

BlackRock Enhanced Government Fund, Inc.  
Form N-Q  
November 25, 2009

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-21793

Name of Fund: BlackRock Enhanced Government Fund, Inc. (EGF)

Fund Address: 100 Bellevue Parkway, Wilmington, DE 19809

Name and address of agent for service: Anne F. Ackerley, Chief Executive Officer, BlackRock  
Enhanced Government Fund, Inc., 40 East 52<sup>nd</sup> Street, New York, NY 10022.

Registrant's telephone number, including area code: (800) 882-0052, Option 4

Date of fiscal year end: 12/31/2009

Date of reporting period: 09/30/2009

Item 1 Schedule of Investments

---

**BlackRock Enhanced Government Fund, Inc.**

|  |   | (Percentages shown are based on Net Assets) |              |
|--|---|---|--------------|
| Schedule of Investments September 30, 2009 (Unaudited) |   |   |              |
|  |   | Par   |              |
|  |   | (000)                                       | Value        |
| <b>Asset-Backed Securities</b>                         |   |   |              |
|  | First Franklin Mortgage Loan Asset Backed<br>Certificates, Series 2005-FF2, Class M2, 0.69%,<br>3/25/35 (a) | \$ 3,220                                    | \$ 1,159,200 |
|  | GSAA Home Equity Trust, Series 2005-1, Class<br>AF2, 4.32%, 11/25/34 (a)                                    | 1,146                                       | 1,081,451    |
|  | Securitized Asset Backed Receivables LLC Trust,<br>Series 2005-0P1, Class M2, 0.70%, 1/25/35 (a)            | 2,000                                       | 1,197,545    |
|  | Securitized Asset Backed Receivables LLC Trust,<br>Series 2005-OP2, Class M1, 0.68%, 10/25/35 (a)           | 1,025                                       | 289,192      |
|  | Soundview Home Equity Loan Trust,<br>Series 2007-OPT5, Class 2A2, 1.20%, 10/25/37 (a)                       | 2,500                                       | 894,046      |
|  | <b>Total Asset-Backed Securities - 2.3%</b>   |   | 4,621,434    |
| <b>Industry</b>  | <b>Corporate Bonds</b>  |   |              |
| <b>Diversified Consumer<br/>Services - 0.2%</b>        | Leland Stanford Junior University,<br>3.63%, 5/01/14  | 400   | 414,064      |
|  | <b>Total Corporate Bonds - 0.2%</b>   |   | 414,064      |
|  | <b>Foreign Agency Obligations</b>   |   |              |
|  | Province of Ontario Canada, 4.10%, 6/16/14 (b)  | 1,745                                       | 1,844,927    |
|  | <b>Total Foreign Agency Obligations - 0.9%</b>  |   | 1,844,927    |
|  | <b>Taxable Municipal Bonds</b>  |   |              |
| <b>State - 0.9%</b>                                    | State of California, GO, Taxable, Various<br>Purpose 3, 5.65%, 4/01/39                                      | 1,680                                       | 1,785,739    |
|  | <b>Total Taxable Municipal Bonds - 0.9%</b>   |   | 1,785,739    |
|  | <b>Non-U.S. Government Sponsored Agency<br/>Mortgage-Backed Securities</b>                                  |   |              |
| <b>Collateralized Mortgage<br/>Obligations - 4.4%</b>  | Bank of America Mortgage Securities Inc.,<br>Series 2003-J, Class 2A1, 5.28%, 11/25/33 (a)                  | 406   | 374,248      |
|  | Bear Stearns Alt-A Trust, Series 2004-13, Class A1,<br>0.99%, 11/25/34 (a)                                  | 543   | 372,603      |
|  | CS First Boston Mortgage Securities Corp.,<br>Series 2005-11, Class 6A5, 6.00%, 12/25/35                    | 1,124                                       | 881,084      |
|  | Countrywide Alternative Loan Trust,<br>Series 2006-41CB, Class 2A17, 6.00%, 1/25/37                         | 1,748                                       | 1,311,199    |
|  | Homebanc Mortgage Trust, Series 2005-4,<br>Class A1, 0.52%, 10/25/35 (a)                                    | 1,983                                       | 1,200,878    |
|  | Thornburg Mortgage Securities Trust,<br>Series 2006-6, Class A1, 0.36%, 11/25/46 (a)                        | 1,946                                       | 1,801,267    |

