

Ticker Symbol: HPS

A John Hancock Closed-End Fund

Q4 | 2011

Goal: Seeks to provide high current income, consistent with preservation of capital. The Fund's secondary objective is to provide growth of capital to the extent consistent with its primary objective.

Strategy: Invests in a diversified portfolio of securities that, in the opinion of the Adviser, may be undervalued relative to similar securities in the marketplace. Under normal conditions, the Fund invests at least 80% of its assets in preferred stocks and other preferred securities.

KEY STATISTICS AS OF 12/31/11

FUND FACTS

Ticker	HPS
CUSIP	41013T105
Inception Date	6/19/03
IPO Price	\$25.00
Listed Exchange	NYSE

DISTRIBUTION HISTORY

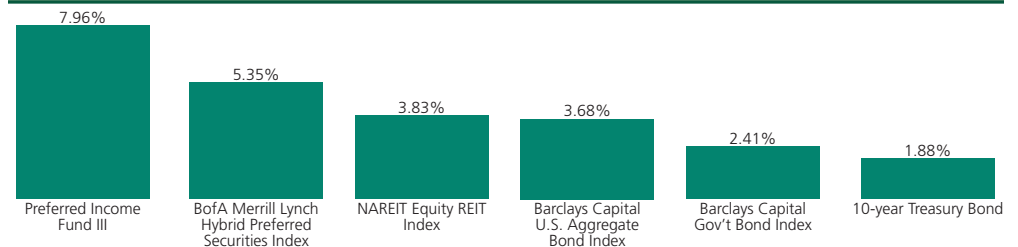
Frequency	Monthly
Payment Date	Dividend per share
12/30/11	\$0.1122
11/30/11	\$0.1122
10/31/11	\$0.1122
9/30/11	\$0.1122
8/31/11	\$0.1122
7/29/11	\$0.1122

AVERAGE ANNUAL TOTAL RETURNS AS OF 12/31/11

	1-year	3-year	5-year	10-year	Since Inception	Inception date
At net asset value	6.80%	23.70%	2.97%	—	5.18%	6/19/03
At market	16.70%	27.43%	4.22%	—	4.57%	6/19/03

Performance figures assume that all distributions are reinvested. For performance data current to the most recent month end, contact your financial professional or call 1-800-843-0090. The performance data contained within this material represents past performance, which does not guarantee future results. Due to market volatility, the Fund's current performance may be higher or lower and is subject to substantial changes.

CURRENT YIELD AS OF 12/31/11¹



GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT (6/19/03 TO 12/31/11)



Year-by-year total returns (%)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
—	4.92 ²	11.65	2.98	10.23	-12.14	-30.40	46.80	20.73	6.80

¹ The current yield for John Hancock Preferred Income Fund III reflects the most recent dividend distribution annualized and divided by the net asset value (NAV) as of 12/31/11. The BofA Merrill Lynch Hybrid Preferred Securities Index is a subset of the BofA Merrill Lynch Fixed Rate Preferred Securities Index including all subordinated securities with a payment deferral feature. The BofA Merrill Lynch Fixed Rate Preferred Securities Index tracks the performance of fixed-rate U.S. dollar-denominated preferred securities issued in the U.S. domestic market. The NAREIT Equity REIT Index is an unmanaged index consisting of certain companies that own and operate income-producing real estate and have 75% or more of their respective gross invested assets in the equity or mortgage debt, respectively, of commercial properties. The Barclays Capital U.S. Aggregate Bond Index is an unmanaged index consisting of certain publicly issued taxable U.S. investment-grade, fixed-rate, non-convertible, dollar-denominated bonds composed of government and corporate securities and mortgage pass-through and asset-backed securities with at least \$150 million par amount outstanding and at least one year to maturity. The Barclays Capital Government Bond Index is an unmanaged index consisting of certain public obligations of the U.S. Treasury and publicly issued debt of U.S. government agencies, quasi-federal corporations and corporate or foreign debts that are U.S. dollar-denominated and non-convertible, with at least \$150 million par amount outstanding and at least one year to maturity. The historical yields shown here are for comparative purposes only and are no indication of the future yields of these indexes or of Preferred Income Fund III. It is not possible to invest directly in any of these indexes.

² Results since inception (not annualized).

