for services to the Company and the remainder are paid by the Operating Partnership.

(2) For the year 2003, Stanley K. Tanger earned an annual bonus of \$342,229 and a special award related to the sale of two of our operating properties during such year of \$192,750. In lieu of receiving the annual bonus amount in cash, Mr. Tanger will be granted restricted share awards in 2004 subject to shareholder approval of the amended and restated Incentive Award Plan. 15% of the award will vest as of June 15, 2004. If the Incentive Award Plan is not approved by shareholders, Mr. Tanger will receive this amount in cash. See the Report of the Compensation Committee on Executive Compensation, included in this Proxy Statement, for further discussion. For the year 2002, Mr. Tanger received an annual bonus of \$323,450 and a special award related to the sale of two of our operating properties during such year of \$406,047.

(3) For the year 2003, Steven B. Tanger received an annual bonus of \$298,816 and a special award related to the sale of two of our operating properties during such year of \$64,250. In lieu of receiving the annual bonus amount in cash, Mr. Tanger will be granted restricted share awards in 2004 subject to shareholder approval of the amended and restated Incentive Award Plan. 15% of the award will vest as of June 15, 2004. If the Incentive Award Plan is not approved by shareholders, Mr. Tanger will receive this amount in cash. See the Report of the Compensation Committee on Executive Compensation, included in this Proxy Statement, for further discussion. For the year 2002, Mr. Tanger received an annual bonus of \$282,919 and a special award related to the sale of two of our operating properties during such year of \$135,349.

(4) We reimbursed Stanley K. Tanger \$17,500 in 2003, 2002 and 2001 for premiums

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paid towards a term life insurance policy. In addition, the Company provided \$2,500 during 2003 and 2002 and \$2,125 during 2001 as a Company match under the employee 401(k) plan.

- (5) We provide term life insurance to Steven B. Tanger. Annual premiums paid by us in 2003, 2002 and 2001 were \$12,970. In addition, we provided \$2,500 during 2003 and 2002 and \$2,125 during 2001 as a Company match under the employee 401(k) plan.
- (6) Company match under employee 401(k) plan.
- (7) Number of Units in the Operating Partnership under option grant.

OPTION/SAR GRANTS IN LAST FISCAL YEAR

There were no options or share appreciation rights granted to our CEO or our other four (4) most highly compensated executives during 2003.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION/SAR VALUES

The following table provides information on option exercises in 2003 by our CEO and our other four (4) most highly compensated executives, and the value of each such officer's unexercised options at December 31, 2003.

Name -----	Number of Shares Acquired on Exercise -----	Value Realized -----	Number of Securities Underlying Unexercised		Unexe Exerci -----
			Options at Fiscal Year End Exercisable	Unexercisable	
Stanley K. Tanger	384,000	\$4,152,871	50,000	30,000	\$528
Steven B. Tanger	324,000	3,104,795	35,000	21,000	370
Rochelle G. Simpson	35,000	368,760	25,000	7,500	351
Willard A. Chafin, Jr.	17,500	71,600	---	7,500	
Frank C. Marchisello, Jr.	14,000	135,858	28,500	6,000	402

- (1) Based upon the closing price of our Common Shares on the New York Stock Exchange on December 31, 2003 of \$40.70 per share.

REPORT OF THE COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

The Compensation Committee has provided the following report on executive compensation:

Except as expressly described below, references to compensation (or policies with respect thereto) paid by the Company refer to compensation paid by both the Company and the Operating Partnership.

The purposes and responsibilities of the Compensation Committee of the Board (the "Committee") include the following:

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- o Review and approve corporate goals and objectives relevant to the compensation of the CEO, evaluate the CEO's performance and approve the CEO's compensation level,
- o Make recommendation to the Board with respect to compensation of officers and directors other than the CEO,
- o Periodically review the Company's incentive-compensation and equity-based plans and approve any new or materially amended equity-based plan, and
- o Oversee, with management, regulatory compliance with respect to compensation matters including the Company's compensation policies with respect to Section 162(m) of the Internal Revenue Code of 1986 (the "Code").

Each of the members of the compensation Committee is independent within the meaning of the Company's Corporate Governance Guidelines and the listing standards of the New York Stock Exchange.

In carrying out its responsibilities, the Committee is authorized to engage, and has engaged, outside advisers to consult with it as the Committee deems appropriate.

The Committee believes that the Company's success is attributable in large part to the management and leadership efforts of its executive officers. The Company's management team has substantial experience in owning, operating, managing, developing and acquiring interests in factory outlet centers. Stanley K. Tanger, Chairman of the Board and Chief Executive Officer, and Steven B. Tanger, President and Chief Operating Officer, provide us with strategic business direction. Under the guidance of the committee, the Company is committed to developing and maintaining compensation policies, plans and programs which will provide additional incentives for the enhancement of cash flows, and consequently real property and shareholder values, by aligning the financial interests of the Company's senior management with those of its shareholders.

The primary components of the Company's executive compensation program are: (1) base salaries, (2) performance based annual bonuses and (3) share-based awards. The Company's business is most competitive and the Committee believes that it is extremely desirable for the Company to maintain employment contracts with its senior executives. The Company currently has employment contracts with each of the named executives on page 9 of this Proxy Statement. See "Employment Contracts" in this Proxy Statement.

Base salaries for each of the named executive officers are approved by the Committee and are determined after taking into account several factors which include (1) salaries paid to officers by companies in the Company's select peer group and other REITS, (2) the nature of the position and (3) the contribution and experience of the officer. Under their employment agreements, the annual base salaries of Stanley K. Tanger and Steven B. Tanger are determined annually by agreement between each of them and the Committee; provided, however, if the Company's per share fund from operations ("FFO") for the previous year equaled or exceeded a targeted level, the annual base salary will not be less than the annual base salary for the previous year increased to reflect any increase in the Consumer Price Index (the "CPI").

The employment contracts for Stanley and Steven Tanger, the Company's two most senior executives, provide for annual cash bonuses based upon the Company's performance as measured by FFO per share. FFO is a widely accepted financial indicator used by certain investors and analysts to analyze and

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compare one equity REIT with another. FFO is generally defined as net income (loss), computed in accordance with generally accepted accounting principles,

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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. The Company may also consider the award of cash bonuses and awards to any executive officers and key employees if certain performance criteria are met.