Edgar Filing: BlackRock Enhanced Government Fund, Inc. - Form N-Q

|   |       |           |
|---|-------|-----------|
| Thornburg Mortgage Securities Trust,<br>Series 2007-2, Class A2A, 0.38%, 6/25/37 (a)      | 1,454 | 1,325,382 |
| WaMu Mortgage Pass-Through Certificates,<br>Series 2005-AR7, Class A1, 4.91%, 8/25/35 (a) | 1,541 | 1,375,096 |
|   |       | 8,641,757 |

**BlackRock Enhanced Government Fund, Inc.**

|  |  | (Percentages shown are based on Net Assets)  |              |            |
|--|--|--|--------------|------------|
| Schedule of Investments September 30, 2009 (Unaudited) |  |  |              |            |
|  | Non-U.S. Government Sponsored Agency<br>Mortgage-Backed Securities                           | Par<br>(000)   | Value        |            |
| <b>Commercial Mortgage-Backed Securities - 10.0%</b>   | Banc of America Commercial Mortgage, Inc., Series 2006-6, Class A2, 5.31%, 10/10/45          | \$ 3,575   | \$ 3,573,636 |            |
|  | Bear Stearns Commercial Mortgage Securities, Series 2001-T0P2, Class A2, 6.48%, 2/15/35      | 1,545  | 1,602,327    |            |
|  | Commercial Mortgage Pass-Through Certificates, Series 2007-C9, Class A2, 5.81%, 12/10/49 (a) | 3,250  | 3,286,869    |            |
|  | Credit Suisse Mortgage Capital Certificates, Series 2007-C5, Class A2, 5.59%, 9/15/40        | 3,400  | 3,362,829    |            |
|  | LB-UBS Commercial Mortgage Trust, Series 2007-C1, Class A2, 5.32%, 2/15/40                   | 2,000  | 1,999,723    |            |
|  | LB-UBS Commercial Mortgage Trust, Series 2007-C7, Class A2, 5.59%, 9/15/45                   | 3,000  | 3,014,979    |            |
|  | Wachovia Bank Commercial Mortgage Trust, Series 2007-C32, Class A2, 5.74%, 6/15/49 (a)       | 3,000  | 2,941,388    |            |
|  |  |  |              | 19,781,751 |
|  | <b>Interest Only Collateralized Mortgage Obligations - 0.0%</b>                              | CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 5/25/37       | 748          | 86,822     |
|  |  | <b>Total Non-U.S. Government Sponsored Agency Mortgage-Backed Securities - 14.4%</b> |              | 28,510,330 |
|  | <b>Preferred Securities</b>  |  |              |            |
| <b>Industry</b>  | <b>Capital Trusts</b>  |  |              |            |
| <b>Diversified Financial Services - 0.9%</b>           | JPMorgan Chase Capital XXII, 6.45%, 1/15/87  | 2,000  | 1,799,996    |            |
| <b>Electric Utilities - 0.8%</b>                       | PPL Capital Funding, 6.70%, 3/30/67 (a)  | 2,000  | 1,670,000    |            |
| <b>Insurance - 1.0%</b>                                | The Allstate Corp., 6.50%, 5/15/57 (a)   | 2,000  | 1,660,000    |            |
|  | ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (a)(c)   | 504  | 408,240      |            |
|  |  |  | 2,068,240    |            |
|  | <b>Total Capital Trusts - 2.7%</b>   |  | 5,538,236    |            |
|  | <b>Trust Preferreds</b>  |  |              |            |
| <b>Capital Markets - 0.9%</b>                          | Morgan Stanley Capital Trust VIII, 6.45%, 4/15/67  | 2,000  | 1,745,699    |            |
| <b>Media - 1.0%</b>                                    | Comcast Corp., 6.63%, 5/15/56  | 2,000  | 1,903,077    |            |
|  | <b>Total Trust Preferreds - 1.9%</b>   |  | 3,648,776    |            |
|  | <b>Total Preferred Securities - 4.6%</b>   |  | 9,187,012    |            |
|  | <b>U.S. Government Sponsored Agency Securities</b>   |  |              |            |
| <b>Agency Obligations - 4.5%</b>                       | Fannie Mae, 2.00%, 2/11/11   | 1,370  | 1,376,999    |            |

