

JOHN HANCOCK TAX-ADVANTAGED DIVIDEND INCOME FUND

Form N-CSR

January 06, 2011

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

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811- 21416

John Hancock Tax-Advantaged Dividend Income Fund

(Exact name of registrant as specified in charter)

601 Congress Street, Boston, Massachusetts 02210

(Address of principal executive offices) (Zip code)

Salvatore Schiavone
Treasurer

601 Congress Street

Boston, Massachusetts 02210
(Name and address of agent for service)

Registrant's telephone number, including area code: 617-663-4497

Date of fiscal year end: October 31

Date of reporting period: October 31, 2010

ITEM 1. REPORT TO STOCKHOLDERS.

Management's discussion of

Fund performance

By MFC Global Investment Management (U.S.), LLC and Analytic Investors, LLC

Preferred securities and utility common stocks, two main areas of emphasis for the Fund, posted extremely strong gains during the 12-month period ended October 31, 2010, powered by a combination of improving macroeconomic conditions, better corporate profits and generally favorable technical forces. For the period, John Hancock Tax-Advantaged Dividend Income Fund returned 39.49% at net asset value (NAV) and 47.01% at market value. The difference in the Fund's NAV performance and its market performance stems from the fact that the market share price is subject to the dynamics of secondary market trading, which could cause it to trade at a discount or premium to the Fund's NAV share price at any time. By comparison, the group of diversified equity closed-end funds tracked by UBS returned an average 20.76% at NAV and 25.16% at market value. For the same 12-month period, the Bank of America Merrill Lynch Preferred Stock DRD-Eligible Index returned 17.59%, the S&P 400 MidCap Utilities Index returned 24.03% and the S&P 500 Banks Index returned 4.30%.

Holdings in utility common stocks were among the best performers, with investments in Integrys Energy Group, Inc., Progress Energy, Inc. and NiSource, Inc. faring particularly well in response to investors' appetite for high-yielding stocks. Electricity transmission companies Northeast Utilities and NSTAR also performed quite well, thanks to their comparatively attractive return on equity and the late-period announcement that the firms plan to merge with each other. The common stocks of OGE Energy Corp. and ONEOK, Inc. were other strong performers, powered by the companies' ability to buy natural gas cheaply and sell the liquids they produce at a higher price. Among preferred securities, certain holdings in Citigroup Capital were bid higher in response to expectations that the securities might be redeemed. Tax-advantaged preferreds issued by Bank of America Corp. rose due to the company's improved financial stability. Detracting from performance was the common stock of BP PLC, which was under severe pressure due to the oil spill in the Gulf of Mexico. Preferred securities with particular structures, such as an approaching call date or a premium price to par value, that fell out of favor such as Santander Holdings USA, Inc. and Interstate Power & Light Company also detracted. With global equities posting solid gains during the period, it was a difficult environment in which to sell call options since they generally lost value as the market advanced. That was the case with the options component of the Fund, which detracted from performance because it posted negative returns overall.

This commentary reflects the views of the portfolio managers through the end of the Fund's period discussed in this report. The managers' statements reflect their own opinions. As such, they are in no way guarantees of future events and are not intended to be used as investment advice or a recommendation regarding any specific security. They are also subject to change at any time as market and other conditions warrant.

Past performance is no guarantee of future results.

Sector investing is subject to greater risks than the market as a whole. Because the Fund may focus on particular sectors of the economy, its performance may depend on the performance of those sectors.

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Portfolio summary

10 Holdings¹

Fargo & Company	3.5%	ONEOK, Inc.	2.8%
Energy Corp.	3.4%	DTE Energy Company	2.7%

Progress Energy, Inc.	3.2%	NSTAR	2.7%
Integrus Energy Group, Inc.	3.2%	American Electric Power Company, Inc.	2.4%
Spectra Energy Corp.	2.9%	Vectren Corp.	2.3%

Sector Composition^{2,3}

Utilities	61%	Telecommunication Services	5%
Financials	24%	Industrials	1%
Energy	8%	Short-Term Investments & Other	1%

¹ As a percentage of the Fund's total investments on 10-31-10. Cash and cash equivalents are not included in Top 10 Holdings.

² As a percentage of the Fund's total investments on 10-31-10.

³ Sector investing is subject to greater risks than the market as a whole. Because the Fund may focus on particular sectors of the economy, its performance may depend on the performance of those sectors.

Fund's investments

As of 10-31-10

	Shares	Value
Common Stocks 86.10%		\$542,764,505
(Cost \$519,996,999)		
Consumer Discretionary 0.00%		89
Publishing 0.00%		

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SuperMedia, Inc. (I)	26,830	89
Energy 7.90%		49,807,100
Oil, Gas & Consumable Fuels 7.90%		
BP PLC, SADR (L)(Z)	187,500	7,655,625
Chevron Corp. (L)(Z)	62,500	5,163,125
Spectra Energy Corp. (L)(Z)	1,155,000	27,454,350
Total SA, SADR (Z)	175,000	9,534,000
Industrials 1.17%		7,369,200
Industrial Conglomerates 1.17%		
General Electric Company (L)(Z)	460,000	7,369,200
Telecommunication Services 4.07%		25,677,750
Diversified Telecommunication Services 2.34%		
Alaska Communications Systems Group, Inc. (L)(Z)	55,000	551,650
AT&T, Inc. (L)(Z)	215,000	6,127,500
Frontier Communications Corp.	54,008	474,190
Verizon Communications, Inc. (L)(Z)	235,000	7,630,450
Wireless Telecommunication Services 1.73%		
Vodafone Group PLC, SADR (L)(Z)	396,000	10,893,960
Utilities 72.96%		459,910,366
Electric Utilities 19.81%		
American Electric Power Company, Inc. (L)(Z)	595,000	22,276,800

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Duke Energy Corp. (L)(Z)	765,000	13,930,650
Entergy Corp. (Z)	105,000	7,825,650
FirstEnergy Corp. (C)	500,000	18,160,000
Great Plains Energy, Inc. (L)(Z)	40,000	761,200
Northeast Utilities	75,000	2,346,000
Pinnacle West Capital Corp. (Z)	215,000	8,849,400
PNM Resources, Inc. (Z)	58,000	683,820
Progress Energy, Inc. (L)(Z)	671,200	30,204,000
Southern Company (Z)	441,867	16,733,503
UIL Holding Corp.	106,500	3,084,240

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See notes to financial statements

	Shares	Value
Gas Utilities 8.61%		
Atmos Energy Corp. (L)(Z)	725,000	\$21,351,250
Northwest Natural Gas Company (Z)	132,500	6,530,925
ONEOK, Inc. (Z)	530,000	26,404,600
Multi-Utilities 44.54%		
Ameren Corp. (L)(Z)	555,000	16,083,900
Black Hills Corp. (L)(Z)	560,000	17,830,400

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CH Energy Group, Inc. (Z)	457,000	20,770,650
Consolidated Edison, Inc. (L)(Z)	317,500	15,786,100
Dominion Resources, Inc. (L)(Z)	420,000	18,253,200
DTE Energy Company (L)(Z)	545,000	25,484,200
Integrus Energy Group, Inc. (L)(Z)	555,000	29,520,450
National Grid PLC, SADR	125,000	5,935,000
NiSource, Inc. (Z)	790,500	13,683,555
NSTAR (L)(Z)	600,000	25,026,000
OGE Energy Corp. (Z)	714,200	31,539,071
Public Service Enterprise Group, Inc. (L)(Z)	360,000	11,646,000
TECO Energy, Inc. (L)(Z)	387,800	6,821,402
Vectren Corp. (L)(Z)	790,000	21,630,200
Xcel Energy, Inc. (L)(Z)	870,000	20,758,200
Preferred Securities 60.22%		\$379,607,731
(Cost \$382,100,627)		
Consumer Discretionary 0.50%		3,127,890
Media 0.50%		
Comcast Corp., 7.000% (Z)	123,000	3,127,890
Consumer Staples 0.12%		756,350
Food Products 0.12%		

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Archer-Daniels-Midland Company, 6.250%	17,500	756,350
Energy 3.39%		21,386,000
Oil, Gas & Consumable Fuels 3.39%		
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Nexen, Inc., 7.350% (C)	850,000	21,386,000
Financials 35.82%		225,795,977
Capital Markets 0.00%		
<hr/>		
Lehman Brothers Holdings, Inc., Depository Shares, Series C, 5.940% (I)	274,760	8,792
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Lehman Brothers Holdings, Inc., Depository Shares, Series D, 5.670% (I)	65,000	1,950
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Lehman Brothers Holdings, Inc., Depository Shares, Series F, 6.500% (I)	219,300	2,741
Commercial Banks 12.03%		
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Barclays Bank PLC, Series 5, 8.125%	327,840	8,546,789
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HSBC Holdings PLC, 8.125% (Z)	50,000	1,369,000
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HSBC Holdings PLC, 8.000% (C)	325,000	8,986,250
<hr/>		
Royal Bank of Scotland Group PLC, Series L, 5.750% (Z)	858,500	16,354,425
<hr/>		
Santander Finance Preferred SA Unipersonal, Series 10, 10.500%	207,500	5,998,825

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Shares **Value**

Commercial Banks (continued)

Santander Holdings USA, Inc., Series C, 7.300%	23,000	\$571,320
USB Capital VIII, Series 1, 6.350%	55,000	1,379,400
Wells Fargo & Company, 8.000% (Z)	1,207,000	32,601,069

Consumer Finance 0.84%

HSBC Finance Corp., Depository Shares, Series B, 6.360% (Z)	150,000	3,606,000
SLM Corp., Series A, 6.970% (Z)	40,600	1,710,072

Diversified Financial Services 19.55%

Bank of America Corp., 6.700% (Z)	500,000	11,300,000
Bank of America Corp., 6.375% (Z)	139,000	3,020,470
Bank of America Corp., 6.625% (Z)	355,000	8,324,750
Bank of America Corp., 8.200% (Z)	185,000	4,665,700
Bank of America Corp., Depository Shares, Series D, 6.204% (Z)	240,000	5,256,000
Bank of America Corp., Series MER, 8.625% (C)	652,800	16,776,960
Citigroup Capital VIII, 6.950% (Z)	540,000	13,284,000
Citigroup Capital XIII (7.875% to 10-30-15, then 3 month LIBOR + 6.370%)	27,100	718,150
Deutsche Bank Capital Funding Trust VIII, 6.375% (Z)	282,000	6,742,620
Deutsche Bank Contingent Capital Trust II,		

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6.550% (L)(Z)	310,000	7,616,700
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Deutsche Bank Contingent Capital Trust III, 7.600% (L)(Z)	797,893	20,960,649
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ING Groep NV, 7.050% (Z)	140,000	3,329,200
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ING Groep NV, 6.200% (Z)	109,100	2,416,565
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JPMorgan Chase & Company, 8.625% (Z)	140,000	3,864,000
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RBS Capital Funding Trust VII, 6.080% (C)	983,000	15,000,580
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Insurance 3.39%		
<hr/>		
MetLife, Inc., Series B, 6.500% (Z)	854,000	21,350,000
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Thriffs & Mortgage Finance 0.01%		
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Federal National Mortgage Association, Series S (8.250% to 12-31-10, then higher of 3 month LIBOR + 4.230% or 7.750%) (I)	60,000	33,000
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Telecommunication Services 3.70%		23,334,406
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Wireless Telecommunication Services 3.70%		
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Telephone & Data Systems, Inc., Series A, 7.600% (Z)	476,000	11,985,680
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United States Cellular Corp., 7.500% (Z)	448,389	11,348,726
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Utilities 16.69%		105,207,108
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Electric Utilities 10.97%		
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Alabama Power Company, Class A, 5.300% (Z)	193,200	4,849,320
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Carolina Power & Light Company, 5.440% (Z)	111,493	10,037,860
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Duquesne Light Company, 6.500% (Z)	427,000	20,896,313

Entergy Arkansas, Inc., 4.560% (Z)	9,388	744,880
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Entergy Arkansas, Inc., 6.450% (Z)	110,000	2,681,250
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	Shares	Value
Electric Utilities (continued)		

Entergy Mississippi, Inc., 4.920% (Z)	8,190	\$708,691
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Entergy Mississippi, Inc., 6.250% (Z)	197,500	4,888,125
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FPC Capital I, Series A, 7.100% (Z)	55,000	1,408,000
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PPL Electric Utilities Corp., Depository Shares, 6.250% (Z)	300,000	7,481,250
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PPL Energy Supply, LLC, 7.000% (Z)	297,512	7,708,536
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Southern California Edison Company, 6.125% (Z)	50,000	4,918,750
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Southern California Edison Company, Series C, 6.000% (Z)	30,000	2,831,250
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Independent Power Producers & Energy Traders 2.38%		
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Constellation Energy Group, Inc., Series A, 8.625% (Z)	567,270	14,975,928
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Multi-Utilities 3.34%		
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BGE Capital Trust II, 6.200% (Z)	160,500	3,988,425
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Consolidated Edison Company of New York, Inc.,		
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Series C, 4.650%	13,640	1,194,728
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Consolidated Edison Company of New York, Inc., Series D, 4.650%	5,000	413,850
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Interstate Power & Light Company, Series B, 8.375% (Z)	230,000	6,681,500
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Interstate Power & Light Company, Series C, 7.100% (Z)	10,700	282,052
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Pacific Enterprises, 4.500% (Z)	45,000	3,746,250
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Xcel Energy, Inc., 4.560%, Series G (Z)	53,900	4,770,150

	Yield* (%)	Maturity date	Par value	Value
Short-Term Investments 1.82%				\$11,510,000

(Cost \$11,510,000)

Short-Term Securities 1.79%				11,300,000
Federal Home Loan Bank Discount Notes	0.100	11-01-10	\$11,300,000	11,300,000

		Shares	Value
Repurchase Agreement 0.03%			\$210,000

Repurchase Agreement with State Street Corp. dated 10-31-10 at 0.010%
to be repurchased at \$210,000 on 11-1-10, collateralized by \$200,000

Federal Home Loan Bank, 4.625% due 10-25-12 (valued at \$216,500, including interest)		210,000	210,000
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Total investments (Cost \$913,607,626) 148.14%			\$933,882,236
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Other assets and liabilities, net (48.14%)			(\$303,480,801)
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Total net assets 100.00%			\$630,401,435
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The percentage shown for each investment category is the total value the category as a percentage of the net assets of the Fund.