Share-based compensation is also an important element of the Company's compensation program. In contrast to bonuses, which are paid for prior year accomplishments, grants of options to purchase the Common Shares and other share-based awards may be structured as incentives tied to future share appreciation. The Company maintains the Incentive Award Plan for the purpose of attracting and retaining our Directors, executive officers and certain other employees. The Share and Unit Option Committee of the Board determines in its sole discretion, subject to the terms and conditions of the plan, the specific terms of each award granted to an employee of the Company or Operating Partnership based upon its subjective assessment of the individual's performance, responsibility and functions and how this performance may have contributed or may contribute in the future to the Company's performance. The Committee has also approved the amendment and restatement of the Incentive Award Plan to add restricted shares and other share-based grants to the Incentive Award Plan and to amend the Incentive Award Plan in certain other respects to promote greater flexibility with respect to the types of incentive awards available to our employees and directors. The Compensation Committee believes awards pursuant to the amended and restated Incentive Award Plan align the interests of the Board and management with those of the Company's shareholders.

Under his employment agreement effective for 2003, Stanley K. Tanger, the Company's Chief Executive Officer, was to receive an annual base salary and was to receive a bonus if the Company achieved a targeted FFO amount for the fiscal year:

- o Mr. Tanger's annual base salary for 2003 was \$451,474. His employment contract provides that the annual base salary will be fixed each fiscal year by agreement between Mr. Tanger and the Committee; provided, however, if the Company's FFO per share for the previous year equaled or exceeded a targeted level, the annual base salary is not to be less than Mr. Tanger's annual base salary for that previous year adjusted to reflect any increase in the CPI. The Company's FFO per share for 2002 exceeded the targeted FFO amount in Mr. Tanger's contract. For this reason and in view of Mr. Tanger's key contributions to the Company's continued success in an increasingly competitive environment, the Committee approved an annual base salary of \$451,474 for fiscal 2003.
- o Mr. Tanger earned an annual bonus of \$342,229 for 2003. Under his employment agreement, a minimum bonus of \$125,000 was payable for 2003 if the Company's FFO per share reached targeted levels and additional bonus payments were due based on the percentage by which actual FFO per share exceeded the targeted levels. No bonus was payable unless the minimum targeted FFO was achieved. The Company's FFO for 2003 exceeded the minimum target level at which a bonus was payable.

The Company paid 20% of Mr. Tanger's 2003 annual base salary. The Operating Partnership paid the remainder of his annual base salary. In lieu of

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receiving the annual bonus amount in cash, Mr. Tanger will be granted restricted share awards in 2004 subject to shareholder approval of the Incentive Award Plan. 15% of the award will vest as of June 15, 2004.

In December of 2003 and continuing into the first quarter of 2004, the Committee conducted a review and assessment of the terms of employment and compensation packages of the Company's CEO, COO and CFO. The employment contracts of the CEO and COO had provided for (1) base annual salaries agreed upon annually by the Committee and the officer with minimum CPI increases under certain circumstances and (2) annual cash bonuses based on the Company's performance as measured by FFO per share. Additionally, the Company had approved the award of cash bonuses to the CEO and COO on the Company's sales of shopping centers and had granted the CEO and COO options. The CFO's compensation had included an annual salary, share option grants and discretionary cash bonuses.

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Consistent with the advice and recommendations of a compensation consultant retained by the Committee, the Committee determined to effect the following changes in the compensation arrangements of the CEO, COO and CFO:

- o Remove the provisions for FFO cash bonuses and CPI increases in base salary from the employment contracts of the CEO and COO,
- o Implement a plan for the issuance of restricted shares and replace, at least in part, cash bonuses to senior executives with grants of restricted shares, and
- o Cease payment of bonuses on the Company's future sales of shopping centers.

In connection with these revisions, the Committee approved immediate awards to the CEO, COO and CFO of restricted shares under the Incentive Award Plan for several reasons. The CEO and COO agreed to accept a restricted share award in lieu of the 2003 cash bonuses to which they were entitled under their employment contracts and agreed to modify their employment contracts (which each has a term of three years) prospectively to delete the provisions for cash bonuses based solely upon achieving targeted FFO levels. The exemplary job performance by the CEO, COO and CFO has been responsible for positioning the Company as the nation's second largest owner and operator of manufacturer outlet centers. The Company has not made any equity based compensation awards since calendar year 2000. The awards, which are contingent on shareholder approval of the amended and restated Incentive Award Plan, are as follows:

Name and Position -----	Dollar Value (1) -----	Number of Shares -----
Stanley K. Tanger, CEO	\$2,442,000	60,000
Steven B. Tanger, COO	1,628,000	40,000
Frank C. Marchisello, Jr., CFO	203,500	5,000
	-----	-----
Total executive group	\$4,273,500	105,000
	=====	=====

(1) Estimated based on the closing price of our Common Shares on the New York Stock Exchange on December 31, 2003 of \$40.70.

These restricted shares will vest in the following percentages and on the following dates if the executive does not terminate his employment with us:

DATE OF VESTING	PERCENTAGE OF SHARES
-----------------	----------------------

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6-15-04	15%
12-15-04	15%
12-15-05	15%
12-15-06	15%
12-15-07	20%
12-15-08	20%

If the shareholders do not approve the amended and restated Incentive Award Plan, cash bonuses in amounts equivalent to the value of the proposed restricted share grants will be made on the dates that the proposed restricted shares would have become vested.

During 1993, the Code was amended to add Section 162(m), which denies an income tax deduction to any publicly held corporation for compensation paid to a "covered employee" (which is defined as the Chief Executive Officer and each of the Company's other four most highly compensated officers) to the extent that such compensation in any taxable year of the employee exceeds \$1 million. In addition to salaries, bonuses payable to the Company's executives under their present employment contracts and compensation attributable to the exercise of options and other share-based awards that may be granted under the amended and restated Incentive Award Plan, constitute compensation subject to the Section

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162(m) limitation. The Incentive Award Plan permits, but does not require, the grant of share-based awards intended to qualify as "performance-based compensation" which is exempt from application of the Section 162(m) limitation. It is the Company's policy to take account of the implications of Section 162(m) among all factors reviewed in making compensation decisions. The Company expects that it will not be denied any deduction under Section 162(m) for compensation paid during its taxable year ended December 31, 2003, although it is possible that in some future year some portion of the compensation paid to a Company executive will not be tax deductible by the Company under Section 162(m).

THE COMPENSATION COMMITTEE

Jack Africk (Chairman)

William G. Benton
Thomas E. Robinson

Compensation Committee Interlocks and Insider Participation

The Compensation Committee of the Board, which is composed entirely of independent directors, is charged with determining compensation for our executive officers. Mr. Africk, Mr. Benton and Mr. Robinson currently serve on the Compensation Committee, with Mr. Africk serving as chairman. No executive officer of the Company served as a member of the board of directors or compensation committee of any other entity that has one or more executive officers serving as a member of the Board or the Compensation Committee.