Edgar Filing: BlackRock Enhanced Government Fund, Inc. - Form N-Q

|  |   |        |            |
|--|---|--------|------------|
|  | Fannie Mae, 5.25%, 8/01/12  | 2,460  | 2,629,076  |
|  | Federal Farm Credit Bank, 4.55%, 6/08/20 (d)  | 3,500  | 3,610,303  |
|  | Federal Home Loan Banks, 5.25%, 9/12/14   | 640    | 719,829    |
|  | Federal Home Loan Banks, 5.38%, 6/13/14 (d)   | 640    | 717,157    |
|  |   |        | 9,053,364  |
| <b>Collateralized Mortgage Obligations - 11.2%</b> | Freddie Mac Mortgage Backed Securities,<br>Series 3149, Class HA, 6.00%, 5/15/27      | 1,072  | 1,091,936  |
|  | Ginnie Mae Mortgage Backed Securities,<br>Series 2005-87, Class C, 5.33%, 9/16/34 (a) | 10,000 | 10,776,134 |

**BlackRock Enhanced Government Fund, Inc.**

|  |  | (Percentages shown are based on Net Assets) |                             |
|--|--|---|-----------------------------|
| Schedule of Investments September 30, 2009 (Unaudited) |  | Par   |                             |
|  | U.S. Government Sponsored Agency Securities  | (000)                                       | Value                       |
|  | Ginnie Mae Mortgage Backed Securities,<br>Series 2006-3, Class C, 5.24%, 4/16/39 (a)   | \$ 10,000                                   | \$ 10,329,002<br>22,197,072 |
| <b>Interest Only Collateralized</b>                    | Ginnie Mae Mortgage Backed Securities,<br>Series 2006-30, Class IO, 0.80%, 5/16/46 (a) | 8,439                                       | 380,853                     |
| <b>Mortgage Obligations - 0.2%</b>                     |  |   |                             |
| <b>Mortgaged-Backed</b>                                | Fannie Mae Mortgage Backed Securities,<br>4.00%, 4/01/24 - 10/20/39 (e)                | 18,855                                      | 19,194,945                  |
| <b>Securities - 101.8%</b>                             | Fannie Mae Mortgage Backed Securities,<br>4.50%, 10/15/24 - 5/01/39 (e)                | 7,917                                       | 8,114,278                   |
|  | Fannie Mae Mortgage Backed Securities,<br>4.66%, 7/01/10                               | 1,827                                       | 1,843,989                   |
|  | Fannie Mae Mortgage Backed Securities,<br>4.96%, 2/01/13                               | 5,258                                       | 5,535,413                   |
|  | Fannie Mae Mortgage Backed Securities,<br>5.00%, 10/15/24 - 10/15/39 (b)(e)            | 48,835                                      | 50,619,306                  |
|  | Fannie Mae Mortgage Backed Securities,<br>5.24%, 4/01/12 (b)                           | 7,939                                       | 8,490,622                   |
|  | Fannie Mae Mortgage Backed Securities,<br>5.50%, 7/01/17 - 10/15/39 (b)(d)(e)          | 69,564                                      | 73,018,894                  |
|  | Fannie Mae Mortgage Backed Securities,<br>6.00%, 2/01/36 - 10/01/36                    | 5,240                                       | 5,545,216                   |
|  | Fannie Mae Mortgage Backed Securities,<br>6.11%, 2/01/12                               | 2,580                                       | 2,784,651                   |
|  | Fannie Mae Mortgage Backed Securities,<br>6.60%, 1/01/11                               | 4,898                                       | 5,096,127                   |
|  | Freddie Mac Mortgage Backed Securities,<br>4.50%, 5/01/34                              | 1,040                                       | 1,058,629                   |
|  | Freddie Mac Mortgage Backed Securities,<br>5.00%, 10/15/39 (e)                         | 14,500                                      | 14,980,313                  |
|  | Freddie Mac Mortgage Backed Securities,<br>5.50%, 10/15/39 (e)                         | 700   | 732,593                     |
|  | Ginnie Mae Mortgage Backed Securities,<br>4.50%, 10/15/39                              | 2,600                                       | 2,638,189                   |
|  | Ginnie Mae Mortgage Backed Securities,<br>5.00%, 11/15/35 - 10/15/39 (e)               | 137   | 141,999                     |
|  | Ginnie Mae Mortgage Backed Securities,   |   |                             |