Notes to Schedule of Investments

LIBOR London Interbank Offered Rate

SADR Sponsored American Depositary Receipts

(C) All or a portion of this security is segregated as collateral for options (see Note 3). Total collateral value at 10-31-10 was \$64,789,710.

(I) Non-income producing security.

(L) All or a portion of this security is on loan as of 10-31-10. Total value of securities on loan at 10-31-10 was \$266,552,276.

(Z) All or a portion of this security is segregated as collateral pursuant to the Committed Facility Agreement (See Note 8). Total collateral value at 10-31-10 was \$708,631,694.

* Yield represents either the annualized yield at the date of purchase, the stated coupon rate or, for floating rate securities, the rate at period end.

□ At 10-31-10, the aggregate cost of investment securities for federal income tax purposes was \$925,489,421. Net unrealized appreciation aggregated \$8,392,815, of which \$92,972,498 related to appreciated investment securities and \$84,579,683 related to depreciated investment securities.

FINANCIAL STATEMENTS

Financial statements

Statement of assets and liabilities 10-31-10

This Statement of Assets and Liabilities is the Fund's balance sheet. It shows the value of what the Fund owns, is due and owes. You'll also find the net asset value for each common share.

Assets

Investments, at value (Cost \$913,607,626)	\$933,882,236
Cash	1,911
Receivable for investments sold	22,085,756
Dividends and interest receivable	2,941,102
Other receivables and prepaid assets	65,608

Total assets	958,976,613
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Liabilities

Payable for investments purchased	13,103,560
Committed facility agreement payable (Note 8)	310,500,000
Written options, at value (Premiums received \$2,370,329) (Note 3)	2,343,725
Unrealized depreciation of swap contracts (Note 3)	1,666,633
Interest payable (Note 8)	40,783
Payable to affiliates	
Accounting and legal services fees	8,353
Trustees' fees	25,561
Other liabilities and accrued expenses	886,563
Total liabilities	328,575,178

Net assets

Capital paid-in	\$709,232,491
Accumulated distributions in excess of net investment income	(22,973)
Accumulated net realized loss on investments, written options and swap agreements	(97,442,664)
Net unrealized appreciation on investments, written options and swap agreements	18,634,581
Net assets	\$630,401,435

Net asset value per share

Based on 38,011,417 shares of beneficial interest outstanding □ unlimited number of shares authorized with no par value	\$16.58
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See notes to financial statements

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FINANCIAL STATEMENTS

Statement of operations For the year ended 10-31-10

This Statement of Operations summarizes the Fund's investment income earned, expenses incurred in operating the Fund and net gains (losses) for the period stated.

Investment income

Dividends	\$52,641,363
Interest	36,826
Less foreign taxes withheld	(59,755)

Total investment income **52,618,434**

Expenses

Investment management fees (Note 5)	6,439,825
Accounting and legal services fees (Note 5)	58,594
Transfer agent fees	52,548
Trustees' fees (Note 5)	92,443
Printing and postage fees	196,601
Professional fees (Note 10)	889,053
Custodian fees	123,118
Registration and filing fees	14,855
Interest expense (Note 8)	3,662,544
Stock exchange listing fees	33,076
Other	37,109

Total expenses **11,599,766**

Less expense reductions (Note 5) (992,532)

Net expenses **10,607,234**

Net investment income **42,011,200**

Realized and unrealized gain (loss)**Net realized gain (loss) on**

Investments	9,061,650
Written options (Note 3)	(1,950,056)
Swap contracts (Note 3)	(3,087,808)

4,023,786

Change in net unrealized appreciation (depreciation) of

Investments	135,936,509
Written options (Note 3)	(1,332,256)
Swap contracts (Note 3)	2,654,971

	137,259,224
Net realized and unrealized gain	141,283,010
Increase in net assets from operations	\$183,294,210

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See notes to financial statements

FINANCIAL STATEMENTS

Statements of changes in net assets

These Statements of Changes in Net Assets show how the value of the Fund's net assets has changed during the last three periods. The difference reflects earnings less expenses, any investment gains and losses, distributions, if any, paid to shareholders and the net of Fund share transactions.

	Year ended 10-31-10	Period ended 10-31-09 ¹	Year ended 12-31-08
Increase (decrease) in net assets			
From operations			
Net investment income	\$42,011,200	\$33,697,608	\$45,341,667
Net realized gain (loss)	4,023,786	(86,658,935)	(10,172,908)
Change in net unrealized appreciation (depreciation)	137,259,224	108,119,036	(273,056,724)
Distributions to Auction Preferred Shares (APS)	□	□	(6,127,843)
Increase (decrease) in net assets resulting			
from operations	183,294,210	55,157,709	(244,015,808)
Distributions to shareholders			
From net investment income	(41,727,641)	(31,693,150)	(39,254,688)
From net realized gain	□	□	(6,140,997)
From tax return of capital	□	(8,933,496)	(17,698,324)
Total distributions	(41,727,641)	(40,626,646)	(63,094,009)
From Fund share transactions (Note 6)	(4,178,919)	(1,786,938)	(53,556,991)

Total increase (decrease)	137,387,650	12,744,125	(360,666,808)
Net assets			
Beginning of year	493,013,785	480,269,660	840,936,468
End of year	\$630,401,435	\$493,013,785	\$480,269,660
Accumulated distributions in excess of net investment income	(\$22,973)	(\$20,165)	(\$21,118)

¹ For the ten-month period ended 10-31-09. The Fund changed its fiscal year end from December 31 to October 31.

See notes to financial statements

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FINANCIAL STATEMENTS

Statement of cash flows 10-31-10

This Statement of Cash Flows shows cash flow from operating and financing activities for the period stated.

	For the year ended 10-31-10
Cash flows from operating activities	
Net increase in net assets from operations	\$183,294,210
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:	
Long-term investments purchased	(205,749,472)
Long-term investments sold	169,432,340
Increase in short-term investments	(8,699,001)
Increase in dividends and interest receivable	(270,560)
Decrease in receivable from affiliates	8,660
Increase in payable for investments purchased	10,304,100
Increase in receivable for investments sold	(13,932,378)
Increase in other receivables and prepaid expenses	(31,313)
Decrease in unrealized depreciation of swap contracts	(2,654,971)
Increase in payable for written options	1,346,400
Decrease in payable to affiliates	(5,117)
Increase in interest payable	12,812

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Increase in other liabilities and accrued expenses	749,049
Net change in unrealized (appreciation) depreciation on investments	(135,936,509)
Net realized gain on investments	(9,061,650)

Net cash used in operating activities **(\$11,193,400)**

Cash flows from financing activities

Borrowings from committed facility agreement payable	\$57,100,000
Repurchase of common shares	(4,178,919)
Distributions to common shareholders	(41,727,641)

Net cash provided by financing activities **\$11,193,440**

Net increase in cash **\$40**

Cash at beginning of period **\$1,871**

Cash at end of period **\$1,911**

Supplemental disclosure of cash flow information

Cash paid for interest **\$3,649,732**

Financial highlights

The Financial Highlights show how the Fund's net asset value for a share has changed since the end of the previous period.

COMMON SHARES

Year ended	10-31-10	10-31-09 ¹	12-31-08	12-31-07	12-31-06	12-31-05 ²
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Per share operating performance

Net asset value, beginning

of year	\$12.87	\$12.48	\$19.99	\$22.90	\$19.93	\$20.48
Net investment income ³	1.10	0.88	1.13	1.26	1.43 ⁴	1.22
Net realized and unrealized gain (loss) on investments	3.69	0.56	(7.07)	(1.98)	3.62	(0.23)

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Distributions to Auction Preferred

Shares (APS)*	□	□	(0.15)	(0.41)	(0.39)	(0.29)
Total from investment operations	4.79	1.44	(6.09)	(1.13)	4.66	0.70
Less distributions to common shareholders						
From net investment income	(1.09)	(0.83)	(0.99)	(1.19)	(1.16)	(1.16)
From net realized gain	□	□	(0.15)	(0.59)	(0.53)	(0.09)
From tax return of capital	□	(0.23)	(0.44)	□	□	□
Total distributions	(1.09)	(1.06)	(1.58)	(1.78)	(1.69)	(1.25)
Anti-dilutive impact of repurchase plan	0.01 ⁵	0.01 ⁵	0.16 ⁵	□	□	□
Net asset value, end of year	\$16.58	\$12.87	\$12.48	\$19.99	\$22.90	\$19.93
Per share market value, end of year	\$15.41	\$11.35	\$10.30	\$17.90	\$20.32	\$16.81
Total return at net asset value (%)^{6,9}	39.49	15.34⁷	(29.97)	(4.19)	(25.67)⁸	4.44⁸
Total return at market value (%)⁶	47.01	23.24⁷	(35.46)	(3.32)	(32.21)	0.28

Ratios and supplemental data

Net assets applicable to common shares, end of year (in millions)	\$630	\$493	\$480	\$841	\$964	\$838
Ratios (as a percentage of average net assets):						
Expenses before reductions (excluding interest expense)	1.39	1.39 ¹⁰	1.42	1.27 ¹¹	1.28 ¹¹	1.32 ¹¹
Interest expense (Note 8)	0.64	0.87 ¹⁰	0.87	□	□	□
Expenses before reductions (including interest expense)	2.03	2.26 ¹⁰	2.29	1.27 ¹¹	1.28 ¹¹	1.32 ¹¹
Expenses net of fee waivers and credits (excluding interest expense)	1.22	1.14 ¹⁰	1.12	0.99	1.00	1.03
Expenses net of fee waivers and credits (including interest expense)	1.86	2.01 ¹⁰	1.99	0.99 ¹²	1.00 ¹²	1.03 ¹²
Net investment income	7.37	9.44 ¹⁰	7.02	5.65 ¹³	6.76 ^{4,13}	5.97 ¹³
Portfolio turnover (%)	20	21	29	26	41	24

See notes to financial statements

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COMMON SHARES

Year ended	10-31-10	10-31-09 ¹	12-31-08	12-31-07	12-31-06	12-31-05 ²
Senior securities						
Total value of APS outstanding (in millions)	0	0	0	\$380	\$380	\$380
Involuntary liquidation preference per unit (in thousands)	0	0	0	25	25	25
Average market value per unit (in thousands)	0	0	0	25	25	25
Asset coverage per unit ¹⁴	0	0	0	\$81,737	\$88,352	\$79,901
Total debt outstanding end of year (in millions) (Note 8)	\$311	\$253	\$267	0	0	0
Asset coverage per \$1,000 of APS ¹⁵	0	0	0	\$3,212	\$3,536	\$3,207
Asset coverage per \$1,000 of debt ¹⁶	\$3,030	\$2,946	\$2,797	0	0	0

* Auction Preferred Shares (APS)

¹ For the ten-month period ended 10-31-09. The Fund changed its fiscal year end from December 31 to October 31.

² Audited by previous independent registered public accounting firm.

³ Based on the average daily shares outstanding.

⁴ Net investment income per share and ratio of net investment income to average net assets reflects a special dividend received by the Fund, which amounted to \$0.13 per share and 0.63% of average net assets.

⁵ The repurchase plan was completed at an average repurchase price of \$13.80, \$10.29 and \$14.92, respectively, for 302,900 shares, 173,600 shares and 3,589,570 shares, respectively. The redemption for the periods ended 10-31-10, 10-31-09 and 12-31-08 were \$4,178,919, \$1,786,938 and \$53,556,991, respectively, and had a \$0.01, \$0.01 and \$0.16 NAV impact, respectively.

⁶ Total return based on net asset value reflects changes in the Fund's net asset value during each period. Total return based on market value reflects changes in market value. Each figure assumes that dividend and capital gain distributions, if any, were reinvested. These figures will differ depending upon the level of any discount from or premium to net asset value at which the Fund's shares traded during the period.

⁷ Not annualized.

⁸ Unaudited.

⁹ Total returns would have been lower had certain expenses not been reduced during the periods shown.

¹⁰ Annualized.

¹¹ Ratios calculated on the basis of gross expenses relative to the average net assets of common shares that does not take into consideration expense reductions during the periods shown. Without the exclusion of preferred shares, the annualized ratio of expenses would have been 0.90%, 0.90% and 0.91% for the periods ended 12-31-07, 12-31-06 and 12-31-05, respectively.

¹² Ratios calculated on the basis of net expenses relative to the average net assets of common shares. Without the exclusion of preferred shares, the annualized ratio of expenses would have been 0.70%, 0.70% and 0.71% for the periods ended 12-31-07, 12-31-06 and 12-31-05, respectively.

¹³ Ratios calculated on the basis of net investment income relative to the average net assets of common shares. Without the exclusion of preferred shares, the annualized ratio of net investment income would have been 4.03%, 4.74% and 4.14% for the periods ended 12-31-07, 12-31-06 and 12-31-05, respectively.

¹⁴ Calculated by subtracting the Fund's total liabilities from the Fund's total assets and dividing that amount by the number of APS outstanding, as of the applicable 1940 Act Evaluation Date, which may differ from the financial reporting date.

¹⁵ Asset coverage equals the total net assets plus APS divided by the APS of the Fund outstanding at period end (Note 8).

¹⁶ Asset coverage equals the total net assets plus borrowings divided by the borrowings of the Fund outstanding at period end (Note 8).