Share Price Performance

The following share price performance chart compares our performance to the S&P 500 and the index of equity REITs prepared by the National Association of Real Estate Investment Trusts ("NAREIT"). Equity REITs are defined as those that derive more than 75% of their income from equity investments in real estate assets. The NAREIT equity index includes all tax qualified real estate investment trusts listed on the New York Stock Exchange, American Stock Exchange

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or the NASDAQ National Market System. In previous years, we also provided a peer group index. As a result of recent mergers and acquisitions, only one significant member in our peer group remains a publicly traded REIT. As such, we felt it was prudent to discontinue use of the peer group index in the graph below.

All share price performance assumes an initial investment of \$100 at the beginning of the period and assumes the reinvestment of dividends. Share price performance, presented for the five years ended December 31, 2003, is not necessarily indicative of future results.

Total Return Performance

[Graph appears here with the following plot points]

	Period Ending					
	Dec. 98	Dec. 99	Dec. 00	Dec. 01	Dec. 02	Dec. 03
Tanger Factory Outlet Centers, Inc.	100.00	108.45	132.72	135.55	220.82	311.55
S&P 500 Index	100.00	121.11	110.34	97.32	75.75	97.4
NAREIT All Equity REIT Index	100.00	95.38	120.53	137.32	142.57	195.51

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Employment Contracts

Each of Stanley K. Tanger and Steven B. Tanger will receive annual cash compensation in the form of salary and bonus pursuant to a three-year employment contract effective as of January 1, 2001. The employment contracts will be automatically extended for one additional year on January 1 of each year unless the executive's employment is terminated, or we give written notice to the executive within 180 days prior to such January 1 that the contract term will not be automatically extended. The base salary provided for in such contracts may be increased each year.

Upon termination of employment, Stanley K. Tanger has agreed not to compete with us for the remainder of his life. Upon termination of employment, Steven B. Tanger has agreed not to compete with us for one year (or three years if severance compensation is received) within a 50 mile radius of the site of any commercial property owned, leased or operated by us or within a 50 mile radius of any commercial property which we negotiated to acquire, lease or operate within the six month period prior to termination. Each executive's covenant not to compete mandates that, during the term of his employment contract and during the effective period of the covenant, such executive direct his commercial real estate activities through us, with exceptions for development of properties which were owned collectively or individually by them, by members of their families or by any entity in which any of them owned an interest or which was for the benefit of any of them prior to the Company's initial public offering (including the three factory outlet centers with a total of 105,068 square feet in which Stanley K. Tanger is a 50% partner and a single shopping center in Greensboro, North Carolina with a total of 24,440 square feet (the "Excluded Properties")). In no event will either of the Tangers engage in the development, construction or management of factory outlet shopping centers or other competing retail commercial property outside of the Company or the Operating Partnership during the effective period of the covenant not to compete (with the exception of the Excluded Properties). See "Certain Relationships and Related Transactions" in this Proxy Statement."

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In addition, each executive will not engage in any active or passive investment in property relating to factory outlet centers or other competing retail commercial property, with the exception of the ownership of up to one percent of the securities of any publicly traded company.

In its review of the terms of the Company's employment packages for our CEO, COO and CFO, the Compensation Committee of the Board has determined, among other things, that the provisions for bonuses based solely on FFO should not be part of our CEO and COO's compensation packages. The Compensation Committee has adopted such changes, subject to the amendment of our employment contracts with the Tangers.

If the employment of either of the Tangers terminates without Cause, as defined in the agreement, or such employment is terminated by the executive with Good Reason, as defined in the agreement, the terminated executive shall receive a severance benefit equal to 300% of the sum of (a) his annual base salary (b) the higher of (i) the prior year's annual bonus or (ii) the average annual bonus for the preceding three years, and (c) his automobile allowance for the current year. If employment terminates by reason of death or disability, the executive or his estate shall receive a lump sum amount equal to (a) his annual base salary that would have been paid for the remaining contract term if employment had not terminated, plus (b) the executive's annual bonus which would have been paid during the year of termination had employment not terminated, multiplied by a fraction the numerator of which is the number of days in the year prior to termination and the denominator of which is 365.

The employment contracts with Stanley K. Tanger and Steven B. Tanger also grant them certain registration rights with respect to the Common Shares that they beneficially own.

Rochelle G. Simpson and Willard A. Chafin each have an employment contract expiring December 31, 2004. Ms. Simpson and Mr. Chafin's contracts may be extended by an additional three year period by mutual written agreement between the executive and us. These contracts established base salaries for calendar year 2002 of \$231,525 for Ms. Simpson and \$242,550 for Mr. Chafin. The base salaries for subsequent years will be set by the Compensation Committee in amounts not less than the 2002 salary.

If the employment of Ms. Simpson or Mr. Chafin is terminated by reason of death or disability or if we materially breach the employment agreement, Ms. Simpson or Mr. Chafin, as applicable, will be paid as additional compensation an amount equal to the annual base salary for the contract year in which the

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termination occurs. Further, if we elect not to extend the term of employment for Ms. Simpson and Mr. Chafin for an additional one or more years, the executive will receive a severance payment equal to the greater of \$125,000 or one-half of the annual base salary payable for the last contract year of the contract term.

Frank C. Marchisello, Jr. has an employment contract expiring December 31, 2005. Mr. Marchisello's contract will be automatically extended for one additional year on January 1 of each year unless the executive's employment is terminated, or we give written notice to the executive within 180 days prior to such January 1 that the contract term will not be automatically extended. The contract established a base salary for calendar year 2003 of \$243,101. Mr. Marchisello's base salary for subsequent years will be set by the Compensation Committee.

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If Mr. Marchisello's employment is terminated by reason of death or disability, he will receive as additional compensation an amount equal to his annual base salary for the contract year in which the termination occurs. Further, if Mr. Marchisello's employment is terminated by the Company without Cause, or by Mr. Marchisello for Good Reason, as those terms are defined in the agreement, Mr. Marchisello will receive a severance payment equal to 300% of his annual base salary for the current contract year, to be paid monthly over the succeeding 36 months.

During the respective term of employment and for a period of one year thereafter (three years in the case of Mr. Marchisello if he receives a severance payment of 300% of his annual base salary), each of Ms. Simpson, Mr. Chafin and Mr. Marchisello is prohibited from engaging directly or indirectly in any aspect of the factory outlet business within a radius of 100 miles of, or in the same state as, any factory outlet center owned or operated by us.

Stanley K. Tanger and Steven B. Tanger are employed and compensated by both the Operating Partnership and the Company. The Committee believes that the allocation of such persons' compensation as between the Company and the Operating Partnership reflects the services provided by such persons with respect to each entity. The remainder of the employees are employed solely by the Operating Partnership.