Edgar Filing: BlackRock Enhanced Government Fund, Inc. - Form N-Q

|  |       |             |
|--|-------|-------------|
| 5.50%, 10/15/39 (e)                    | 2,300 | 2,412,843   |
|  |       | 202,208,007 |
| <b>Total U.S. Government Sponsored</b> |       |             |
| <b>Agency Securities - 117.7%</b>      |       | 233,839,296 |

3

---

**BlackRock Enhanced Government Fund, Inc.**

|  |   | (Percentages shown are based on Net Assets) |              |
|--|---|---|--------------|
| Schedule of Investments September 30, 2009 (Unaudited) |   |   |              |
|  |   | Par   |              |
|  |   | (000)                                       | Value        |
| <b>U.S. Treasury Obligations</b>                       |   |   |              |
|  | U.S. Treasury Notes, 1.38%, 9/15/12   | \$ 7,135                                    | \$ 7,122,735 |
|  | U.S. Treasury Notes, 3.13%, 8/31/13   | 110   | 115,285      |
|  | U.S. Treasury Notes, 2.38%, 9/30/14   | 32,215                                      | 32,298,115   |
|  | U.S. Treasury Notes, 3.50%, 2/15/39   | 5,595                                       | 5,068,723    |
|  | <b>Total U.S. Treasury Obligations - 22.5%</b>  |   | 44,604,858   |
| <b>Total Long-Term Investments</b>                     |   |   |              |
| <b>(Cost - \$321,831,542) - 163.5%</b>                 |   |   | 324,807,660  |
| <b>Short-Term Securities</b>                           |   |   |              |
| <b>Shares</b>  |   |   |              |
|  | BlackRock Liquidity Funds, TempFund,<br>0.20% (f)(g)  | 30,513,003                                  | 30,513,003   |
| <b>Total Short-Term Securities</b>                     |   |   |              |
| <b>(Cost - \$30,513,003) - 15.4%</b>                   |   |   | 30,513,003   |
| <b>Options Purchased</b>                               |   |   |              |
| <b>Contracts</b>                                       |   |   |              |
| <b>Over-the-Counter Call Swaptions</b>                 | Receive a fixed rate of 1.97% and pay a floating rate based on 3-month LIBOR, expiring 3/20/10, Broker JPMorgan Chase Bank NA | 16 (h)                                      | 146,542      |
| <b>Total Options Purchased</b>                         |   |   |              |
| <b>(Cost - \$60,174) - 0.1%</b>                        |   |   | 146,542      |
| <b>Total Investments Before TBA Sale</b>               |   |   |              |
| <b>Commitments and Options Written</b>                 |   |   |              |
| <b>(Cost - \$352,404,719*) - 179.0%</b>                |   |   | 355,467,205  |
| <b>Par</b>   |   |   |              |
|  |   | <b>(000)</b>                                |              |
| <b>TBA Sale Commitments (e)</b>                        |   |   |              |
|  | Fannie Mae Mortgage Backed Securities,<br>4.00%, 4/01/24 - 10/20/39   | \$ (9,500)                                  | (9,663,286)  |
|  | Fannie Mae Mortgage Backed Securities,<br>5.00%, 10/15/24 - 10/15/39  | (21,000)                                    | (21,689,052) |
|  | Fannie Mae Mortgage Backed Securities,<br>5.50%, 7/01/17 - 10/15/39   | (29,400)                                    | (30,802,606) |
|  | Fannie Mae Mortgage Backed Securities,<br>6.00%, 2/01/36 - 10/01/36   | (2,600)                                     | (2,743,000)  |
|  | Freddie Mac Mortgage Backed Securities,<br>5.00%, 10/15/39  | (14,200)                                    | (14,670,375) |
| <b>Total TBA Sale Commitments</b>                      |   |   |              |
| <b>(Proceeds Received - \$79,226,000) - (40.1)%</b>    |   |   | (79,568,319) |
| <b>Options Written</b>                                 |   |   |              |
| <b>Contracts</b>                                       |   |   |              |