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See notes to financial statements

Notes to financial statements

Note 1 □ Organization

John Hancock Tax-Advantaged Dividend Income Fund (the Fund) is a closed-end diversified management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund began operations on February 27, 2004.

Note 2 □ Significant accounting policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which require management to make certain estimates and assumptions at the date of the financial statements. Actual results could differ from those estimates. Events or transactions occurring after the end of the fiscal period through the date that the financial statements were issued have been evaluated in the preparation of the financial statements. The following summarizes the significant accounting policies of the Fund:

Security valuation. Investments are stated at value as of the close of regular trading on the New York Stock Exchange (NYSE), normally at 4:00 P.M., Eastern Time. The Fund uses a three-tier hierarchy to prioritize the pricing assumptions, referred to as inputs, used in valuation techniques to measure fair value. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes significant observable inputs. Observable inputs may include quoted prices for similar securities, interest rates, prepayment speeds and credit risk. Prices for securities valued using these techniques are received from independent pricing vendors and brokers and are based on an evaluation of the inputs described. Level 3 includes significant unobservable inputs when market

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prices are not readily available or reliable, including the Fund's own assumptions in determining the fair value of investments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the values by input classification of the Fund's investments as of October 31, 2010, by major security category or type:

	TOTAL MARKET VALUE AT 10-31-10	LEVEL 1 QUOTED PRICE	LEVEL 2 SIGNIFICANT OBSERVABLE INPUTS	LEVEL 3 SIGNIFICANT UNOBSERVABLE INPUTS
Common Stocks				
Consumer Discretionary	\$89	□	□	\$89
Energy	49,807,100	\$49,807,100	□	□
Industrials	7,369,200	7,369,200	□	□
Telecommunication				
Services	25,677,750	25,677,750	□	□
Utilities	459,910,366	459,910,366	□	□
Preferred Securities				
Consumer Discretionary	3,127,890	3,127,890	□	□
Consumer Staples	756,350	756,350	□	□
Energy	21,386,000	21,386,000	□	□
Financials	225,795,977	225,787,185	\$8,792	□
Telecommunication				
Services	23,334,406	23,334,406	□	□
Utilities	105,207,108	49,604,889	55,602,219	□
Short-Term Investments				
	11,510,000	□	11,510,000	□
Total Investments in Securities				
	\$933,882,236	\$866,761,136	\$67,121,011	\$89

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	TOTAL MARKET	LEVEL 1	LEVEL 2 SIGNIFICANT	LEVEL 3 SIGNIFICANT UNOBSERVABLE
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	VALUE AT 10-31-10	QUOTED PRICE	OBSERVABLE INPUTS	INPUTS
Other Financial Instruments				
Written Options	(\$2,343,725)	(\$2,343,725)	□	□
Interest Rate Swaps	(1,666,633)	□	(\$1,666,633)	□

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

	CONSUMER DISCRETIONARY
Balance as of 10-31-09	□
Accrued discounts-premiums	□
Realized gain (loss)	□
Change in unrealized appreciation (depreciation)	(\$501)
Net purchases (sales)	□
Net transfers in and/out of Level 3	590
Balance as of 10-31-10	\$89
Change in unrealized at period end*	(\$501)

*Change in unrealized appreciation (depreciation) attributable to Level 3 securities held at the period end. This balance is included in the change in unrealized appreciation (depreciation) on the Statement of Operations.

During the year ended October 31, 2010, there were no significant transfers in or out of Level 1 and Level 2 assets.

In order to value the securities, the Fund uses the following valuation techniques. Equity securities held by the Fund are valued at the last sale price or official closing price on the principal securities exchange on which they trade. In the event there were no sales during the day or closing prices are not available, then securities are valued using the last quoted bid or evaluated price. Foreign securities and currencies are valued in U.S. dollars, based on foreign currency exchange rates supplied by an independent pricing service. Certain securities traded only in the over-the-counter market are valued at the last bid price quoted by brokers making markets in the securities at the close of trading. Certain short-term securities are valued at amortized cost. Other portfolio securities and assets, where market quotations are not readily available, are valued at fair value, as determined in good faith by the Fund's Pricing Committee, following procedures established by the Board of Trustees.

Repurchase agreements. The Fund may enter into repurchase agreements. When a Fund enters into a repurchase agreement, it receives collateral which is held in a segregated account by the Fund's custodian. The collateral amount is marked-to-market and monitored on a daily basis to ensure that the collateral held is in an amount not less than the principal amount of the repurchase agreement plus any accrued interest. In the event of a default by the counterparty, realization of the collateral proceeds could be delayed, during which time the collateral value may decline.

Security transactions and related investment income. Investment security transactions are accounted for on a trade date plus one basis for daily net asset value calculations. However, for financial reporting purposes,

investment transactions are reported on trade date. Interest income is accrued as earned. Gains and losses on securities sold are determined on the basis of identified cost and may include proceeds from litigation. Dividend income is recorded on the ex-date, except for certain foreign dividends where the ex-date may have passed, which are recorded when the Fund becomes aware of the dividends.

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Overdrafts. Pursuant to the custodian agreement, the Fund's custodian may, in its discretion, advance funds to the Fund to make properly authorized payments. When such payments result in an overdraft, the Fund is obligated to repay the custodian for any overdraft, including any costs or expenses associated with the overdraft. The custodian has a lien, security interest or security entitlement in any Fund property, that is not segregated, to the maximum extent permitted by law to the extent of any overdraft.

Expenses. The majority of expenses are directly attributable to an individual fund. Expenses that are not readily attributable to a specific fund are allocated among all funds in an equitable manner, taking into consideration, among other things, the nature and type of expense and the fund's relative assets. Expense estimates are accrued in the period to which they relate and adjustments are made when actual amounts are known.

Federal income taxes. The Fund intends to continue to qualify as a regulated investment company by complying with the applicable provisions of the Internal Revenue Code and will not be subject to federal income tax on taxable income that is distributed to shareholders. Therefore, no federal income tax provision is required.

For federal income tax purposes, the Fund has a capital loss carryforward of \$86,583,009 available to offset future net realized capital gains as of October 31, 2010. The loss carryforward expires as follows: October 31, 2016 □ \$6,628,913 and October 31, 2017 □ \$79,954,096.

As of October 31, 2010, the Fund had no uncertain tax positions that would require financial statement recognition, de-recognition or disclosure. The Fund's federal tax return is subject to examination by the Internal Revenue Service for a period of three years.

Distribution of income and gains. Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-date. The Fund generally declares and pays dividends monthly and capital gain distributions, if any, annually. The tax character of distributions for the year ended October 31, 2010, period ended October 31, 2009 and year ended December 31, 2008 was as follows:

	OCTOBER 31, 2010	OCTOBER 31, 2009	DECEMBER 31, 2008
Ordinary Income	\$41,727,641	\$31,693,150	\$49,582,867
Long-Term Capital Gain	□	□	\$1,940,661
Return of Capital	□	\$8,933,496	\$17,698,324

As October 31, 2010, the Fund has no distributable earnings on a tax basis.

Such distributions and distributable earnings, on a tax basis, are determined in conformity with income tax regulations, which may differ from accounting principles generally accepted in the United States of America. Material distributions in excess of tax basis earnings and profits, if any, are reported in the Fund's financial statements as a return of capital.

Capital accounts within financial statements are adjusted for permanent book-tax differences. These adjustments have no impact on net assets or the results of operations. Temporary book-tax differences, if any, will reverse in a

subsequent period. Book-tax differences are primarily attributable to derivative transactions, wash sales loss deferrals and characterization of distributions.

Statement of cash flows. Information on financial transactions that have been settled through the receipt and disbursement of cash is presented in the Statement of Cash Flows. The cash amount shown in the Statement of Cash Flows is the amount included in the Fund's Statement of Assets and Liabilities and represents the cash on hand at its custodian and does not include any short-term investments.

Note 3 □ Derivative instruments

The Fund may invest in derivatives, including written options and swap contracts, in order to meet its investment objectives. The use of derivatives may involve risks different from, or potentially greater than, the risks associated with investing directly in securities. Specifically, derivatives expose the Fund to the risk that the counterparty to an over-the-counter (OTC) derivatives contract will be unable or unwilling to make timely settlement payments or otherwise honor its obligations. OTC derivatives transactions typically can only be closed out with the other party to the transaction. If the counterparty defaults, the Fund will have contractual remedies, but there is no assurance that the counterparty will meet its contractual obligations or that the Fund will succeed in enforcing them.

Options. There are two types of options, a put option and a call option. Options are traded either over-the-counter or on an exchange. A call option gives the purchaser of the option the right to buy (and the seller the obligation to sell) the underlying instrument at the exercise price. A put option gives the purchaser of the option the right to sell (and the writer the obligation to buy) the underlying instrument at the exercise price. Writing puts and buying calls may increase the Fund's exposure to changes in the value of the underlying instrument. Buying puts and writing calls may decrease the Fund's exposure to such changes. Risks related to the use of options include the loss of the premium, possible illiquidity of the options markets, trading restrictions imposed by an exchange, movements in underlying security values, and for written options, potential losses in excess of the Fund's initial investment.

Options listed on an exchange are valued at their closing price. If no closing price is available, then they are valued at the mean between the last bid and ask prices from the exchange on which they are principally traded. For options not listed on an exchange, an independent pricing source is used to value the options at the mean between the last bid and ask prices. When the Fund purchases an option, the premium paid by the Fund is included in the Portfolio of Investments and subsequently □marked-to-market□ to reflect current market value. If the purchased option expires, the Fund realizes a loss equal to the cost of the option. When the Fund writes an option, the premium received is included as a liability and subsequently □marked-to-market□ to reflect current market value of the option written. Premiums received from writing options that expire unexercised are recorded as realized gains. If the Fund enters into a closing sale transaction, the Fund realizes a gain or loss, depending on whether proceeds from the closing sale are greater or less than the original cost. If the Fund exercises a call option, the cost of the securities acquired by exercising the call is increased by the premium paid to buy the call. If the Fund exercises a put option, it realizes a gain or loss from the sale of the underlying security and the proceeds from such sale are decreased by the premium paid.

During the year ended October 31, 2010, the Fund wrote option contracts to seek to enhance potential gain income and hedge against anticipated changes in the securities market. The following tables summarize the Fund's written options activities during the year ended October 31, 2010 and the contracts held at October 31, 2010.

NUMBER OF	PREMIUMS
CONTRACTS	RECEIVED (PAID)

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Outstanding, beginning of period	2,885	\$2,356,185
Options written	39,830	39,330,455
Options expired	(6,850)	(2,620,278)
Options closed	(33,346)	(36,696,033)
Outstanding, end of period	2,519	\$2,370,329

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NAME OF ISSUER	EXERCISE PRICE	EXPIRATION DATE	NUMBER OF CONTRACTS	PREMIUM	VALUE
CALLS					
Dow Jones Industrial					
Average Index	\$114	Nov 2010	595	\$40,452	(\$26,775)
Russell 1000 Index	630	Nov 2010	105	201,598	(290,850)
Russell 2000 Index	720	Nov 2010	95	143,164	(98,800)
S&P 100 Index	540	Nov 2010	1,115	654,490	(646,700)
S&P 400					
Midcap Index	840	Nov 2010	80	100,399	(98,800)
S&P 500 Index	1,180	Dec 2010	354	1,160,053	(1,132,800)
S&P 600					
Smallcap Index	390	Nov 2010	175	70,173	(49,000)
Total			2,519	\$2,370,329	(\$2,343,725)

Interest rate swaps. Interest rate swaps represent an agreement between a Fund and counterparty to exchange cash flows based on the difference between two interest rates applied to a notional amount. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The Fund settles accrued net interest receivable or payable under the swap contracts on a periodic basis. Swaps are marked-to-market daily based upon values from third party vendors or broker quotations, and the change in value is recorded as unrealized appreciation/ depreciation of swap contracts. A termination payment by the counterparty or the Fund is recorded as realized gain or loss, as well as the net periodic payments received or paid by a Fund.

Entering into swap agreements involves, to varying degrees, elements of credit, market and documentation risk that may amount to values that are in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for the swap, or that a counterparty may default on its obligation or delay payment under the swap terms. The counterparty may disagree or contest the terms of the swap. Market risks may also accompany the swap, including interest rate risk. The Fund may also suffer losses if it is unable to terminate or assign outstanding swaps or reduce its exposure through offsetting transactions.

During the year ended October 31, 2010, the Fund used interest rate swaps in anticipation of rising interest rates. The following table summarizes the interest rate swap contract held as of October 31, 2010. During the

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year ended October 31, 2010, the Fund invested in interest rate swaps with total notional values represented below.

COUNTERPARTY	USD NOTIONAL AMOUNT	PAYMENTS MADE BY FUND	PAYMENTS RECEIVED BY FUND	EFFECTIVE DATE	TERMINATION DATE	UNREALIZED APPRECIATION (DEPRECIATION)	MARKET VALUE
Bank of America	\$95,000,000	3.6000%	3-month LIBOR (a)	1-9-08	1-9-11	(\$1,666,633)	(\$1,666,633)

(a) At 10-31-10, the 3-month LIBOR rate was 0.28594%.