PROPOSAL 2

APPROVAL OF THE AMENDED AND RESTATED INCENTIVE AWARD PLAN

We propose to ratify the Amended and Restated Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership (the "Incentive Award Plan") in order to add restricted shares and other share-based grants to the Incentive Award Plan, to reflect the merger of the unit option plan of the Operating Partnership (the "Unit Option Plan") into the Incentive Award Plan and to amend the Incentive Award Plan in certain other respects.

The Incentive Award Plan (formerly known as the Share Option Plan for Directors and Executive and Key Employees of Tanger Factory Outlet Centers, Inc. or the "Share Option Plan") and the Unit Option Plan were originally approved by the Board and the shareholders of the Company on May 28, 1993. The Incentive Award Plan and the Unit Option Plan have subsequently been amended from time to time as approved by the Company's shareholders.

The principal features of the Incentive Award Plan are summarized below, but the summary is qualified in its entirety by reference to the Incentive Award Plan, which is attached as Exhibit B to this Proxy Statement.

Shares Available Under the Incentive Award Plan

Without giving effect to the proposed increase to the number of Common Shares reserved for issuance under the Incentive Award Plan (submitted for shareholder approval under separate action - See Proposal 3), the Incentive Award Plan provides for the issuance of up to 2,250,000 Common Shares (subject to antidilution and other adjustment provisions), and Units of the Operating Partnership issued upon exercise of an option awarded under the Unit Option Plan will count against this share limit. Furthermore, with respect to any individual in any single calendar year, the maximum number of shares subject to options granted under the Incentive Award Plan (or the Unit Option Plan) cannot exceed 180,000; the maximum dollar value of cash performance awards and dividend equivalents cannot exceed \$1,000,000; and the maximum number of shares subject to other awards cannot exceed 60,000, in each case subject to antidilution and

other adjustment provisions.

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General Nature and Purpose

The principal purposes of the Incentive Award Plan are to provide incentives for the Company's and the Operating Partnership's officers, employees and non-employee directors through granting of options, restricted shares, dividend equivalents, deferred shares and other incentive awards, thereby stimulating their personal and active interest in the development and financial success of the Company and inducing them to remain in the Company's or the Operating Partnership's employ (or service).

Administration and Term of the Incentive Award Plan

Generally, the plan administrator will be the Committee with respect to awards granted to employees of the Company and the Operating Partnership and their subsidiaries, and the full Board with respect to awards granted to non-employee directors ("Independent Directors"). The Committee will consist of at least two Independent Directors, each of whom is a "non-employee director" as defined by Rule 16b-3 of the Exchange Act and an "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986 (the "Code"). Except with respect to matters that under Rule 16b-3 under the Exchange Act or Section 162(m) of the Code are required to be determined by the Committee, the full Board may act as plan administrator.

The plan administrator has the authority to designate recipients of awards and to determine the terms and provisions of awards, including the exercise or purchase price, expiration date, vesting schedule and terms of exercise.

The Incentive Award Plan will terminate on May 14, 2014, but any award outstanding on that date will remain outstanding in accordance with their terms. The plan administrator also has the authority to terminate, amend or modify the plan at any time subject to shareholder approval requirements.

Awards under the Incentive Award Plan

The Incentive Award Plan provides that the plan administrator may grant or issue options, restricted shares, deferred shares, dividend equivalents, performance awards, share payments and other Common Share related benefits, or any combination thereof, to any eligible employee or non-employee director of the Company and the Operating Partnership and their subsidiaries. Each award will be set forth in a separate agreement with the person receiving the award and will indicate the type, terms and conditions of the award.

Nonqualified Share Options ("NQSOs") will provide for the right to purchase Common Shares at a specified price which, except with respect to NQSOs intended to qualify as performance-based compensation under Section 162(m) of the Code, may be less than fair market value on the date of grant and usually will become exercisable in one or more installments after the grant date, subject to the participant's continued employment or other service with the Company or Operating Partnership and/or subject to the satisfaction of business or individual performance targets. Since May 28, 2003, the only type of options that may be issued under the Incentive Award Plan are NQSOs.

Restricted Shares ("Restricted Shares") may be sold to participants at various prices or awarded for no consideration if permitted under applicable law and in either case made subject to such conditions and restrictions as may be determined by the plan administrator. Typically, Restricted Shares may be

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repurchased at a price not to exceed the original purchase price if the conditions or restrictions are not met. In general, Restricted Shares may not be sold or otherwise transferred until restrictions are removed or expire. Purchasers of Restricted Shares, unlike recipients of options, will have voting rights and typically will receive dividends prior to the time when the restrictions lapse.

Deferred Shares ("Deferred Shares") may be awarded to participants subject to vesting conditions based on continued employment or other service or on performance criteria. Like Restricted Shares, Deferred Shares may not be sold or otherwise transferred until vesting conditions are removed or expire. Unlike Restricted Shares, however, Deferred Shares will not be issued until the Deferred Shares award has vested, and recipients of Deferred Shares generally will have no voting or dividend rights prior to the time when vesting conditions are satisfied.

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Dividend Equivalents ("Dividend Equivalents") represent the value of the dividends per share paid by the Company, calculated with reference to the number of shares covered by other awards held by the participant or otherwise. These Dividend Equivalents may be paid in cash or in Common Shares or in a combination of both.

Performance Awards ("Performance Awards") generally will be based upon specific performance targets and may be paid in cash or in Common Shares or in a combination of both. Performance Awards in the form of a cash bonus which are intended to qualify as performance-based compensation as described in Section 162(m) of the Code may not exceed \$1,000,000 to any individual in any calendar year.

Share Payments may be authorized in the form of Common Shares or an option or other right to purchase Common Shares as part of a deferred compensation arrangement or otherwise in lieu of or in addition to all or any part of compensation, including bonuses, that would otherwise be payable in cash to the employee or non-employee director.

Securities Laws and Federal Income Taxes

The Incentive Award Plan is intended to conform to the extent necessary with all provisions of the Securities Act and the Exchange Act and any and all regulations and rules promulgated by the Securities and Exchange Commission (the "SEC") thereunder, including, without limitation, Rule 16b-3 under the Exchange Act. To the extent permitted by applicable law, the Incentive Award Plan and options or other awards granted thereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

General federal tax consequences. Under current federal laws, recipients of awards and grants of nonqualified share options, restricted shares, deferred shares, dividend equivalents, performance awards and shares payments under the Incentive Award Plan are generally not taxed at the time of grant but are taxed under Section 83 of the Code upon their receipt of cash payments or receipt of Common Shares in connection with the exercise or vesting of such awards or grants, and, subject to Section 162(m) of the Code, the Company will be entitled to an income tax deduction with respect to the amounts taxable to these recipients.