Edgar Filing: BlackRock Enhanced Government Fund, Inc. - Form N-Q

|                                      |   |         |           |
|--------------------------------------|---|---------|-----------|
| <b>Exchange-Traded Call Options</b>  | 2-Year U.S. Treasury Bond, expiring 11/21/09 at<br>USD 108  | 125     | (158,203) |
| <b>Over-the-Counter Call Options</b> | Fannie Mae Mortgage Backed Securities, expiring<br>October 2009 at USD 102.38, Broker Citibank NA | 500,000 | (437,500) |

**BlackRock Enhanced Government Fund, Inc.**

|  |  | (Percentages shown are based on Net Assets)  |              |           |
|--|--|--|--------------|-----------|
| Schedule of Investments September 30, 2009 (Unaudited) |  |  |              |           |
|  | Options Written  | Contracts  | Value        |           |
| <b>Over-the-Counter Call Swaptions</b>                 | Pay a fixed rate of 3.5% and receive a floating rate based on 3-month LIBOR, expiring 10/13/09, Broker Royal Bank of Scotland Plc  | 20 (h)   | \$ (196,540) |           |
|  | Pay a fixed rate of 3.43% and receive a floating rate based on 3-month LIBOR, expiring 12/04/09, Broker JPMorgan Chase Bank NA     | 50 (h)   | (1,610,750)  |           |
|  | Pay a fixed rate of 4.34% and receive a floating rate based on 3-month LIBOR, expiring 8/21/10, Broker Credit Suisse International | 8 (h)  | (561,640)    |           |
|  |  |  | (2,368,930)  |           |
|  | <b>Over-the-Counter Put Swaptions</b>  | Receive a fixed rate of 3.43% and pay a floating rate based on 3-month LIBOR, expiring 12/04/09, Broker JPMorgan Chase Bank NA     | 50 (h)       | (113,750) |
|  |  | Receive a fixed rate of 4.34% and pay a floating rate based on 3-month LIBOR, expiring 8/21/10, Broker Credit Suisse International | 8 (h)        | (221,520) |
|  |  |  | (335,270)    |           |
|  | <b>Total Options Written</b>   |  |              |           |
|  | <b>(Premiums Received - \$3,259,231) - (1.7%)</b>  |  | (3,299,903)  |           |
|  | <b>Total Investments, Net of TBA Sale Commitments and Options Written - 137.2%</b>   |  | 272,598,983  |           |
|  | <b>Liabilities in Excess of Other Assets - (37.2)%</b>   |  | (73,970,195) |           |
|  |  |  | \$           |           |
|  | <b>Net Assets - 100.0%</b>   |  | 198,628,788  |           |