John Hancock Preferred Income Fund III

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TEN LARGEST ISSUERS AS OF 12/31/11³

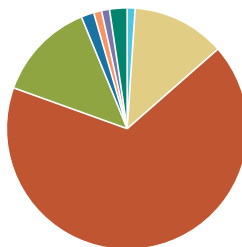
Nexen	4.96%	Goldman Sachs	2.85%
Viacom	3.60%	Duke Realty	2.74%
MetLife	3.11%	SCANA	2.70%
ING Groep	3.07%	FPC Capital I	2.54%
Telephone & Data Systems	2.89%	United States Cellular	2.41%
TOTAL		30.87%	

LARGEST SECTORS AS OF 12/31/11³

Financials	50.46%	Consumer Discretionary	5.91%
Utilities	24.30%	Consumer Staples	1.44%
Telecommunication Services	8.27%	Industrials	0.78%
Energy	7.54%	TOTAL	98.70%

CREDIT QUALITY BREAKDOWN AS OF 12/31/11⁴

AA	1.40%
A	12.70%
BBB	63.80%
BB	13.50%
B	2.60%
Equity	1.40%
Short-Term Investments & Other	1.40%
Not Rated	3.20%



WHAT YOU SHOULD KNOW BEFORE INVESTING

If you are interested in investing in any of the John Hancock closed-end funds, please contact your financial professional. For current fund information or to request closed-end fund literature, call 1-800-843-0090 or visit our Web site at www.jhfunds.com.

Closed-End Fund information line (8:30 a.m. – 7:00 p.m., ET)	1-800-843-0090
Account information (9:00 a.m. – 7:00 p.m., ET)	1-800-852-0218

- Listed holdings do not represent all of the holdings in the Fund. Holdings are subject to change at any time and are not recommendations to buy or sell any security. Characteristics are expressed as a percentage of net assets and exclude cash and cash equivalents.
- Ratings are from Moody's Investors Services, Inc. If not available, we have used S&P ratings. In the absence of ratings from these agencies, we have used Fitch, Inc. ratings. "Not Rated" securities are those with no Moody's, S&P or Fitch ratings available. Composition is as of date indicated and does not reflect subsequent downgrades. Short-Term Investments & Other may include fund receivables, payables and certain derivative instruments. This data is provided for informational purposes only. For specific strategies and policies of the Fund, please see the prospectus and SAI.
- Closed-end fund shares are not redeemable, but instead are traded in the secondary market and frequently trade at a discount to net asset value. Specialized funds may carry additional risks.
- The difference between total managed assets and total net assets, if any, is due primarily to the Fund's use of borrowings and other liabilities; net assets do not include borrowings.
- As of July 31, 2011, semiannual report.

The performance data contained within this material represents past performance, which does not guarantee future results. Performance, especially for short time periods, should not be the sole factor in making your investment decision. Due to market volatility, the Fund's performance may be subject to substantial changes.

PORTFOLIO MANAGEMENT

John Hancock Asset Management

Portfolio management is provided by John Hancock Asset Management, the Fund's subadviser, under the supervision of John Hancock Advisers, LLC.



Gregory Phelps
Senior Portfolio Manager

Joined Fund team in 2003
Began career in 1981



Mark Maloney
Senior Portfolio Manager

Joined Fund team in 2003
Began career in 1976

KEY STATISTICS AS OF 12/31/11

ADDITIONAL INFORMATION

NAV	\$16.92
Market price	\$17.07
Premium/Discount ⁵	0.9%
Total net assets (mil) ⁶	\$525.6
Total managed assets (mil) ⁶	\$819.8
52-week market price range	\$14.18—\$17.70
% of total fund assets (leverage) ⁷	34.0%
No. of holdings	106
No. of issuers	61
Undistributed net investment income (per share) ⁷	\$0.0457

INTEREST RATE SWAPS

Percentage of LOC	25.1%
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Visit us at www.jhfunds.com



John Hancock Funds

601 Congress Street ■ Boston, MA 02210-2805
1-800-843-0090 ■ 1-800-554-6713 TDD ■ www.jhfunds.com

NOT FDIC INSURED. MAY LOSE VALUE. NO BANK GUARANTEE. NOT INSURED BY ANY GOVERNMENT AGENCY.

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