Section 162(m) limitation. In general, under Section 162(m) of the Code, income tax deductions of publicly-held corporations may be limited to the extent total compensation (including base salary, annual bonus, option exercises, share and share-based awards, and non-qualified benefits) for certain

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executive officers exceeds \$1 million in any one year. However, under Section 162(m) of the Code, the deduction limit does not apply to certain "performance-based compensation" established by an independent compensation committee which is adequately disclosed to, and approved by, shareholders. In particular, options will satisfy the "performance-based compensation" exception if the awards are made by a qualifying compensation committee, the plan sets the maximum number of shares that can be granted to any person within a specified period and the compensation is based solely on an increase in the share price after the grant date (that is, the option exercise price is equal to or greater than the fair market value of the shares subject to the award on the grant date). Rights and awards granted under the Incentive Award Plan other than options will not qualify as "performance-based compensation" for purposes of Section 162(m) of the Code unless such rights and awards are granted or vest upon preestablished objective performance goals, the material terms of which are disclosed to and approved by shareholders.

The Company has attempted to structure the Incentive Award Plan in such a manner that, subject to obtaining shareholder approval of the Incentive Award Plan, the remuneration attributable to options and other rights and awards which meet the other requirements of Section 162(m) of the Code will not be subject to the \$1,000,000 limitation. In particular, the Incentive Award Plan provides that certain rights and awards under the Incentive Award Plan which are intended to qualify as "performance-based compensation" under Section 162(m) of the Code shall be based on one or more of the following objective business or individual criteria with respect to the Company, the Operating Partnership, or any subsidiary, division or operating unit of any of them: (i) net income; (ii) pre-tax income; (iii) operating income; (iv) cash flow; (v) earnings per share; (vi) return on equity; (vii) return on invested capital or assets; (viii) cost reductions or savings; (ix) funds from operations; (x) appreciation in the Fair Market Value (as defined in the Incentive Award Plan) of a Common Share; (xi) total return performance on Common Shares as reported in the Company's annual proxy statement; (xii) operating profit; (xiii) working capital; (xiv) earnings before any one or more of the following items: interest, taxes, depreciation or amortization; (xv) lease renewals; (xvi) occupancy rates; (xvii) average tenant sales per square foot; and (xviii) rental rates. Additionally, the Incentive Award Plan provides that such criteria shall be applied only to the extent permissible with respect to such qualification under Section 162(m) of the Code. As described above, the Incentive Award Plan states (i) that employees and

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officers of the Company are eligible to receive rights and awards under the Incentive Award Plan, (ii) the maximum number of shares which may be subject to rights and awards granted under the Incentive Award Plan to any individual in any calendar year, and that Performance Awards in the form of a cash bonus which are intended to qualify as "performance-based compensation" may not exceed \$1,000,000 to any individual in any calendar year. The Company has not, however, requested a ruling from the IRS or an opinion of counsel regarding the applicability of Section 162(m) of the Code with respect to the Incentive Award Plan.

Grants of Restricted Shares. Subject to shareholder approval of the amended and restated Incentive Award Plan, the Compensation Committee will award restricted shares to the CEO, COO and CFO under the restricted share plan of the Incentive Award Program in recognition of the exemplary performance of those officers in providing stabilizing management for the Company and having positioned the Company as the second largest company in the manufacturers' outlet center industry. See the Report of the Compensation Committee on Executive Compensation included in this proxy statement.

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Vote Required. Approval of the amended and restated Incentive Award Plan requires approval by the affirmative vote of the holders of a plurality of those votes cast at the meeting; provided that a quorum is present. Accordingly, abstentions, broker non-votes and Common Shares present at the meeting for any other purpose but which are not voted on this proposal will not affect the outcome of the vote on the proposal unless the North Carolina Business Corporation Act requires that the proposal be approved by a greater number of affirmative votes than a plurality of the votes cast.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE AMENDED AND RESTATED INCENTIVE AWARD PLAN.

PROPOSAL 3

AMENDMENT TO INCREASE THE NUMBER OF COMMON SHARES AVAILABLE UNDER THE INCENTIVE AWARD PLAN

It is proposed that the Company's Incentive Award Plan be amended to increase the number of the Common Shares which may be issued under the Incentive Award Plan from 2,250,000 in the aggregate to 3,000,000 in the aggregate.

Vote Required. Approval of the amendment to the Incentive Award Plan to increase from 2,250,000 to 3,000,000 the aggregate number of Common Shares which may be issued under the Incentive Award Plan requires approval by the affirmative vote of the holders of a plurality of those votes cast at the meeting; provided that a quorum is present. Accordingly, abstentions, broker non-votes and Common Shares present at the meeting for any other purpose but which are not voted on this proposal will not affect the outcome of the vote on the proposal unless the North Carolina Business Corporation Act requires that the proposal be approved by a greater number of affirmative votes than a plurality of the votes cast.

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE RATIFICATION OF THE AMENDMENT TO INCREASE THE NUMBER OF COMMON SHARES AVAILABLE UNDER THE INCENTIVE AWARD PLAN.

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The following table provides information as of December 31, 2003 with respect to compensation plans under which the Company's equity securities are authorized for issuance:

Plan Category -----	(a) ----- Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights -----	(b) ----- Weighted Average Exercise Price of Outstanding Options, Warrants and Rights -----
Equity compensation plans approved by security holders	427,560	\$25.44
Equity compensation plans not approved by security holders	---	---
Total	427,560	\$25.44

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Certain Relationships and Related Transactions

We manage for a fee three factory outlet centers owned by joint ventures with a total of 105,068 square feet, in which Stanley K. Tanger and a third party each have a fifty percent interest. As a result, certain conflicts of interest may arise between Mr. Tanger's duties and responsibilities to us and his duties and responsibilities to the joint ventures in ensuring the adequate provision of services. In addition, conflicts of interest may arise over the allocation of management resources between our properties and the joint venture properties. However, the arrangement under which we provide services to the joint ventures can be terminated by either party, with or without cause, upon 30 days' notice. To minimize potential conflicts of interest, all significant transactions between us and the joint ventures, including continuing the arrangement for providing management services, will be approved by a disinterested majority of the Board. As a general matter, we do not expect to engage in any other transactions with any member of management in his or her individual capacity. Revenues from managing the joint ventures accounted for less than one-tenth of one percent of our revenues in 2003.