\* The cost and unrealized appreciation (depreciation) of investments as of September 30, 2009, as computed for federal income tax purposes, were as follows:

|                               |                |
|-------------------------------|----------------|
| Aggregate cost                | \$ 352,463,688 |
| Gross unrealized appreciation | \$ 10,628,178  |
| Gross unrealized depreciation | (7,624,661)    |
| Net unrealized appreciation   | \$ 3,003,517   |

- (a) Variable rate security. Rate shown is as of report date.
- (b) All or a portion of security have been pledged as collateral in connection with swaps.
- (c) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified

institutional investors.

- (d) All or a portion of security have been pledged as collateral in connection with open financial futures contracts.
- (e) Represents or includes a to-be-announced ("TBA") transaction. Unsettled TBA transactions as of report date were as follows:

| <b>Counterparty</b>         | <b>Market Value</b> | <b>Unrealized<br/>Appreciation<br/>(Deprecation)</b> |
|-----------------------------|---------------------|--|
| Barclays Capital Plc        | \$ (10,228,284)     | \$ 37,810  |
| Citigroup NA                | \$ (23,405,667)     | \$ (69,417)  |
| Credit Suisse International | \$ 23,300,856       | \$ 143,809   |
| Deutsche Bank AG            | \$ 8,899,998        | \$ 58,826  |

5

**BlackRock Enhanced Government Fund, Inc.****Schedule of Investments September 30, 2009 (Unaudited)**

| <b>Counterparty</b>              | <b>Market Value</b> | <b>Unrealized<br/>Appreciation<br/>(Depreciation)</b> |
|----------------------------------|---------------------|---|
| Goldman Sachs Bank USA           | \$ 2,408,398        | \$ 28,742   |
| JPMorgan Chase Bank              | \$ (4,796,082)      | \$ (29,441)   |
| Morgan Stanley Capital Services, | \$ 103,469          | \$ 359  |

- (f) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

| <b>Affiliate</b>                                     | <b>Net Activity</b> | <b>Income</b> |
|--|---------------------|---------------|
| BlackRock Liquidity Funds, TempFund                  | 30,513,003          | \$ 91,657     |
| BlackRock Liquidity Series, LLC<br>Cash Sweep Series | \$ (43,275,054)     | \$ 61,139     |

- (g) Represents the current yield as of report date.

- (h) One contract represents a notional amount of \$1 million.

For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the

industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease.

Financial futures contracts purchased as of September 30, 2009 were as follows:

| <b>Contracts</b> | <b>Issue</b>                  | <b>Exchange</b> | <b>Expiration<br/>Date</b> | <b>Face<br/>Value</b> | <b>Unrealized<br/>Appreciation</b> |
|------------------|-------------------------------|-----------------|----------------------------|-----------------------|------------------------------------|
| 183              | 10-Year U.S.<br>Treasury Bond | Chicago         | December 2009              | \$ 21,328,809         | \$ 325,238                         |
| 328              | 30-Year U.S.<br>Treasury Bond | Chicago         | December 2009              | \$ 39,076,292         | 734,708                            |
| 15               | Euro BOBL<br>Future           | Eurex           | December 2009              | \$ 2,522,614          | 13,750                             |
| <b>Total</b>     |                               |                 |                            |                       | \$ 1,073,696                       |

Financial futures contracts sold as of September 30, 2009 were as follows:

| <b>Contracts</b> | <b>Issue</b>                 | <b>Exchange</b> | <b>Expiration<br/>Date</b> | <b>Face<br/>Value</b> | <b>Unrealized<br/>Depreciation</b> |
|------------------|------------------------------|-----------------|----------------------------|-----------------------|------------------------------------|
| 44               | 2-Year U.S.<br>Treasury Bond | Chicago         | December<br>2009           | \$ 9,496,485          | \$ (50,140)                        |