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Fair value of derivative instruments by risk category

The table below summarizes the fair value of derivatives held by the Fund at October 31, 2010 by risk category:

RISK	STATEMENT OF ASSETS AND LIABILITIES LOCATION	FINANCIAL INSTRUMENTS LOCATION	ASSET DERIVATIVES FAIR VALUE	LIABILITY DERIVATIVES FAIR VALUE
Equity contracts	Payable for written options, at value	Written options	□	(\$2,343,725)
Interest rate contracts	Unrealized depreciation of swap contracts	Interest rate swaps	□	(1,666,633)
Total			□	(\$4,010,358)

Effect of derivative instruments on the Statement of Operations

The table below summarizes the net realized gain (loss) included in the net increase (decrease) in net assets from operations, classified by derivative instrument and risk category, for the year ended October 31, 2010:

RISK	STATEMENT OF OPERATIONS LOCATION	INVESTMENTS (PURCHASED OPTIONS)	WRITTEN OPTIONS	SWAP CONTRACTS	TOTAL
Equity	Net realized gain	(\$61,083)	(\$1,950,056)	□	(\$2,011,139)

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contracts	(loss) on				
Interest rate	Net realized gain			(\$3,087,808)	(\$3,087,808)
contracts	(loss) on				
Total		(\$61,083)	(\$1,950,056)	(\$3,087,808)	(\$5,098,947)

The table below summarizes the net change in unrealized appreciation (depreciation) included in the net increase (decrease) in net assets from operations, classified by derivative instrument and risk category, for the year ended October 31, 2010:

RISK	STATEMENT OF	WRITTEN	SWAP	TOTAL
	OPERATIONS			
	LOCATION			
Equity contracts	Change in unrealized appreciation (depreciation) of	(\$1,332,256)		(\$1,332,256)
Interest rate contracts	Change in unrealized appreciation (depreciation) of		\$2,654,971	2,654,971
Total		(\$1,332,256)	\$2,654,971	\$1,322,715

Note 4 ☐ Guarantees and indemnifications

Under the Fund's organizational documents, its Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that contain general indemnification clauses. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred.

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Note 5 ☐ Fees and transactions with affiliates

John Hancock Advisers, LLC (the Adviser) serves as investment adviser for the Fund. The Adviser is an indirect wholly owned subsidiary of Manulife Financial Corporation (MFC).

Management fee. The Fund has an investment management contract with the Adviser under which the Fund pays a daily management fee to the Adviser equivalent, on an annual basis, to 0.75% of the Fund's average daily net assets and the value attributed to the Committed Facility Agreement (see Note 8) (collectively, managed assets). The Adviser has subadvisory agreements with MFC Global Investment Management (U.S.), LLC, an indirect owned subsidiary of MFC and an affiliate of the Adviser, and Analytic Investors, LLC. The Fund is not responsible for payment of the subadvisory fees.

The Adviser has contractually agreed to limit the Fund's management fee to the following: 0.60% of the Fund's average daily managed assets from February 27, 2009 until February 26, 2010, 0.65% of such assets from

February 27, 2010 until February 26, 2011 and 0.70% of average daily managed assets from February 27, 2011 until February 26, 2012. Accordingly, the expense reductions related to the reduction in the management fee amounted to \$992,532 for the year ended October 31, 2010.

The investment management fees incurred for the year ended October 31, 2010 were equivalent to an annual effective rate of 0.64% of the Fund's average daily managed assets.

Accounting and legal services. Pursuant to the service agreement, the Fund reimburses the Adviser for all expenses associated with providing the administrative, financial, legal, accounting and recordkeeping services of the Fund, including the preparation of all tax returns, periodic reports to shareholders and regulatory reports, among other services. The accounting and legal services fees incurred for the year ended October 31, 2010 amounted to an annual rate of 0.01% of the Fund's average daily managed assets.

Trustees expenses. The Trust compensates each Trustee who is not an employee of the Adviser or its affiliates. These Trustees may, for tax purposes, elect to defer receipt of this compensation under the John Hancock Group of Funds Deferred Compensation Plan (the Plan). Deferred amounts are invested in various John Hancock funds and remain in the funds until distributed in accordance with the Plan. The investment of deferred amounts and the offsetting liability are included within other receivables and prepaid assets and payable to affiliates' Trustees' fees, respectively, in the accompanying Statement of Assets and Liabilities.

Note 6 Fund share transactions

In December 2007, the Board of Trustees approved a share repurchase plan, which was renewed in December 2008, December 2009, and December 2010. Under the share repurchase plan, the Fund may purchase in the open market up to 10% of its outstanding common shares. The plan renewed by the Board in December 2010 will remain in effect between January 1, 2011 and December 31, 2011.

During the year ended October 31, 2010, period ended October 31, 2009 and the year ended December 31, 2008, the Fund repurchased 302,900, 173,600 and 3,589,570, respectively (0.79%, 0.45% and 8.53% of shares outstanding, respectively) of its common shares under the share repurchase program. The corresponding dollar amount of the share repurchase amounted to \$4,178,919, \$1,786,938 and \$53,556,991 during the year ended October 31, 2010, the period ended October 31, 2009 and the year ended December 31, 2008, respectively.

Note 7 Leverage risk

The Fund utilizes a Committed Facility Agreement (CFA) to increase its assets available for investment. When the Fund leverages its assets, common shareholders bear the fees associated with the facility and have the potential to benefit or be disadvantaged from the use of leverage.

The Adviser's fee is also increased in dollar terms from the use of leverage. Consequently, the Fund and the Adviser may have differing interests in determining whether to leverage the Fund's assets. Leverage creates risks that may adversely affect the return for the holders of common shares, including:

- the likelihood of greater volatility of net asset value and market price of common shares
- fluctuations in the interest rate paid for the use of the credit facility
- increased operating costs, which may reduce the Fund's total return
- the potential for a decline in the value of an investment acquired through leverage, while the Fund's obligations under such leverage remains fixed

□ the Fund is more likely to have to sell securities in a volatile market in order to meet asset coverage or other debt compliance requirements

To the extent the income or capital appreciation derived from securities purchased with funds received from leverage exceeds the cost of leverage, the Fund's return will be greater than if leverage had not been used, conversely, returns would be lower if the cost of the leverage exceeds the income or capital appreciation derived.

Note 8 □ Committed Facility Agreement

The Fund has entered into a Committed Facility Agreement (CFA) with a subsidiary of BNP Paribas (BNP) that allows it to borrow up to \$351 million and to invest the borrowings in accordance with its investment practices.

Borrowings under the CFA are secured by the assets of the Fund as disclosed in the Fund's investments. Interest charged is at the rate of one month LIBOR (reset daily) plus 0.85%. The Fund also pays a commitment fee of 0.60% per annum on the unused portion of the facility. The commitment fee for the year ended October 31, 2010, totaled \$374,711 and is included in interest expense in the Statement of operations. As of October 31, 2010, the Fund had borrowings of \$310,500,000 at an interest rate of 1.10%, which are reflected on the Statement of assets and liabilities. During the year ended October 31, 2010, the average borrowing under the CFA and the effective average interest rate were \$289,403,562 and 1.12%, respectively.

The Fund may terminate the agreement with 270 days' notice and, if the Board of Trustees determines that the elimination of all indebtedness leveraging the Fund's investments is in the best interests of the Fund's shareholders, the Fund may terminate the agreement with 60 days' notice. In addition, if certain asset coverage and collateral requirements, minimum net assets or other covenants are not met, the CFA could be deemed in default and result in termination.

On October 30, 2009, the Fund entered into an agreement with BNP that allows BNP to borrow a portion of the pledged collateral (Lent Securities) in an amount not to exceed the lesser of: (i) outstanding borrowings owed by the Fund to BNP and (ii) thirty three and one third percent of the Fund's total assets. The Fund can designate any security within the pledged collateral as ineligible to be a Lent Security and can recall any of the Lent Securities. The Fund also has the right to apply and set-off an amount equal to one hundred percent (100%) of the then-current fair market value of such Lent Securities against the current borrowings under the CFA in the event that BNP fails to timely return the Lent Securities and in certain other circumstances. Income earned from Lent

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Securities is recorded as a component of interest income on the Statement of Operations. During the year ended October 31, 2010, the Fund recorded \$23,315 in income on Lent Securities.

Note 9 □ Purchase and sale of securities

Purchases and sales of securities, other than short-term securities, aggregated to \$205,749,472 and \$169,432,340, respectively, for the year ended October 31, 2010.

Note 10 □ Other matters

In May 2010, John Hancock Preferred Income Fund III, a closed-end fund advised by John Hancock Advisers, LLC, received a demand letter from a law firm on behalf of a purported holder of common shares of the fund relating to the redemption of the auction preferred shares (□APS□). On August 24, 2010, a shareholder derivative complaint was filed in the Superior Court of The Commonwealth of Massachusetts, Suffolk County, by the same law firm on behalf of the purported shareholder against the adviser, the adviser's parent company, Manulife Financial Corporation, and certain individuals. On August 30, 2010, a substantially similar derivative complaint was filed in the Superior Court of The Commonwealth of Massachusetts, Suffolk County, on behalf of a purported shareholder of John Hancock Tax-Advantaged Dividend Income Fund. The complaints seek awards of unspecified

monetary damages for alleged losses and certain other relief. In July 2010, John Hancock Premium Dividend Fund received a demand letter from the same law firm substantially similar to that noted above.

A notice of motion to dismiss the complaints was filed on December 17, 2010 in the Superior Court of The Commonwealth of Massachusetts, Suffolk County.

Based upon currently available information, the Adviser does not believe that the lawsuit with respect to the Fund is likely to have a material adverse impact on the Fund or that this lawsuit and the other closed-end fund lawsuit are likely to have a material adverse impact on the Adviser's ability to perform its obligations under its contract as investment adviser to the Fund.

For the year ended October 31, 2010, the results of operations include non-recurring legal fees and expenses of approximately \$795,000 related to this matter which are included in professional fees on the Statement of Operations.

Auditors' report

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of John Hancock Tax-Advantaged Dividend Income Fund:

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of John Hancock Tax-Advantaged Dividend Income Fund (the "Fund") at October 31, 2010, and the results of its operations, the changes in its net assets, its cash flows and the financial highlights for each of the periods indicated, subsequent to December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities as of October 31, 2010 by correspondence with the custodian and brokers, and the application of alternative auditing procedures where securities purchased confirmations had not been received, provide a reasonable basis for our opinion.

The financial highlights for the period ended December 31, 2005 were audited by another independent registered public accounting firm, whose report expressed an unqualified opinion thereon.

PricewaterhouseCoopers LLP
Boston, Massachusetts
December 23, 2010

Tax information

Unaudited

For federal income tax purposes, the following information is furnished with respect to the distributions of the Fund, if any, paid during its taxable year ended October 31, 2010.

The Fund designates the maximum amount allowable for the corporate dividends received deduction for the fiscal year ended October 31, 2010.

The Fund designates the maximum amount allowable of its net taxable income as qualified dividend income as provided in the Jobs and Growth Tax Relief Reconciliation Act of 2003. This amount will be reflected on Form 1099-DIV for the calendar year 2010.

Shareholders will be mailed a 2010 Form 1099-DIV in January 2011. This will reflect the total of all distributions that are taxable for calendar year 2010.

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Additional information

Unaudited

Investment objective and policy

The Fund's investment objective is to provide a high level of after-tax total return from dividend income and gains and capital appreciation.

Under normal market conditions, the Fund will invest at least 80% of its assets (net assets plus borrowings for investment purposes) in dividend-paying common and preferred securities that the Adviser believes at the time of acquisition are eligible to pay dividends which, for individual shareholders, qualify for U.S. federal income taxation at rates applicable to long-term capital gains, which currently are taxed at a maximum rate of 15% (□tax-advantaged dividends□). Tax-advantaged dividends generally include dividends from domestic corporations and dividends from foreign corporations that meet certain specified criteria. The Fund generally can pass the tax treatment of tax-advantaged dividends it receives through to its common shareholders.

On December 17, 2007, the Fund's Trustees approved a change to the fund's investment policy regarding investments in foreign securities. The revised policy provides that the Fund may invest up to 40% of its net assets in securities of corporate and government issuers located outside the United States that are traded or denominated in U.S. dollars.

On March 31, 2008, the shareholders approved the following changes to the Fund's fundamental investment policy: To eliminate the Fund's □concentration□ policy (i.e., investing at least 25% of its net assets) with respect to securities issued by financial services corporations; and to modify the Fund's concentration policy with respect to investing in the utilities sector by permitting the Fund to invest in both U.S. and foreign utilities corporations, rather than only U.S. utilities corporations (as required under the prior policy).

On December 9, 2008, the Fund's Trustees approved the following investment policy: The fund may write (sell) covered call index options on up to 30% of the value of the fund's total assets.

Bylaws

Effective September 9, 2008, the Fund's bylaws were amended with respect to notice requirements for Trustee nominations and other proposals by the Fund's shareholders. These provisions require the disclosure of the nominating shareholder and the nominee's investment interests as they relate to the Fund, as well as the name of any other shareholder supporting the nominee for election as a Trustee or the proposal of other business. In order for notice to be proper, such notice must disclose the economic interests of the nominating shareholder and nominee, including his or her holdings of shares in the Fund, the intent upon which those shares were acquired, and any hedging arrangements (including leveraged or short positions) made with respect to the shares of the Fund. Additionally, any material interest that the shareholder has in the business to be brought before the meeting must be disclosed.

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Dividends and distributions

During the year ended October 31, 2010, dividends from net investment income totaling \$1.092 per share were paid to shareholders. The dates of payments and the amounts per share were as follows:

PAYMENT DATE	DISTRIBUTIONS
November 30,2009	\$0.091
December 31,2009	0.091
January 29,2010	0.091
February 26,2010	0.091
March 31,2010	0.091
April 30,2010	0.091
May 28,2010	0.091
June 30,2010	0.091
July 30,2010	0.091
August 31,2010	0.091
September 30,2010	0.091
October 29,2010	0.091
Total	\$1.092

Dividend reinvestment plan

The Fund offers its shareholders a Dividend Reinvestment Plan (the Plan), which offers the opportunity to earn compounded yields. Each new shareholder of the Fund is automatically enrolled in the Plan to have all distributions of dividends and capital gains reinvested by Mellon Bank, N.A., as plan agent (the Plan Agent). Holders of common shares who elect not to participate in the Plan will receive all distributions in cash, paid by check mailed directly to the shareholder of record (or, if the common shares are held in street or other nominee name, then to the nominee) by the Plan Agent, as dividend disbursing agent.