Other Matters -

Appointment of Independent Auditors. Upon the recommendation of the Audit Committee, the Board has appointed the firm of PricewaterhouseCoopers LLP to audit the accounts of the Company with respect to its operations for the fiscal year ending on December 31, 2004 and to perform such other services as may be required. Should the firm be unable to perform these services for any reason, the Board will appoint other independent auditors to perform these services. PricewaterhouseCoopers LLP served as our independent auditors for the fiscal year ended December 31, 2003. There are no affiliations between the Company and PricewaterhouseCoopers LLP, its partners, associates or employees, other than its engagement as independent auditors for the Company. Representatives of PricewaterhouseCoopers LLP are expected to be present at the meeting, will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions from shareholders. See the Report of the Audit Committee, included in this Proxy Statement, for information relating to the fees billed to the Company by PricewaterhouseCoopers LLP for the fiscal years ended December 31, 2003 and 2002.

Reference is hereby made to the Company's annual report on Form 10-K for the year ended December 31, 2003 and the Company's Annual Report delivered together with this Proxy Statement, and such documents incorporated herein by reference for financial information and related disclosures required to be include herein.

Section 16(a) Beneficial Ownership Reports. Section 16(a) of the Exchange Act of 1934, as amended (the "Exchange Act"), requires our officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of the ownership and changes in the ownership (Forms 3, 4 and 5) with the SEC and the New York Stock Exchange. Officers, directors and beneficial owners of more than ten percent of our Common Shares are required by the SEC's regulations to furnish us with copies of all such forms which they file.

Based solely on our review of the copies of Forms 3, 4 and 5 and the amendments thereto received by us for the period ended December 31, 2003, or written representations from certain reporting persons, we believe that no Forms 3, 4 or 5 were filed delinquenty.

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Shareholder Proposals and Nominations. This Proxy Statement and form of proxy will be sent to shareholders in an initial mailing on or about April 12, 2004. Proposals of shareholders pursuant to Regulation 14a-8 of the Exchange Act intended to be presented at our Annual Meeting of Shareholders to be held in 2005 must be received by us no later than December 13, 2004. Such proposals must comply with the requirements as to form and substance established by the SEC for such proposals in order to be included in the proxy statement. A shareholder who wishes to make a proposal pursuant to Regulation 14a-8 of the Exchange Act at our Annual Meeting of Shareholders to be held in 2005 without including the proposal in the Company's proxy statement and form of proxy relating to that meeting must notify the Company no later than February 26, 2005. If a shareholder fails to give notice by February 26, 2005, then the persons named as proxies in the proxies solicited by the Board for the Annual Meeting of Shareholders to be held in 2005 may exercise discretionary voting power with respect to any such proposal. Pursuant to the Company's By-Laws, generally, to be properly considered at an annual meeting, all other shareholder proposals for our Annual Meeting of Shareholders to be held in 2005 must be received by the corporate secretary not earlier than 120 days and not later than 90 days prior to the anniversary of this year's meeting.

Shareholders may nominate an individual for election as a director of the Company in conformity with the requirements of the Company's By-Laws. Generally, to be properly considered at our Annual Meeting of Shareholders to be held in 2005, written notice of the nomination must be delivered to the corporate secretary not earlier than 120 days and not later than 90 days prior to the anniversary of this year's meeting. Such shareholder's notice shall set forth as to each person whom the shareholder nominates for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected).

Board Committee Charters, Corporate Governance Guidelines and Code of Business Conduct and Ethics. Each of the Board's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee operate under written charters adopted by the Board. The Board has also adopted written Corporate Governance Guidelines in accordance with listing requirements of the New York Stock Exchange and a written Code of Business Conduct and Ethics that applies to directors, management and employees of the Company. We have made available copies of our Board Committee Charters, Code of Business Conduct and Ethics on the Company's website at www.tangeroutlet.com. Copies of these documents may also be obtained by sending a request in writing to Tanger Factory Outlet Centers, Inc., 3200 Northline Avenue, Suite 360, Greensboro, North Carolina 27408, Attn: Corporate Secretary.

Documents Incorporated by Reference. This Proxy Statement incorporates documents by reference which are not presented herein or delivered herewith. These documents (except for certain exhibits to such documents, unless such exhibits are specifically incorporated herein) are available upon request without charge. Requests may be oral or written and should be directed to the attention of the Secretary of the Company at the principal executive offices of the Company. In addition, the Company's Web site is located at <http://www.tangeroutlet.com>. On the Company's website you can obtain, free of charge, a copy of the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we file such material electronically with, or furnish it to, the SEC.

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All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the date of the Meeting shall be deemed incorporated by reference into this Proxy Statement and shall be deemed a part hereof from the date of filing of such documents. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Proxy Statement to the extent that a statement contained herein (or subsequently filed document which is also incorporated by reference herein) modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed to constitute a part of this Proxy Statement, except as so modified or superseded.

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Other Business. All Common Shares represented by the accompanying proxy will be voted in accordance with the proxy. We know of no other business which will come before the meeting for action. However, as to any such business, the persons designated as proxies will have authority to act in their discretion.

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APPENDIX A

TANGER FACTORY OUTLET CENTERS, INC. AUDIT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER

1. PURPOSE. The purpose of the Audit Committee (the "Committee") shall be to:
 - A. Assist the Board in fulfilling its oversight of 1. the integrity of the Company's financial statements; 2. the Company's compliance with legal and regulatory requirements; 3. the qualifications and independence of the Company's independent auditors; and 4. the performance of the Company's independent auditors and the Company's internal audit function.
 - B. Prepare any audit committee reports required by the Securities and Exchange Commission ("SEC") to be included in the Company's annual proxy statement.

Notwithstanding the foregoing, the Committee's responsibilities are limited to oversight. Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements as well as the Company's financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures. The independent auditors are responsible for performing an audit of the Company's annual financial statements, expressing an opinion as to the conformity of such annual financial statements with generally accepted accounting principles and reviewing the Company's quarterly financial statements in accordance with Statement of Auditing Standards No. 100. It is not the responsibility of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and in accordance with generally accepted accounting principles and applicable laws, rules and regulations. Each member of the Committee shall be entitled to rely on the integrity of those persons within the Company and of the professionals and experts (including the Company's internal auditor (or others responsible for the internal audit function, including contracted non-employee or audit or accounting firms engaged to provide internal audit services) (the "internal auditor") and the Company's independent auditors) from which the Committee receives information and, absent actual knowledge to the contrary, the accuracy of the financial and other information provided to the Committee by such persons, professionals or experts.