Edgar Filing: BlackRock Enhanced Government Fund, Inc. - Form N-Q

Interest rate swaps outstanding as of September 30, 2009 were as

follows:

| <b>Fixed<br/>Rate</b> | <b>Floating<br/>Rate</b>                   | <b>Counterparty</b>       | <b>Expiration</b> | <b>Notional<br/>Amount<br/>(000)</b> | <b>Unrealized<br/>Appreciation<br/>(Depreciation)</b> |
|-----------------------|--|---------------------------|-------------------|--------------------------------------|---|
| 3.95% (a)             | 3-month Australian<br>Bank Bill Short-Term | Deutsche Bank AG          | May 2011          | AUD 3,560                            | \$ (39,917)   |
| 4.02% (a)             | 3-month Australian<br>Bank Bill Short-Term | Deutsche Bank AG          | May 2011          | AUD 10,555                           | (112,205)   |
| 1.34% (a)             | 3-month LIBOR                              | Deutsche Bank AG          | May 2011          | USD 19,300                           | 80,286  |
| 1.58% (a)             | 3-month LIBOR                              | JPMorgan Chase<br>Bank NA | August 2011       | USD 11,000                           | 75,366  |
| 4.63% (b)             | 3-month LIBOR                              | Deutsche Bank AG          | March 2013        | USD 50,000                           | (4,229,954)   |

**BlackRock Enhanced Government Fund, Inc.**  
**Schedule of Investments September 30, 2009 (Unaudited)**

| <b>Fixed</b> | <b>Floating</b> |                     |                   | <b>Notional</b> | <b>Unrealized</b>      |
|--------------|-----------------|---------------------|-------------------|-----------------|------------------------|
| <b>Rate</b>  | <b>Rate</b>     | <b>Counterparty</b> | <b>Expiration</b> | <b>Amount</b>   | <b>Appreciation</b>    |
|              |                 |                     |                   | <b>(000)</b>    | <b>(Depreciation)</b>  |
| 5.71% (b)    | 3-month LIBOR   | Deutsche Bank AG    | June 2017         | USD 25,000      | (4,332,731)            |
| 5.96% (b)    | 3-month LIBOR   | Deutsche Bank AG    | December 2037     | USD 25,000      | (8,808,283)            |
| <b>Total</b> |                 |                     |                   |                 | <b>\$ (17,367,438)</b> |

(a) Fund pays floating interest rate and receives fixed rate.

(b) Fund pays fixed interest rate and receives floating rate.

Portfolio Abbreviations:

**AUD** Australian Dollar

**GO** General Obligation Bonds

**LIBOR** The London Interbank Offered Rates

**USD** US Dollar

Fair Value Measurements - Various inputs are used in determining the fair value of investments, which are as

follows:

Level 1 - price quotations in active markets/exchanges for identical securities

Level 2 - other observable inputs (including, but not limited to: quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are

not

active, inputs other than quoted prices that are observable for the assets or liabilities (such as

interest rates,

yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other

market-

corroborated inputs)

Level 3 - unobservable inputs based on the best information available in the circumstances, to the

extent

observable inputs are not available (including the Fund's own assumptions used 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

Edgar Filing: BlackRock Enhanced Government Fund, Inc. - Form N-Q

investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to Fund's most recent financial statements as contained in its semi-annual report.