Shareholders may join the Plan by filling out and mailing an authorization card, by notifying the Plan Agent by telephone or by visiting the Plan Agent's Web site at www.melloninvestor.com. Shareholders must indicate an election to reinvest all or a portion of dividend payments. If received in proper form by the Plan Agent before the

record date of a dividend, the election will be effective with respect to all dividends paid after such record date. Shareholders whose shares are held in the name of a broker or nominee should contact the broker or nominee to determine whether and how they may participate in the Plan.

If the Fund declares a dividend payable either in common shares or in cash, nonparticipants will receive cash, and participants in the Plan will receive the equivalent in common shares.

If the market price of the common shares on the payment date of the dividend is equal to or exceeds their net asset value as determined on the payment date, participants will be issued common shares (out of authorized but unissued shares) at a value equal to the higher of net asset value or 95% of the market price. If the net asset value exceeds the market price of the common shares at such time, or if the Board of Trustees declares a dividend payable only in cash, the Plan Agent will, as agent for Plan participants, buy shares in the open market, on the New York Stock Exchange or elsewhere, for the participants' accounts. Such purchases will be made promptly after the payable date for such dividend and, in any event, prior to the next ex-dividend date after such date, except where necessary to comply with federal securities laws. If, before the Plan Agent has completed its purchases, the market price exceeds the net asset value of the common shares, the average per share purchase price paid by the Plan Agent may exceed the net asset value of the common shares, resulting in the acquisition of fewer shares than if the dividend had been paid in shares issued by the Fund.

Each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends and distributions. In each case, the cost per share of the shares purchased for each participant's account will be the average cost, including brokerage commissions, of any shares purchased on the open market plus the cost of any shares issued by the Fund. There will be no brokerage charges with respect to common shares issued directly by the Fund. There are no other charges to participants for reinvesting dividends or capital gain distributions.

Participants in the Plan may withdraw from the Plan at any time by contacting the Plan Agent by telephone, in writing or by visiting the Plan Agent's Web site at www.melloninvestor.com. Such withdrawal will be effective immediately if received prior to a dividend record date; otherwise, it will be effective for all subsequent dividend record dates. When a participant withdraws from the Plan or upon termination of the Plan, as provided below, certificates for whole common shares credited to his or her account under the Plan will be issued, and a cash payment will be made for any fraction of a share credited to such account.

The Plan Agent maintains each shareholder's account in the Plan and furnishes monthly written confirmations of all transactions in the accounts, including information needed by the shareholders for personal and tax records. The Plan Agent will hold common shares in the account of each Plan participant in noncertificated form in the name of the participant. Proxy material relating to the shareholders' meetings of the Fund will include those shares purchased as well as shares held pursuant to the Plan.

The reinvestment of dividends and distributions will not relieve participants of any federal income tax that may be payable or required to be withheld on such dividends or distributions. Participants under the Plan will receive tax information annually. The amount of dividend to be reported on 1099-DIV should be (1) in the case of shares issued by the Fund, the fair market value of such shares on the dividend payment date and (2) in the case of shares purchased by the Plan Agent in the open market, the amount of cash used by the Plan Agent to purchase shares in the open market, including the amount of cash allocated to brokerage commissions paid on such purchases.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Fund reserves the right to amend or terminate the Plan as applied to any dividend or distribution paid subsequent to written notice of the change sent to all shareholders of the Fund at least 90 days before the record date for the dividend or distribution. The Plan may be amended or terminated by the Plan Agent after at least 90 days' written notice to all shareholders of the Fund. All correspondence or additional information concerning the Plan should be directed to the Plan Agent, Mellon Bank, N.A., c/o Mellon Investor Services, P.O. Box 358015, Pittsburgh, PA 15252-8015 (Telephone: 1-800-852-0218).

Certain modifications to the Plan have been approved by the Board of Trustees on December 7, 2010. These modifications will be provided to shareholders at least 90 days prior to implementation.

Shareholder communication and assistance

If you have any questions concerning the Fund, we will be pleased to assist you. If you hold shares in your own name and not with a brokerage firm, please address all notices, correspondence, questions or other communications regarding the Fund to the transfer agent at:

Mellon Investor Services
Newport Office Center VII
480 Washington Boulevard
Jersey City, NJ 07310
Telephone: 1-800-852-0218

If your shares are held with a brokerage firm, you should contact that firm, bank or other nominee for assistance.

Board Consideration of and Continuation of Investment Advisory Agreement and Subadvisory Agreement

The Board of Trustees (the Board, the members of which are referred to as Trustees) of John Hancock Tax-Advantaged Dividend Income Fund (the Fund) met in-person on May 2nd and June 6th, 2010 to consider the approval of the Fund's investment advisory agreement (the Advisory Agreement) with John Hancock Advisers, LLC (the Adviser), the Fund's investment adviser. The Board also considered the approval of the investment subadvisory agreements (together, the Subadvisory Agreements) between the Adviser and each of MFC Global Investment Management (U.S.), LLC and Analytic Investors, LLC (together, the Subadvisers) on behalf of the Fund. The Advisory Agreement and the Subadvisory Agreements are referred to as the Agreements.

Activities and composition of the Board

The Board consists of eleven individuals, nine of whom are Independent Trustees. Independent Trustees are generally those individuals who are unaffiliated with the Fund, the Adviser and the Subadvisers. The Trustees are responsible for the oversight of operations of the Fund and perform the various duties required of directors of investment companies by the Investment Company Act of 1940, as amended (the 1940 Act). The Independent Trustees have retained independent legal counsel to assist them in connection with their duties. The Board has appointed an Independent Trustee as Chairperson. The Board has established four standing committees that are composed entirely of Independent Trustees: the Audit Committee; the Compliance Committee; the Nominating, Governance and Administration Committee; and the Contracts/Operations Committee. Additionally, Investment Performance Committee A is a standing committee of the Board that is composed of Independent Trustees and one Trustee who is affiliated with the Adviser. Investment Performance Committee A oversees and monitors matters relating to the investment performance of the Fund. The Board has also designated a Vice Chairperson to serve in the absence of the Chairperson, who also serves as Chairman of the Board's Nominating, Governance and Administration Committee. The Board also designates working groups or ad hoc committees as it deems appropriate.

The approval process

Pursuant to the 1940 Act, the Board is required to consider the continuation of the Agreements on an annual basis. Throughout the year, the Board, acting directly and through its committees, regularly reviews and assesses the quality of the services that the Fund receives under these Agreements. In this regard, the Board reviews reports of the Adviser at least quarterly, which include, among other things, Fund performance reports and compliance reports. In addition, the Board meets with portfolio managers and senior investment officers at

various times throughout the year. The Board considers at each of its meetings factors that are relevant to its annual consideration of the renewal of the Agreements, including the services and support provided by the Adviser and Subadvisers to the Fund and its shareholders.

Prior to the May 2nd, 2010 meeting, the Board requested and received materials specifically relating to the Agreements. The materials provided in connection with the May meeting included information independently compiled and prepared by Morningstar, Inc. (Morningstar) on Fund fees and expenses, and the investment performance of the Fund. This Fund information is assembled in a format that permits comparison with similar information from a category of relevant funds (the Category) and a peer group of comparable funds (the Peer Group) as determined by Morningstar, and its benchmark index. Other material provided for the Fund review included (a) information on the profitability of the Agreements to the Adviser and a discussion of any additional benefits to the Adviser and its affiliates that result from being the Adviser or Subadviser to the Fund; (b) a general analysis provided by the Adviser and the Subadviser concerning investment advisory fees charged to other clients, such as institutional clients and other investment companies, under similar investment mandates, as well as the performance of such other clients;

(c) the impact of economies of scale; and (d) a summary of aggregate amounts paid by the Fund to the Adviser.

At an in-person meeting held on May 2nd, 2010, the Board reviewed materials relating to its consideration of the Agreements. As a result of the discussions that occurred during the May 2nd, 2010 meeting, the Board presented the Adviser and Subadvisers with questions and requests for additional information and the Adviser and Subadvisers responded to these requests with additional written information in advance of the June 6th, 2010 Board meeting. The Board also reviewed these additional materials relating to its consideration of the Agreements.

At an in-person meeting held on June 6th, 2010, the Board, including the Independent Trustees, formally considered the continuation of the Advisory Agreement between the Adviser and the Fund and the Subadvisory Agreements between the Adviser and each of the Subadvisers with respect to the Fund, each for an additional one-year term. The Board considered all factors it believed relevant with respect to the Fund, including, among other factors: (a) the nature, extent and quality of the services provided by the Adviser and the Subadvisers; (b) the investment performance of the Fund and portfolio management of the Subadvisers; (c) the advisory fees and the cost of the services and profits to be realized by the Adviser and certain affiliates from their relationship with the Fund; (d) economies of scale; and (e) other factors.

The Board also considered other matters important to the approval process, such as payments made to the Adviser or its affiliates relating to the distribution of Fund shares and other services. The Board reviewed services related to the valuation and pricing of Fund portfolio holdings. Other important matters considered by the Board were the direct and indirect benefits to the Adviser, the Subadvisers, and their affiliates from their relationship with the Fund and advice from independent legal counsel with respect to the review process and materials submitted for the Board's review. Each Trustee may have attributed different weights to the various items considered.

The key factors considered by the Board and the conclusions reached are described below.

Nature, extent and quality of services

The Board, including the Independent Trustees, reviewed the nature, extent and quality of services provided by the Adviser and the Subadvisers, including the investment advisory services and the resulting performance of the Fund. The Board reviewed the Adviser's and Subadvisers' senior management personnel responsible for investment operations, including the senior investment officers. The Board also reviewed the materials provided by the Fund's portfolio management team discussing Fund performance and the Fund's investment objective, strategies and outlook.

The Board considered the ability of the Adviser and the Subadvisers, based on their resources, reputation and other attributes, to attract and retain qualified investment professionals, including research, advisory, and supervisory personnel. It considered the background and experience of senior management and investment professionals responsible for managing the Fund. The Board considered the investment philosophy, research and investment decision-making processes of the Adviser and the Subadvisers responsible for the daily investment activities of the Fund, including, among other things, portfolio trading capabilities, use of technology, commitment to compliance and approach to training and retaining portfolio managers and other research, advisory and management personnel.

The Board considered the Subadvisers' history and experience with the Fund. The Board considered the Adviser's execution of its oversight responsibilities. The Board further considered the culture of compliance, resources dedicated to compliance, compliance programs, record of compliance with applicable laws and regulation, with the Fund's investment policies and restrictions and with the applicable Code of Ethics, and the responsibilities of the Adviser's and Subadvisers' compliance departments.

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In addition to advisory services, the Board considered the quality of the administrative and non-investment advisory services provided to the Fund by the Adviser under a separate agreement. The Board noted that the Adviser and its affiliates provide the Fund with certain administrative, transfer agency, shareholder and other services (in addition to any such services provided to the Fund by third parties) and officers and other personnel as are necessary for the operations of the Fund.

The Board reviewed the structure and duties of the Adviser's administration, accounting, legal and compliance departments and considered the Adviser's policies and procedures for assuring compliance with applicable laws and regulations.

The Board also received information about the nature, extent and quality of services and fee rates offered by the Adviser and Subadvisers to their other clients, including other registered investment companies, institutional investors and separate accounts. The Board reviewed a general analysis provided by the Adviser and the Subadvisers concerning investment advisory fees charged to such other clients under similar investment mandates, the services provided to such other clients as compared to the services provided to the Fund, the performance of such other clients, and other factors relating to such other clients. The Board considered the significant differences between the Adviser's and Subadvisers' services to the Fund and those services they provide to other clients which, to the extent the other client is not a closed-end fund, may generally be attributable to the more burdensome regulatory and legal obligations of closed-end funds and the higher turnover of closed-end fund assets.

Fund performance

The Board, including the Independent Trustees, reviewed and considered the performance history of the Fund. The Board was provided with reports, independently prepared by Morningstar, which included a comprehensive analysis of the Fund's performance. The Board also reviewed a narrative and statistical analysis of the Morningstar data that was prepared by the Adviser, which analyzed various factors that may affect the Morningstar rankings. The Board reviewed information regarding the investment performance of the Fund as compared to its Morningstar Category and Peer Group as well as its benchmark index (see chart below). The Board was provided with a description of the methodology used by Morningstar to select the funds in the Category and the Peer Group. The Board also considered updated performance information provided by the Adviser at its May and June 2010 meetings. The Board regularly reviews the performance of the Fund throughout the year and attaches more importance to performance over relatively longer periods of time, typically three to five years. The Board noted that the Fund outperformed its Peer Group median, its Category median and its benchmark index for the 1-, 3- and 5-year periods.

1 YEAR

3 YEAR

5 YEAR

10 YEAR

Tax-Advantaged Dividend Income Fund	33.11%	□3.61%	3.34%	N/A
BOA/ML Preferred Stock DRD Eligible Index	12.38%	□22.13%	□12.00%	N/A
Large Value Category Median	22.33%	□5.24%	2.53%	N/A
Morningstar 15(c) Peer Group Median	32.25%	□8.85%	0.45%	N/A

The Board noted that the Subadvisers remained consistent with its investment style and adhered to its investment mandates.

Expenses and fees

The Board, including the Independent Trustees, reviewed the Fund's contractual advisory fee rate payable by the Fund to the Adviser as compared with the other funds in its Category and Peer Group. The Board also received information about the investment subadvisory fee rate payable by the Adviser to the Subadvisers for investment subadvisory services. The Board considered the services provided and the fees charged by the Adviser and the Subadvisers to other types of clients with similar investment mandates, including separately managed institutional accounts.