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Further, auditing literature, particularly Statement of Auditing Standards No. 100, defines the term "review" to include a particular set of required procedures to be undertaken by independent auditors. The members of the Committee are not independent auditors, and the term "review" as used in this Charter, unless otherwise specified, is not intended to have that meaning and should not be interpreted to suggest that the Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

2. STRUCTURE AND OPERATIONS

A. Composition and Qualifications

1. The Committee shall be comprised of at least three directors, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise "independent" under the rules of the New York Stock Exchange ("NYSE") and Rule 10A-3(b)(1) under the Securities Exchange Act of 1934 (the "Exchange Act"). Any action duly taken by the Committee shall be valid and effective, whether or not the members of the Committee at the time of such action are later determined not to have satisfied the requirements for membership provided herein.
2. Each member of the Committee must be "financially literate" (or become so within a reasonable period of time after his or her appointment to the Committee). Members of the Committee are not required to be engaged in the accounting and auditing profession and, consequently, some members may not be expert in financial matters, or in matters involving auditing or accounting. However, at least one member must have "accounting or related financial management expertise" as each such qualification is interpreted by the Board in its business judgment. In addition, either at least one member of the Committee

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shall be an "audit committee financial expert" within the definition adopted by the SEC or the Company shall disclose in its periodic reports required pursuant to the Exchange Act the reasons why at least one member of the Committee is not an "audit committee financial expert."

3. No member of the Committee may serve on the audit committee of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee and discloses that determination in the Company's annual proxy statement.

B. Appointment and Removal

Members shall be appointed by the Board based on nominations by the Company's Nominating and Corporate Governance Committee and shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

C. Chairman

The Board shall designate one member of the Committee as its chairperson. If the Board does not designate a chairperson, the members of the Committee shall designate a Chairman by the majority

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vote of the Committee membership.

D. Compensation

A member of the Committee shall not receive from the Company or any of its subsidiaries any consulting, advisory or other compensatory fee other than for service as a member of the Board, the Committee or any other Board committee that would cause such member not to be "independent" for purposes of serving on the Committee under the requirements of federal law or the rules of the NYSE. Dividends paid on all shares of a class of stock or other investment income and reimbursements for bona fide expenses shall not be deemed compensatory income.

3. MEETINGS

The Committee chairperson (or in his or her absence, a member designated by the chairperson) shall preside at each meeting of the Committee and set the agenda for the meeting. The Committee shall have the authority to establish its own rules and procedures for notice and conduct of its meetings so long as they are not inconsistent with any provisions of the Company's bylaws that are applicable to the Committee.

The Committee shall meet at least quarterly, or more frequently if the Committee deems it desirable, to discuss with the Company's management and independent auditors the Company's annual audited financial statements and quarterly financial statements, as applicable, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Periodically, the Committee should meet separately with management, with the director of the Company's internal auditing department and with the Company's independent auditors to discuss any matters that the Committee or any of these persons or firms believe should be discussed privately.

All non-management directors that are not members of the Committee may attend and observe meetings of the Committee, but shall not participate in any discussion or deliberation unless invited to do so by the Committee, and in any event shall not be entitled to vote. In its discretion, the Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. Notwithstanding the foregoing, the Committee may also exclude from its meetings any persons it deems appropriate, including, but not limited to, any non-management director that is not a member of the Committee.

Members of the Committee may participate in a meeting of the Committee through or by the use of any means of communication by which all members participating may simultaneously hear each other during the meeting.

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4. DUTIES AND RESPONSIBILITIES

To carry out its purposes, the Committee shall have the duties and responsibilities described in this Section 3.

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A. Independent Auditors

1. To be directly responsible for the appointment, compensation, retention and oversight of the work of the Company's independent auditors (including the resolution of disagreements between management and the independent auditors regarding financial reporting), who shall report directly to the Committee.

2. To be directly responsible for the appointment, compensation, retention and oversight of the work of any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or to perform audit, review or attestation services, which firm shall also report directly to the Committee.

3. To approve in advance, or to adopt appropriate procedures to approve in advance, all audit and non-audit services to be provided by the independent auditors.

4. To obtain and review, at least annually, a formal written statement containing (a) a report by the independent auditors describing the auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review or peer review of the auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditors, and any steps taken to deal with any such issues, (b) to assess the auditors' independence, all relationships between the independent auditors and the Company, including each non-audit service provided to the Company and at least the matters set forth in Independence Standards Board Standard No. 1 and (c) whether the independent auditor is in compliance with the SEC partner rotation requirements.

5. To obtain and review, at least annually, a formal written statement from the independent auditors of the fees billed to the Company by the independent auditors in each of the last two fiscal years for each of the following categories of services rendered by the independent auditors: (i) the audit of the Company's annual financial statements and the review of the financial statements included in the Company's Quarterly Reports on Form 10-Q or services that are normally provided by the independent auditors in connection with statutory and regulatory filings or engagements; (ii) assurance and related services not included in clause (i) that are reasonably related to the performance of the audit or review of the Company's financial statements, in the aggregate by each service; (iii) tax compliance, tax advice and tax planning services, in the aggregate and by each service; and (iv) all other products and services rendered by the independent auditors, in the aggregate and by each service.

6. To obtain from the independent auditors in connection with any audit a timely report relating to the Company's annual audited financial statements describing (A) all critical accounting policies and practices used, (B) all alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors, and (C) any material written communications between the independent auditors and management, such as any "management" letter or schedule of unadjusted differences.

7. To consider from the information provided pursuant to this

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Section A and such other information as the Committee deems relevant the impact that any relationships between the auditor and the Company or non-audit services provided by the auditor may have on the objectivity and independence of the auditor and whether, to insure continued auditor independence, there should be a regular rotation of the annual audit among independent auditing firms.

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B. Internal Audit.

1. to review the appointment and replacement of the director of the internal auditing department.

2. to obtain and review summaries of and, as appropriate, the significant reports to management prepared by the internal auditing department and management's responses thereto.

3. to inquire of the Company's chief executive officer and chief financial officer as to the existence of any significant deficiencies or material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, and as to the existence of any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

4. to discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company assess and manage the Company's exposure to risk, and to discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

C. Accounting Principles and Policies.

1. to obtain from management, the internal auditing department and the independent auditors a timely analysis of significant issues and practices relating to accounting principles and policies, financial reporting and internal control over financial reporting.

2. to consider any reports or communications (and management's and/or the internal audit department's responses thereto) submitted to the Committee by the independent auditors required by or referred to in SAS 61 (as codified by AU Section 380), as it may be modified or supplemented or other professional standards.

D. Financial Reporting Process

1. To review with management, the internal auditor and the independent auditors:

- (a) the scope of the annual audit, the procedures to be followed and the staffing of the audit;
- (b) the annual audited financial statements and quarterly financial statements, including the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations";
- (c) any significant matters arising from any audit,

including any audit problems or difficulties, whether raised by management, the internal auditing department or the independent auditors, relating to the Company's financial statements. Among the items the Committee should consider reviewing are (a) any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); (b) any communications between the audit team and the independent auditors' national office respecting auditing or accounting issues presented by the engagement; and (c) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company.