|                          | Valuation Inputs              | Investments in |              |
|--------------------------|-------------------------------|----------------|--------------|
|                          |                               | Assets         | Liabilities  |
| Level 1                  |                               |                |              |
| Preferreds               | Long-Term Investments - Trust | \$ 3,648,776   | -            |
| Securities               | Short-Term                    | 30,513,003     | -            |
|                          | Total Level 1                 | 34,161,779     | -            |
| Level 2                  |                               |                |              |
| Investments <sup>1</sup> | Long-Term                     | 318,601,663    | -            |
| Commitments              | TBA Sale                      | - \$           | (79,568,319) |
|                          | Total Level 2                 | 318,601,663    | (79,568,319) |

**BlackRock Enhanced Government Fund, Inc.**

**Schedule of Investments September 30, 2009 (Unaudited)**

| Valuation Inputs                    | Investments in        |                        |
|-------------------------------------|-----------------------|------------------------|
|                                     | Securities<br>Assets  | Liabilities            |
| Level 3                             |                       |                        |
| Long-Term Investments:              |                       |                        |
| Asset-Backed Securities             | 1,159,200             | -                      |
| Non-U.S. Government Sponsored       | -                     | -                      |
| Agency Mortgage-Backed Securities:  |                       |                        |
| Collateralized Mortgage Obligations | 1,311,199             | -                      |
| Interest Only Collateralized        |                       |                        |
| Mortgage Obligations                | 86,822                | -                      |
| Total Level 3                       | 2,557,221             | -                      |
| <b>Total</b>                        | <b>\$ 355,320,663</b> | <b>\$ (79,568,319)</b> |

<sup>1</sup> See above Schedule of Investments for values in each security type excluding the security types in Level 1 and Level 3 within the table.

| Valuation Inputs | Other Financial                    |                        |
|------------------|------------------------------------|------------------------|
|                  | Instruments <sup>2</sup><br>Assets | Liabilities            |
| Level 1          | \$ 1,073,696                       | \$ (50,140)            |
| Level 2          | 302,194                            | (20,822,993)           |
| Level 3          | -                                  | -                      |
| <b>Total</b>     | <b>\$ 1,375,890</b>                | <b>\$ (20,873,133)</b> |

<sup>2</sup> Other financial instruments are swaps, financial futures contracts, and options. Swaps and financial futures contracts are shown at the unrealized appreciation/depreciation on the instrument and options are shown at market value.

The following is a reconciliation of investments for unobservable inputs (Level 3) used in determining fair value:

|                                  | Investments in Securities |   | Total |
|----------------------------------|---------------------------|---|-------|
|                                  | Asset-Backed Securities   | Non-U.S. Government Sponsored Agency Mortgage-Backed Securities |       |
| Balance, as of December 31, 2008 | -                         | -   | -     |
| Realized gain                    | -                         | -   | -     |



Edgar Filing: BlackRock Enhanced Government Fund, Inc. - Form N-Q

|  |                     |                     |                     |
|--|---------------------|---------------------|---------------------|
| Change in unrealized                     |                     |                     |                     |
| appreciation/depreciation                | \$ 193,200          | \$ (23,224)         | \$ 169,976          |
| Net sales                                | -                   | -                   | -                   |
| Net transfers in Level 3                 | 966,000             | 1,421,245           | 2,387,245           |
| <b>Balance, as of September 30, 2009</b> | <b>\$ 1,159,200</b> | <b>\$ 1,398,021</b> | <b>\$ 2,557,221</b> |

8

---

## Edgar Filing: BlackRock Enhanced Government Fund, Inc. - Form N-Q

### Item 2 Controls and Procedures

2(a) The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the 1940 Act )) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13(a)-15(b) under the Securities Exchange Act of 1934, as amended.

2(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

### Item 3 Exhibits

Certifications Attached hereto

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.

BlackRock Enhanced Government Fund, Inc.

By: /s/ Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer of

BlackRock Enhanced Government Fund, Inc.

Date: November 20, 2009

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/ Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer (principal executive officer) of

BlackRock Enhanced Government Fund, Inc.

Date: November 20, 2009

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock Enhanced Government Fund, Inc.

Date: November 20, 2009

---