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In addition, the Board considered the cost of the services provided to the Fund by the Adviser. The Board received and considered expense information regarding the Fund's various components, including advisory fees, distribution fees and fees other than advisory and distribution fees, including transfer agent fees, custodian fees, administration fees and other miscellaneous fees (e.g., fees for accounting and legal services). The Board considered comparisons of these expenses to the Peer Group median. The Board also considered expense information regarding the Fund's total operating expense ratio (Gross Expense Ratio) and total operating expense ratio after taking the fee waiver arrangement applicable to the Advisory Agreement rate into account (Net Expense Ratio). The Board considered information comparing the Gross Expense Ratio and Net Expense Ratio of the Fund to that of the Peer Group and Category medians. As part of its analysis, the Board reviewed the Adviser's methodology in allocating its costs to the management of the Fund. The Board considered expenses and fee rates to be higher or lower if they were over or under 10 basis points, respectively; slightly higher or slightly lower if they were above or below 6-10 basis points, respectively; and inline if they were above or below 5 basis points.

The Board noted that the investment advisory rate was lower than the Category median and inline with the Peer Group median. The Board noted the following information about the Fund's Gross and Net Expense Ratios in relation with the Fund's Peer Group and Category:

EXPENSE RATIO	RELATION TO PEER GROUP	RELATION TO CATEGORY
Gross Expense Ratio (Class A) 2.26%	Higher	Higher
Net Expense Ratio (Class A) 1.14%	Inline	Slightly Higher

The Board viewed favorably the Adviser's agreement to voluntarily waive all or a portion of its Advisory Agreement rate and reimburse or pay operating expenses in an amount equal to 0.25% of the Fund's average daily net assets, on an annualized basis. The Board favorably considered the impact of fee waivers towards ultimately lowering the Fund's Gross Expense Ratio. The Board also received and considered information relating to the Fund's use of leverage and its impact on fees.

The Board received and reviewed statements relating to the Adviser's financial condition and profitability with respect to the services it provides the Fund. The Board was also provided with a profitability analysis that detailed the revenues earned and the expenses incurred by the Adviser for services provided to the Fund. The Board reviewed the Adviser's profitability with respect to the Fund and other funds the Board currently oversees for the year ended December 31, 2009 compared to available aggregate profitability data provided for the year ended December 31, 2008.

The Board received and considered a detailed profitability analysis of the Adviser based on the Advisory Agreement, as well as on other relationships between the Fund and the Adviser and its affiliates. The Board also considered a comparison of the Adviser's profitability to that of other similar investment advisers whose profitability information is publicly available. The Board reviewed the Adviser's profitability with respect to other fund complexes managed by the Adviser and/or its affiliates. The Board reviewed the Adviser's assumptions and methodology of allocating expenses in the profitability analysis, noting the inherent limitations in allocating costs among various advisory products. The Board recognized that profitability may be affected by numerous factors including, among other things, fee waivers and expense reimbursements by the Adviser, the types of funds managed, expense allocations and business mix, and therefore comparability of profitability is somewhat limited.

The Board considered the profitability information with respect to the Subadvisers, one of which is affiliated with the Adviser. In addition, as noted above, the Board considered the methodologies involved in allocating such profit to the Subadvisers.

Economies of scale

The Board, including the Independent Trustees, considered the extent to which economies of scale might be realized as the assets of the Fund increase and whether there should be changes in the advisory fee rate or structure in order to enable the Fund to participate in these economies of scale,

for example through the use of breakpoints in the advisory fee based upon the assets of the Fund. The Board also considered the Adviser's overall operations and its efforts to expand the scale of, and improve the quality of, its operations. During its considerations, the Board recognized the limited significance of economies of scale with respect to closed-end funds.

The Board recognized the inherent limitations of any analysis of economies of scale, stemming largely from the Board's understanding that most of the Adviser's costs are not specific to individual funds, but rather are incurred across a variety of products and services. To ensure that any economies are reasonably shared with the Fund as its assets increase, the Adviser and the Board agreed to continue the existing breakpoints to the Agreement fee rate.

Other benefits to the Adviser and the Subadvisers

The Board understands that the Adviser, the Subadvisers, or their affiliates may derive other ancillary benefits from their relationship with the Fund, both tangible and intangible, such as their ability to leverage investment professionals who manage other portfolios, an increase in their profile in the investment advisory community, and the engagement of their affiliates and/or significant shareholders as service providers to the Fund, including for administrative, transfer agency and distribution services. The Board believes that certain of these benefits are difficult to quantify. The Board also was informed that the Subadvisers may use third party research obtained by soft dollars generated by certain mutual fund transactions to assist itself in managing all or a number of its other client accounts.

Board determination

The Board, including the Independent Trustees, unanimously approved the continuation of the Advisory Agreement between the Adviser and the Fund for an additional one-year term and the Subadvisory Agreements

between the Adviser and each of Subadvisers with respect to the Fund for an additional one-year term. Based upon its evaluation of relevant factors in their totality, the Board, including a majority of the Independent Trustees, was satisfied that the terms of the Agreements were fair and reasonable and in the best interest of the Fund and its shareholders. In arriving at a decision to approve the Agreements, the Board did not identify any single factor listed above, or any group of factors listed above, as all-important or controlling, but considered all factors together, and different Trustees may have attributed different weights to the various factors considered. The Independent Trustees were also assisted by the advice of independent legal counsel in making this determination. The Board noted that contractual fee arrangements for the Fund reflect the results of several years of review by the Board and certain predecessor Trustees, and discussions between such Trustees (and predecessor Trustees) and the Adviser. Certain aspects of the arrangements may be the subject of more attention in some years than in others, and the Trustees' conclusions may be based in part on their consideration of these arrangements in prior years.

Portfolio manager changes

Effective October 2010, the portfolio management team at Analytic Investors, LLC (Analytic) has changed as follows: Ram Willner replaced Yigal Newman as one of the four portfolio managers responsible for managing the options overlay strategy for the Fund. Harindra de Silva, Gregory McMurrin, and Dennis Bein will remain on the team responsible for the management of the options overlay strategy.

Mr. Willner, Portfolio Manager, joined Analytic in 2008. He has 23 years of investment experience. He received his D.B.A. in Financial Mathematics from Harvard University, an M.B.A. from Carnegie-Mellon University, and a B.A. in Mathematics from Brandeis University. Prior to joining Analytic, Mr. Willner was a Managing Partner at Global Fixed Income Partners from 2003 until 2007 and led the Fixed Income Department at Banc of America Capital Management (BACAP) from 2000 until 2003 and Global Analytics at PIMCO from 1994 until 1998. For the past 10 years, Mr. Willner has utilized his quantitative background to serve as a domestic and international fixed income portfolio manager at Morgan Stanley Asset Management (in London), at BACAP, and at Global Fixed Income Partners.

Trustees and Officers

This chart provides information about the Trustees and Officers who oversee your John Hancock fund. Officers elected by the Trustees manage the day-to-day operations of the Fund and execute policies formulated by the Trustees.

Independent Trustees

Name, Year of Birth	Trustee of the Trust since ¹	Number of John Hancock funds overseen by Trustee
Patti McGill Peterson,* Born: 1943	2004	47

Chairperson (since December 2008); Principal, PMP Globalinc (consulting) (since 2007); Senior Associate, Institute for Higher Education Policy (since 2007); Executive Director, CIES (international education agency) (until 2007); Vice President, Institute of International Education (until 2007); Senior

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Fellow, Cornell University Institute of Public Affairs, Cornell University (1997–1998); Former President Wells College, St. Lawrence University and the Association of Colleges and Universities of the State of New York. Director of the following: Niagara Mohawk Power Corporation (until 2003); Security Mutual Life (insurance) (until 1997); ONBANK (until 1993). Trustee of the following: Board of Visitors, The University of Wisconsin, Madison (since 2007); Ford Foundation, International Fellowships Program (until 2007); UNCF, International Development Partnerships (until 2005); Roth Endowment (since 2002); Council for International Educational Exchange (since 2003).

James F. Carlin, Born: 1940

2004

47

Chief Executive Officer, Director and Treasurer, Alpha Analytical Laboratories (environmental, chemical and pharmaceutical analysis) (since 1985); Part Owner and Treasurer, Lawrence Carlin Insurance Agency, Inc. (since 1995); Chairman and Chief Executive Officer, Carlin Consolidated, Inc. (management/ investments) (since 1987).

William H. Cunningham, Born: 1944

2004

47

Professor, University of Texas, Austin, Texas (since 1971); former Chancellor, University of Texas System and former President of the University of Texas, Austin, Texas; Director of the following: LIN Television (since 2009); Lincoln National Corporation (insurance) (Chairman since 2009 and Director since 2006); Resolute Energy Corporation (since 2009); Nanomedical Systems, Inc. (biotechnology company) (Chairman since 2008); Yorktown Technologies, LP (tropical fish) (Chairman since 2007); Greater Austin Crime Commission (since 2001); Southwest Airlines (since 2000); former Director of the following: Introgen (manufacturer of biopharmaceuticals) (until 2008); Hicks Acquisition Company I, Inc. (until 2007); Jefferson-Pilot Corporation (diversified life insurance company) (until 2006); and former Advisory Director, JP Morgan Chase Bank (formerly Texas Commerce Bank–Austin) (until 2009).

Deborah C. Jackson,² Born: 1952

2008

47

Chief Executive Officer, American Red Cross of Massachusetts Bay (since 2002); Board of Directors of Eastern Bank Corporation (since 2001); Board of Directors of Eastern Bank Charitable Foundation (since 2001); Board of Directors of American Student Assistance Corp. (1996–2009); Board of Directors of Boston Stock Exchange (2002–2008); Board of Directors of Harvard Pilgrim Healthcare (health benefits company) (since 2007).

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Independent Trustees (continued)

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Name, Year of Birth Position(s) held with Fund Principal occupation(s) and other directorships during past 5 years	Trustee of the Trust since ¹	Number of John Hancock funds overseen by Trustee
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Charles L. Ladner , Born: 1938	2004	47
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Chairman and Trustee, Dunwoody Village, Inc. (retirement services) (since 2008); Director, Philadelphia Archdiocesan Educational Fund (since 2009); Senior Vice President and Chief Financial Officer, UGI Corporation (public utility holding company) (retired 1998); Vice President and Director for AmeriGas, Inc. (retired 1998); Director of AmeriGas Partners, L.P. (gas distribution) (until 1997); Director, EnergyNorth, Inc. (until 1995); Director, Parks and History Association (Cooperating Association, National Park Service) (until 2005).

Stanley Martin , ² Born: 1947	2008	47
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Senior Vice President/Audit Executive, Federal Home Loan Mortgage Corporation (2004-2006); Executive Vice President/Consultant, HSBC Bank USA (2000-2003); Chief Financial Officer/Executive Vice President, Republic New York Corporation & Republic National Bank of New York (1998-2000); Partner, KPMG LLP (1971-1998).

Dr. John A. Moore , Born: 1939	2004	47
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President and Chief Executive Officer, Institute for Evaluating Health Risks, (nonprofit institution) (until 2001); Senior Scientist, Sciences International (health research) (until 2003); Former Assistant Administrator & Deputy Administrator, Environmental Protection Agency; Principal, Hollyhouse (consulting) (since 2000); Director, CIIT Center for Health Science Research (nonprofit research) (until 2007).

Steven R. Pruchansky ,* ² Born: 1944	2004	47
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Chairman and Chief Executive Officer, Greenscapes of Southwest Florida, Inc. (since 2000); Director and President, Greenscapes of Southwest Florida, Inc. (until 2000); Member, Board of Advisors, First American Bank (since 2008); Managing Director, Jon James, LLC (real estate) (since 2000); Director, First Signature Bank & Trust Company (until 1991); Director, Mast Realty Trust (until 1994); President, Maxwell Building Corp. (until 1991).

Gregory A. Russo , Born: 1949	2008	47
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Vice Chairman, Risk & Regulatory Matters, KPMG LLP (KPMG) (2002-2006); Vice Chairman, Industrial

Markets, KPMG (1998-2002).

Non-Independent Trustees³

Name, Year of Birth Position(s) held with Fund Principal occupation(s) and other directorships during past 5 years	Trustee of the Trust since¹	Number of John Hancock funds overseen by Trustee
Hugh McHaffie,⁴ Born: 1959	2010	47

Executive Vice President, John Hancock Financial Services (since 2006, including prior positions); President of John Hancock Trust and John Hancock Funds II (since 2009); Trustee, John Hancock retail funds (since 2010); Chairman and Director, John Hancock Advisers, LLC, John Hancock Investment Management Services, LLC and John Hancock Funds, LLC (since 2010); Senior Vice President, Individual Business Product Management, MetLife, Inc. (1999-2006).

Non-Independent Trustees³ (continued)

Name, Year of Birth Position(s) held with Fund Principal occupation(s) and other directorships during past 5 years	Trustee of the Trust since¹	Number of John Hancock funds overseen by Trustee
John G. Vrysen, Born: 1955	2009	47

Senior Vice President, John Hancock Financial Services (since 2006); Director, Executive Vice President and Chief Operating Officer, John Hancock Advisers, LLC, John Hancock Investment Management Services, LLC and John Hancock Funds, LLC (since 2005); Chief Operating Officer, John Hancock Funds II and John Hancock Trust (since 2007); Chief Operating Officer, John Hancock retail funds (until 2009); Trustee, John Hancock retail funds (since 2009).

Principal officers who are not Trustees

Name, Year of Birth Position(s) held with Fund	Officer of the
---	---------------------------

Principal occupation(s) and other directorships during past 5 years	Trust since
--	--------------------

Keith F. Hartstein, Born: 1956

2005

President and Chief Executive Officer

Senior Vice President, John Hancock Financial Services (since 2004); Director, President and Chief Executive Officer, John Hancock Advisers, LLC and John Hancock Funds, LLC (since 2005); Director, MFC Global Investment Management (U.S.), LLC (since 2005); Director, John Hancock Investment Management Services, LLC (since 2006); President and Chief Executive Officer, John Hancock retail funds (since 2005); Member, Investment Company Institute Sales Force Marketing Committee (since 2003).