- (d) any difficulties the independent auditors encountered in the course of the audit, including any restrictions on their activities or access to requested information and any significant disagreements with management;
- (e) any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditors to the Company;
- (f) the form of opinion the independent auditors propose to render to the Board and shareholders;

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- (g) as appropriate: (i) any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (ii) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (iii) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and

2. to obtain from the independent auditors assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which sets forth certain procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934.

3. Based upon the discussions, reviews and disclosures provided for herein, to determine whether to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K.

E. Legal/Compliance

1. to discuss with the Company's General Counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the Company's business,

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financial statements or compliance policies, including material notices to or inquiries received from governmental agencies.

G. Reporting and Recommendations

1. to prepare any report or other disclosures, including any recommendation of the Committee, required by the rules of the SEC to be included in the Company's annual proxy statement;

2. to review this Charter at least annually and recommend any changes to the full Board of Directors;

3. to report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate; and

4. to prepare and review with the Board an annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the chairperson of the Committee or any other member of the Committee designated by the Committee to make this report.

H. Other

1. to discuss and review the type and presentation of information to be included in earnings press releases (with particular focus on any "pro forma" or "adjusted" non-GAAP information);

2. to discuss the types of financial information and earnings guidance provided, and the types of presentations made, to analysts and rating agencies;

3. to discuss with management the Company's policies with respect to risk assessment and risk management, the Company's significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures.

4. to establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and for the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters;

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5. to review and discuss any reports concerning a material violation of an applicable United States federal or state securities law, a material breach of fiduciary duty arising under United States federal or state law, or a similar material violation of any United States federal or state law (a "material violation") submitted to it by Company attorneys or outside counsel pursuant to the SEC attorney professional responsibility rules (17 C.F.R. Part 205) or otherwise. The Committee shall have the authority and responsibility :

(a) To inform the Company's chief legal officer and chief executive officer of any report of evidence of a material violation;

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- (b) To determine whether an investigation is necessary regarding any report of evidence of a material violation by the Company, its officers, directors, employees or agents and, if it determines an investigation is necessary or appropriate, to :
 - (i) Notify the full Board;
 - (ii) Initiate an investigation, which may be conducted either by the chief legal officer or by outside attorneys; and
 - (iii) Retain such additional expert personnel as the Committee deems necessary.
- (c) At the conclusion of any such investigation, to:
 - (i) Recommend, by majority vote, that the Company implement an appropriate response to evidence of a material violation; and
 - (ii) Inform the chief legal officer, chief executive officer and the Board of the results of any such investigation and the appropriate remedial measures to be adopted.
- (d) Acting by majority vote, to take all other appropriate action, including the authority to notify the SEC in the event that the Company fails in any material respect to implement any appropriate response that the Committee has recommended the Company take.

6. to establish hiring policies for employees or former employees of the independent auditors.

5. DELEGATION TO SUBCOMMITTEE

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee. The Committee may, in its discretion, delegate to one or more of its members the authority to approve in advance any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Committee at its next scheduled meeting.

6. RESOURCES AND AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, approve the fees and other retention terms of special or independent counsel, accountants or other experts and advisors, as it deems necessary or appropriate, without seeking approval of the Board or management.

The Company shall provide for appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of:

- (1) Compensation to the independent auditors and any other public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;

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- (2) Compensation of any experts or advisers employed by the Committee;
- (3) Compensation for the Company's regular legal counsel or other advisers of the Company; and
- (4) Ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

[Adopted 2-24-04]

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APPENDIX B

THE AMENDED AND RESTATED INCENTIVE AWARD PLAN
OF
TANGER FACTORY OUTLET CENTERS, INC. AND
TANGER PROPERTIES LIMITED PARTNERSHIP

Tanger Factory Outlet Centers, Inc., a corporation organized under the laws of the state of North Carolina (the "Company"), adopted the Stock Option Plan for Directors and Executive and Key Employees of Tanger Factory Outlet Centers, Inc., (the "Plan") on May 28, 1993. The Plan has subsequently been amended from time to time. Tanger Properties Limited Partnership, a partnership organized under the laws of the state of North Carolina (the "Partnership") adopted the Partnership Unit Option Plan for Employees of Tanger Properties Limited Partnership (the "Unit Option Plan") on May 28, 1993, which plan has also subsequently been amended from time to time. In order to conform the Plan document to such amendments, to further amend the Plan in certain respects, and to merge the Unit Option Plan into the Plan, the Plan has been amended, restated and renamed by the Company and the Partnership, effective as of May 14, 2004. This Amended and Restated Incentive Award Plan of Tanger Factory Outlet Centers, Inc. and Tanger Properties Limited Partnership constitutes a complete amendment and restatement of the Plan in its entirety and a continuation of the Plan. The Plan shall also serve as the successor to the Unit Option Plan and no further options shall be granted under the Unit Option Plan after May 14, 2004. All options outstanding under the Unit Option Plan on such date shall be thereafter treated as outstanding options under the Plan. However, each outstanding option so incorporated shall continue to be governed solely by the terms of the documents evidencing such option, and no provision of the Plan shall be deemed to affect or otherwise modify the rights or obligations of the holders of such incorporated options with respect to their acquisition of Units or Common Shares.

The purposes of this Plan are as follows:

- (1) To further the growth, development and financial success of the Company and the Partnership by providing additional incentives to directors and employees of the Company, the Partnership and their subsidiaries, who have been or will be given responsibility for the management or administration of the Company's business affairs, by assisting them to become owners of the Company's Common Shares and thus to benefit directly from such growth, development and financial success.
- (2) To enable the Company, the Partnership and their subsidiaries to obtain and retain the services of the types of professional, technical

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and managerial employees and directors considered essential to the long range success of the Company by providing and offering them an opportunity to own Common Shares and/or rights which will reflect the growth, development and financial success of the Company.

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ARTICLE I. DEFINITIONS

Wherever the following terms are used in this Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The masculine pronoun shall include the feminine and neuter and the singular shall include the plural, where the context so indicates.

Section 1.1 Administrator

"Administrator" shall mean the entity that conducts the general administration of the Plan as provided herein. With reference to the administration of the Plan with respect to Awards granted to Independent Directors, the term "Administrator" shall refer to the Board. With reference to the administration of the Plan with respect to any other Award, the term "Administrator" shall refer to the Committee unless the Board has assumed the authority for administration of the Plan g