Andrew G. Arnott, Born: 1971

2009

Senior Vice President and Chief Operating Officer

Senior Vice President, John Hancock Financial Services (since 2009); Executive Vice President, John Hancock Advisers, LLC (since 2005); Executive Vice President, John Hancock Investment Management Services, LLC (since 2006); Executive Vice President, John Hancock Funds, LLC (since 2004); Chief Operating Officer, John Hancock retail funds (since 2009); Senior Vice President, John Hancock retail funds (since 2010); Vice President, John Hancock Funds II and John Hancock Trust (since 2006); Senior Vice President, Product Management and Development, John Hancock Funds, LLC (until 2009).

Thomas M. Kinzler, Born: 1955

2006

Secretary and Chief Legal Officer

Vice President, John Hancock Financial Services (since 2006); Secretary and Chief Legal Counsel, John Hancock Advisers, LLC, John Hancock Investment Management Services, LLC and John Hancock Funds, LLC (since 2007); Secretary and Chief Legal Officer, John Hancock retail funds, John Hancock Funds II and John Hancock Trust (since 2006); Vice President and Associate General Counsel, Massachusetts Mutual Life Insurance Company (1999–2006); Secretary and Chief Legal Counsel, MML Series Investment Fund (2000–2006); Secretary and Chief Legal Counsel, MassMutual Select Funds and MassMutual Premier Funds (2004–2006).

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Principal officers who are not Trustees (continued)

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Name, Year of Birth	Officer
Position(s) held with Fund	of the
Principal occupation(s) and other	Trust
directorships during past 5 years	since

Francis V. Knox, Jr. , Born: 1947	2005
--	------

Chief Compliance Officer

Vice President, John Hancock Financial Services (since 2005); Chief Compliance Officer, John Hancock retail funds, John Hancock Funds II, John Hancock Trust, John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC (since 2005); Vice President and Chief Compliance Officer, MFC Global Investment Management (U.S.), LLC (2005-2008).

Charles A. Rizzo , Born: 1957	2007
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Chief Financial Officer

Vice President, John Hancock Financial Services (since 2008); Senior Vice President, John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC (since 2008); Chief Financial Officer, John Hancock retail funds, John Hancock Funds II and John Hancock Trust (since 2007); Assistant Treasurer, Goldman Sachs Mutual Fund Complex (2005-2007); Vice President, Goldman Sachs (2005-2007); Managing Director and Treasurer, Scudder Funds, Deutsche Asset Management (2003-2005).

Salvatore Schiavone , Born: 1965	2009
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Treasurer

Assistant Vice President, John Hancock Financial Services (since 2007); Vice President, John Hancock Advisers, LLC and John Hancock Investment Management Services, LLC (since 2007); Treasurer, John Hancock retail funds (since 2010); Treasurer, John Hancock Closed-End Funds (since 2009); Assistant Treasurer, John Hancock Funds II and John Hancock Trust (since 2010); Assistant Treasurer, John Hancock retail funds, John Hancock Funds II and John Hancock Trust (2007-2009); Assistant Treasurer, Fidelity Group of Funds (2005-2007); Vice President, Fidelity Management Research Company (2005-2007); Assistant Treasurer, Scudder Group of Funds (2003-2005); Director, Deutsche Asset Management (2003-2005).

The business address for all Trustees and Officers is 601 Congress Street, Boston, Massachusetts 02210.

¹ Mr. Carlin, Mr. Cunningham and Mr. Russo serve as Trustees for a term expiring in 2011; and Mr. Ladner, Mr. Martin, Mr. Moore and Mr. Vrysen serve as Trustees for a term expiring in 2012; and Ms. Jackson, Mr. McHaffie, Ms. McGill Peterson and Mr. Pruchansky serve as Trustees for a term expiring in 2013.

² Member of Audit Committee.

³ Because Messrs. McHaffie and Vrysen are senior executives or directors with the Adviser and its affiliates, each of them is considered an interested person, as defined in the Investment Company Act of 1940, of the Fund.

⁴ Mr. McHaffie was appointed by the Board of Trustees effective 8-31-10.

*Effective 1-1-11, Steven R. Pruchansky will succeed Patti McGill Peterson as the Chairperson of the Board.

More information

Trustees

Patti McGill Peterson,

Chairperson

James F. Carlin

William H. Cunningham

Deborah C. Jackson*

Charles L. Ladner

Stanley Martin*

Hugh McHaffie[□]**

Dr. John A. Moore

Steven R. Pruchansky*

Gregory A. Russo

John G. Vrysen[□]

Officers

Keith F. Hartstein

President and

Chief Executive Officer

Andrew G. Arnott

*Senior Vice President***

and Chief Operating Officer

Thomas M. Kinzler

Secretary and Chief Legal Officer

Francis V. Knox, Jr.

Chief Compliance Officer

Charles A. Rizzo

Chief Financial Officer

Salvatore Schiavone

Treasurer

Investment adviser

John Hancock Advisers, LLC

Subadviser

MFC Global Investment
Management (U.S.), LLC

Analytic Investors, LLC

Custodian

State Street Bank and
Trust Company

Transfer agent

Mellon Investor Services

Legal counsel

K&L Gates LLP

Independent registered public accounting firm

PricewaterhouseCoopers LLP

Stock symbol

Listed New York Stock
Exchange: HTD

*Member of the
Audit Committee

**Effective 8-31-10

[□]Non-Independent Trustee

For shareholder assistance refer to page 32

You can also contact us:

1-800-852-0218

jhfunds.com

Regular mail:

Mellon Investor Services
Newport Office Center VII
480 Washington Boulevard
Jersey City, NJ 07310

The Fund's proxy voting policies and procedures, as well as the Fund's proxy voting record for the most recent twelve-month period ended June 30, are available free of charge on the Securities and Exchange Commission (SEC) Web site at www.sec.gov or on our Web site.

The Fund's complete list of portfolio holdings, for the first and third fiscal quarters, is filed with the SEC on Form N-Q. The Fund's Form N-Q is available on our Web site and the SEC's Web site, www.sec.gov, and can be reviewed and copied (for a fee) at the SEC's Public Reference Room in Washington, DC. Call 1-800-SEC-0330 to receive information on the operation of the SEC's Public Reference Room.

We make this information on your fund, as well as **monthly portfolio holdings**, and other fund details available on our Web site www.jhfunds.com or by calling 1-800-852-0218.

The report is certified under the Sarbanes-Oxley Act, which requires mutual funds and other public companies to affirm that, to the best of their knowledge, the information in their financial reports is fairly and accurately stated in all material respects.

The Fund is listed for trading on the NYSE and has filed with the NYSE its chief executive officer certification regarding compliance with the NYSE's listing standards. The Fund also files with the SEC the certification of its chief executive officer and chief financial officer required by Section 302 of the Sarbanes-Oxley Act.

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1-800-852-0218
1-800-231-5469 TDD
1-800-843-0090 EASI-Line
www.jhfunds.com

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MIS

P130A 10/10

12/10

ITEM 2. CODE OF ETHICS.

As of the end of the period, October 31, 2010, the registrant has adopted a code of ethics, as defined in Item 2 of Form N-CSR, that applies to its Chief Executive Officer and Chief Financial Officer (respectively, the principal executive officer, the principal financial officer, the "Covered Officers"). A copy of the code of ethics is filed as an exhibit to this Form N-CSR.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Stanley Martin is the audit committee financial expert and is "independent", pursuant to general instructions on Form N-CSR Item 3.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

(a) Audit Fees

The aggregate fees billed for professional services rendered by the principal accountant(s) for the audit of the registrant's annual financial statements or services that are normally provided by the accountant(s) in connection with statutory and regulatory filings or engagements amounted to \$33,162 for the fiscal year ended October 31, 2010 and \$35,692 for the fiscal period ended October 31, 2009 (the registrant changed the fiscal year end from December 31 to October 31). These fees were billed to the registrant and were approved by the registrant's audit committee.

(b) Audit-Related Services

The audit-related fees amounted to \$0 for the fiscal year ended October 31, 2010 and \$0 for the fiscal period ended October 31, 2009 billed to the registrant or to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant ("control affiliates").

(c) Tax Fees

The aggregate fees billed for professional services rendered by the principal accountant(s) for the tax compliance, tax advice and tax planning ("tax fees") amounted to \$3,014 for the fiscal year ended October 31, 2010 and \$2,926 for the fiscal period ended October 31, 2009. The nature of the services comprising the tax fees was the review of the registrant's income tax returns and tax distribution requirements. These fees were billed to the registrant and were approved by the registrant's audit committee. There were no tax fees billed to the control affiliates.

(d) All Other Fees

The all other fees billed to the registrant for products and services provided by the principal accountant were \$20 for the fiscal year ended October 31, 2010 and \$55 for the fiscal period ended October 31, 2009 billed to control affiliates for products and services provided by the principal accountant. The nature of the services comprising the all other fees was related to the principal accountant's report on the registrant's Eligible Asset Coverage. These fees were approved by the registrant's audit committee.

(e)(1) Audit Committee Pre-Approval Policies and Procedures:

The trust's Audit Committee must pre-approve all audit and non-audit services provided by the independent registered public accounting firm (the "Auditor") relating to the operations or financial reporting of the funds. Prior to the commencement of any audit or non-audit services to a fund, the Audit Committee reviews the services to determine whether they are appropriate and permissible under applicable law.

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The trust's Audit Committee has adopted policies and procedures to, among other purposes, provide a framework for the Committee's consideration of audit-related and non-audit services by the Auditor. The policies and procedures require that any audit-related and non-audit service

provided by the Auditor and any non-audit service provided by the Auditor to a fund service provider that relates directly to the operations and financial reporting of a fund are subject to approval by the Audit Committee before such service is provided. Audit-related services provided by the Auditor that are expected to exceed \$25,000 per instance/per fund are subject to specific pre-approval by the Audit Committee. Tax services provided by the Auditor that are expected to exceed \$30,000 per instance/per fund are subject to specific pre-approval by the Audit Committee.

All audit services, as well as the audit-related and non-audit services that are expected to exceed the amounts stated above, must be approved in advance of provision of the service by formal resolution of the Audit Committee. At the regularly scheduled Audit Committee meetings, the Committee reviews a report summarizing the services, including fees, provided by the Auditor. (e)(2) Services approved pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X:

Audit-Related Fees, Tax Fees and All Other Fees:

There were no amounts that were approved by the Audit Committee pursuant to the de minimis exception under Rule 2-01 of Regulation S-X.

(f) According to the registrant's principal accountant, for the fiscal period ended October 31, 2010, the percentage of hours spent on the audit of the registrant's financial statements for the most recent fiscal year that were attributed to work performed by persons who were not full-time, permanent employees of principal accountant was less than 50%.

(g) The aggregate non-audit fees billed by the registrant's accountant(s) for services rendered to the registrant and rendered to the registrant's control affiliates for each of the last two fiscal years of the registrant were \$3,066,823 for the fiscal year ended October 31, 2010 and \$8,200,579 for the fiscal period ended October 31, 2009.

(h) The audit committee of the registrant has considered the non-audit services provided by the registrant's principal accountant(s) to the control affiliates and has determined that the services that were not pre-approved are compatible with maintaining the principal accountant(s)' independence.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant has a separately-designated standing audit committee comprised of independent trustees. The members of the audit committee are as follows:

Stanley Martin - Chairman
Deborah C. Jackson
Steven R. Pruchansky

ITEM 6. SCHEDULE OF INVESTMENTS.

- (a) Not applicable.
- (b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

See attached Exhibit "Proxy Voting Policies and Procedures".

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Information about the MFC Global portfolio managers

Management Biographies and Fund Ownership

Below is a list of the portfolio managers who share joint responsibility for the day- to-day investment management of the Fund. It provides a brief summary of their business careers over the past five years and their range of beneficial share ownership in the Fund as of October 31, 2010.

Gregory K. Phelps

Senior Vice President, MFC Global Investment Management (U.S.), LLC since 2005

Senior Vice President, John Hancock Advisers, LLC (1995 - 2005)

Began business career in 1981

Joined fund team in 2002 (inception)

Fund ownership - \$1 - \$10,000

Mark T. Maloney

Vice President, MFC Global Investment Management (U.S.), LLC since 2005

Vice President, John Hancock Advisers, LLC (1982 - 2005)

Began business career in 1976

Joined fund team in 2002 (inception)

Fund ownership - \$1 - \$10,000

Lisa A. Welch

Vice President, MFC Global Investment Management (U.S.), LLC since 2005

Vice President, John Hancock Advisers, LLC (1998-2005)

Began business career in 1986

Joined fund team in 2004

Fund ownership - None

Other Accounts the Portfolio Managers are Managing

The table below indicates, for each portfolio manager, information about the accounts over which the portfolio manager has day- to- day investment responsibility. All information on the number of accounts and total assets in the table is as of October 31, 2010. For purposes of the table, "Other Pooled Investment Vehicles" may include investment partnerships and group trusts, and "Other Accounts" may include separate accounts for institutions or individuals, insurance company general or separate accounts, pension funds and other similar institutional accounts.

PORTFOLIO MANAGER	OTHER ACCOUNTS MANAGED BY THE PORTFOLIO MANAGERS
Gregory K. Phelps	Other Registered Investment Companies: 4 accounts with assets of approximately \$3.2 billion Other Pooled Investment Vehicles: None Other Accounts: None
Mark T. Maloney	Other Registered Investment Companies: 4 accounts with assets of approximately \$3.2 billion Other Pooled Investment Vehicles: None Other Accounts: None
Lisa A. Welch	Other Investment Companies:

3 accounts with assets of approximately \$1.3 billion.
Other Pooled Investment Vehicles: None
Other Accounts: None

Neither the Adviser or the Subadviser receives a fee based upon the investment performance of any of the accounts included under "Other Accounts Managed by the Portfolio Managers" in the table above.

When a portfolio manager is responsible for the management of more than one account, the potential arises for the portfolio manager to favor one account over another. For the reasons outlined below, the Fund does not believe that any material conflicts are likely to arise out of a portfolio manager's responsibility for the management of the Fund as well as one or more other accounts. The Adviser and the Subadviser have adopted procedures, overseen by the Chief Compliance Officer, that are intended to monitor compliance with the policies referred to in the following paragraphs.

□ The Subadviser has policies that require a portfolio manager to allocate investment opportunities in an equitable manner and generally to allocate such investments proportionately among all accounts with similar investment objectives.

□ When a portfolio manager intends to trade the same security for more than one account, the

policies of the Subadviser generally require that such trades for the individual accounts are aggregated so that each account receives the same price. When not possible or when it may not result in the best possible price, the Subadviser will place the order in a manner intended to result in as favorable a price as possible for such client.

□ The investment performance on specific accounts is not a factor in determining the portfolio manager's compensation. See "Compensation of Portfolio Managers" below. Neither the Adviser nor the Subadviser receives a performance-based fee with respect to other accounts managed by the Fund's portfolio managers.

□ The Subadviser imposes certain trading restrictions and reporting requirements for accounts in which a portfolio manager or certain family members have a personal interest in order to confirm that such accounts are not favored over other accounts.

□ The Subadviser seeks to avoid portfolio manager assignments with potentially conflicting situations. However, where a portfolio manager is responsible for accounts with differing investment objectives and policies, it is possible that the portfolio manager will conclude that it is in the best interest of one account to sell a portfolio security while another account continues to hold or increase the holding in such security.

Compensation of Portfolio Managers

The Subadviser has adopted a system of compensation for portfolio managers and others involved in the investment process that is applied systematically among investment professionals. At the Subadviser, the structure of compensation of investment professionals is currently comprised of the following basic components: base salary and an annual investment bonus plan as well as customary benefits that are offered generally to all full-time employees of the Subadviser. A limited number of senior investment professionals, who serve as officers of both the Subadviser and its parent company, may also receive options or restricted stock grants of common shares of Manulife Financial. The following describes each component of the compensation package for the individuals identified as a portfolio manager for the Funds.

Base salary. Base compensation is fixed and normally reevaluated on an annual basis. The Subadviser seeks to set compensation at market rates, taking into account the experience and responsibilities of the investment professional.

Investment Bonus Plan. Only investment professionals are eligible to participate in the Investment Bonus Plan. Under the plan, investment professionals are eligible for an annual bonus. The plan is intended to provide a competitive level of annual bonus compensation that is tied to the investment professional achieving superior

investment performance and aligns the financial incentives of the Subadviser and the investment professional. Any bonus under the plan is completely discretionary, with a maximum annual bonus that may be well in excess of base salary. Payout of a portion of this bonus may be deferred for up to five years. While the amount of any bonus is discretionary, the following factors are generally used in determining bonuses under the plan:

□ Investment Performance: The investment performance of all accounts managed by the investment professional over one- and three-year periods are considered. The pre- tax performance of each account is measured relative to an appropriate peer group benchmark (for example a Morningstar large cap growth peer group if the fund invests primarily in large cap stocks with a growth strategy). With respect to fixed income accounts, relative yields are also used to measure performance.

□ The Profitability of the Subadviser: The profitability of the Subadviser and its parent company are also considered in determining bonus awards.

□ Non-Investment Performance: To a lesser extent, intangible contributions, including the investment professional's support of client service and sales activities, new fund/strategy idea generation, professional growth and development, and management, where applicable, are also evaluated when determining bonus awards.

Options and Stock Grants. A limited number of senior investment professionals may receive options to purchase shares of Manulife Financial stock. Generally, such option would permit the investment professional to purchase a set amount of stock at the market price on the date of grant. The option can be exercised for a set period (normally a number of years or until termination of employment) and the investment professional would exercise the option if the market value of Manulife Financial stock increases. Some investment professionals may receive restricted stock grants, where the investment professional is entitled to receive the stock at no or nominal cost, provided that the stock is forgone if the investment professional's employment is terminated prior to a vesting date.

The Subadviser also permits investment professionals to participate on a voluntary basis in a deferred compensation plan, under which the investment professional may elect on an annual basis to defer receipt of a portion of their compensation until retirement. Participation in the plan is voluntary.

Information about the Analytic portfolio managers

Management Biographies and Fund ownership

Below is an alphabetical list of the Analytic portfolio managers who share joint responsibility for the implementation and execution of the Fund's options strategy. It provides a brief summary of their business careers over the past five years and their range of beneficial share ownership in the Fund as of October 31, 2010.

Harindra de Silva, Ph. D., CFA

President and portfolio manager, Analytic Investors, LLC since 1995
Principal at Analysis Group, Inc. (1986 □ 1994)
Began business career in 1984
Joined Fund team in 2007
Fund ownership □ None

Gregory M. McMurrin

Chief investment officer and portfolio manager, Analytic Investors, LLC since 1976
Began business career in 1976
Joined Fund team in 2007
Fund ownership □ None

Dennis Bein, CFA

Chief investment officer and portfolio manager, Analytic Investors, LLC since 1995

Senior consultant, AG Risk Management (1990 □ 1998)
Began business career in 1990
Joined Fund team in 2007
Fund ownership □ None

Ram Willner, D.B.A.

Portfolio Manager Analytic Investors, LLC since 2008
Managing Partner, Global Fixed Income Partners, LLC (2003 □2007)
Began business career in 1994
Joined Fund team in 2010
Fund ownership □ None

PORTFOLIO MANAGER
Harindra de Silva, Ph.D., CFA

OTHER ACCOUNTS MANAGED BY THE PORTFOLIO MANAGERS
Other Registered Investment Companies: 13 (thirteen) accounts with total net assets of approximately \$2.9 billion
Other Pooled Investment Vehicles: 19 (nineteen) accounts with total net assets of approximately \$1.6 billion
Other Accounts: 26 (twenty-six) accounts with total net assets of approximately \$2.4 billion

Gregory M. McMurrin

Other Registered Investment Companies: 4 (four) accounts with total net assets of approximately \$384 million
Other Pooled Investment Vehicles: 2 (two) accounts with total net assets of approximately \$70 million
Other Accounts: 2 (two) accounts with total net assets of approximately \$206 million

Dennis Bein, CFA

Other Registered Investment Companies: 11 (eleven) accounts with total net assets of approximately \$2.8 billion
Other Pooled Investment Vehicles: 17 (seventeen) accounts with total net assets of approximately \$1.5 billion

Other Accounts: 29 (twenty-nine) accounts with total net assets of approximately \$2.4 billion

Ram Willner, D.B.A.

Other Registered Investment Companies: 4 (four) accounts with total net assets of approximately

\$384 million

Other Pooled Investment Vehicles: 2 (two) accounts with total net assets of approximately

\$70 million

Other Accounts: 2 (two) accounts with total net assets of approximately \$206 million

Neither the Adviser nor the Subadviser receives a fee based upon the investment performance of any of the accounts included under "Other Accounts Managed by the Portfolio Managers" in the table above, except for Messrs. de Silva, McMurrin and Bein, who each receive a fee based on performance for 14 accounts, 1 account and 14 accounts, respectively, for "Other Pooled Investments" and for 13 accounts, 0 accounts and 13 accounts, respectively, for "Other Accounts" in the table above.

Conflicts of Interest

Conflicts of interest may arise because the Fund's portfolio managers have day- to- day management responsibilities with respect to both the Fund and various other accounts. These potential conflicts include:

□ Limited Resources. The portfolio managers cannot devote their full time and attention to the management of each of the accounts that they manage. Accordingly, the portfolio managers may be limited in their ability to identify investment opportunities for each of the accounts that are as attractive as might be the case if the portfolio managers were to devote substantially more attention to the management of a single account. The effects of this potential conflict may be more pronounced where the accounts have different investment strategies.

□ Limited Investment Opportunities. Other clients of either Subadviser may have investment objectives and policies similar to those of the Fund. Either Subadviser may, from time to time, make recommendations which result in the purchase or sale of a particular security by its other clients simultaneously with the Fund. If transactions on behalf of more than one client during the same period increase the demand for securities being purchased or the supply of securities being sold, there may be an adverse effect on price or quantity. It is the policy of each Subadviser to allocate advisory recommendations and the placing of orders in a manner that it believes is equitable to the accounts involved, including the Fund. When two or more clients of a Subadviser are purchasing or selling the same security on a given day from the same broker-dealer, such transactions may be averaged as to price.

□ Different Investment Strategies. The accounts managed by the portfolio managers have differing investment strategies. If the portfolio managers determine that an investment opportunity may be appropriate for only some of the accounts or decide that certain of the accounts should take different positions with respect to a particular security, the portfolio managers may effect transactions for one or more accounts which may affect the market price of the security or the execution of the transaction, or both, to the detriment or benefit of one or more other accounts.

□ Variation in Compensation. A conflict of interest may arise where a Subadviser is compensated differently by the accounts that are managed by the portfolio managers. If certain accounts pay higher management fees or performance-based incentive fees, the portfolio managers might be motivated to prefer certain accounts over others. The portfolio managers might also be motivated to favor accounts in which they have a greater ownership interest or accounts that are more likely to enhance the portfolio managers' performance record or to otherwise benefit the portfolio managers.

□ Selection of Brokers. The portfolio managers select the brokers that execute securities transactions for the accounts that they supervise. In addition to executing trades, some brokers provide the portfolio managers with research and other services which may require the payment of higher brokerage fees than might otherwise be available. The portfolio managers' decision as to the selection of brokers could yield disproportionate costs and benefits among the accounts that they manage, since the research and other services provided by brokers may be more beneficial to some accounts

than to others.

Where conflicts of interest arise between the Fund and other accounts managed by the portfolio managers, the portfolio managers will use good faith efforts so that the Fund will not be treated materially less favorably than other accounts. There may be instances where similar portfolio transactions may be executed for the same security for numerous accounts managed by the portfolio managers. In such instances, securities will be allocated in accordance with the Adviser's trade allocation policy.

Compensation of Portfolio Managers

Our compensation structure for professional employees consists of an industry median base salary (based on independent industry information) and an annual discretionary bonus. Bonus amounts are determined using the following factors: the overall success of the firm in terms of profitability; the overall success of the department or team; and an individual's contribution to the team, based on goals established during the performance period. Compensation based on investment strategy performance is not tied to individual account performance, but rather, each strategy as a whole. Strategy performance information is based on pre-tax calculations for the prior calendar year. No portfolio manager is directly compensated a portion of an advisory fee based on the performance of a specific account. Members of Analytic's senior management team and investment management professionals may also have a deferred component to their total compensation (with a three-year vesting period) that is invested in the firm's investment products to tie the interests of the individual to the interests of the firm and our clients. Portfolio managers' base salaries are typically reviewed on an annual basis determined by each portfolio manager's anniversary date of employment. Discretionary bonuses are determined annually, upon analysis of information from the prior calendar year.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT

INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

(a) Not applicable.

REGISTRANT PURCHASES OF EQUITY SECURITIES

(b)

Period	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans*	Maximum Number of Shares that May Yet Be Purchased Under the Plans
Nov-09	39,900	11.655	39,900	3,635,292
Dec-09	-	-	39,900	3,827,442*
Jan-10	26,400	12.941	66,300	3,801,042
Feb-10	-	-	66,300	3,801,042
Mar-10	-	-	66,300	3,801,042
Apr-10	-	-	66,300	3,801,042
May-10	-	-	66,300	3,801,042
Jun-10	-	-	66,300	3,801,042

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Jul-10	76,600	14.233	142,900	3,724,442
Aug-10	127,000	14.165	269,900	3,597,442
Sep-10	33,000	14.635	302,900	3,564,442
Oct-10	-	-	302,900	3,564,442
Total	302,900	13.796		

*In December 2007, the Board of Trustees approved a share repurchase plan, which was renewed in December 2008, December 2009, and December 2010. Under the share repurchase plan, the Fund may purchase in the open market up to 10% of its outstanding common shares. The plan renewed by the Board in December 2010 will remain in effect between January 1, 2011 and December 31, 2011.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no material changes to previously disclosed John Hancock Funds' Governance Committee Charter.

ITEM 11. CONTROLS AND PROCEDURES.

(a) Based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this Form N-CSR, the registrant's principal executive officer and principal financial officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

(a)(1) Code of Ethics for Senior Financial Officers is attached.

(a)(2) Separate certifications for the registrant's principal executive officer and principal financial officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached.

(b) Separate certifications for the registrant's principal executive officer and principal financial officer, as required by 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and Rule 30a-2(b) under the Investment Company Act of 1940, are attached. The certifications furnished pursuant to this paragraph are not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section. Such certifications are not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Registrant specifically incorporates them by reference.

(c)(1) Proxy Voting Policies and Procedures are attached.

(c)(2) Submission of Matters to a Vote of Security Holders is attached. See attached []John Hancock Funds [] Governance Committee Charter[].

(c)(3) Contact person at the registrant.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

John Hancock Tax-Advantaged Dividend Income Fund

By: /s/ Keith F. Hartstein

Keith F. Hartstein
President and
Chief Executive Officer

Date: December 17, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Keith F. Hartstein

Keith F. Hartstein
President and
Chief Executive Officer

Date: December 17, 2010

By: /s/ Charles A. Rizzo

Charles A. Rizzo
Chief Financial Officer

Date: December 17, 2010
