

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 52nd 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
	Asset-Backed Securities		
	First Franklin Mortgage Loan Asset Backed Certificates, Series 2005-FF2, Class M2, 0.69%, 3/25/35 (a)	\$ 3,220	\$ 1,159,200
	GSAA Home Equity Trust, Series 2005-1, Class AF2, 4.32%, 11/25/34 (a)	1,146	1,081,451
	Securitized Asset Backed Receivables LLC Trust, Series 2005-0P1, Class M2, 0.70%, 1/25/35 (a)	2,000	1,197,545
	Securitized Asset Backed Receivables LLC Trust, Series 2005-OP2, Class M1, 0.68%, 10/25/35 (a)	1,025	289,192
	Soundview Home Equity Loan Trust, Series 2007-OPT5, Class 2A2, 1.20%, 10/25/37 (a)	2,500	894,046
	Total Asset-Backed Securities - 2.3%		4,621,434
Industry	Corporate Bonds		
Diversified Consumer Services - 0.2%	Leland Stanford Junior University, 3.63%, 5/01/14	400	414,064
	Total Corporate Bonds - 0.2%		414,064
	Foreign Agency Obligations		
	Province of Ontario Canada, 4.10%, 6/16/14 (b)	1,745	1,844,927
	Total Foreign Agency Obligations - 0.9%		1,844,927
	Taxable Municipal Bonds		
State - 0.9%	State of California, GO, Taxable, Various Purpose 3, 5.65%, 4/01/39	1,680	1,785,739
	Total Taxable Municipal Bonds - 0.9%		1,785,739
	Non-U.S. Government Sponsored Agency Mortgage-Backed Securities		
Collateralized Mortgage Obligations - 4.4%	Bank of America Mortgage Securities Inc., Series 2003-J, Class 2A1, 5.28%, 11/25/33 (a)	406	374,248
	Bear Stearns Alt-A Trust, Series 2004-13, Class A1, 0.99%, 11/25/34 (a)	543	372,603
	CS First Boston Mortgage Securities Corp., Series 2005-11, Class 6A5, 6.00%, 12/25/35	1,124	881,084
	Countrywide Alternative Loan Trust, Series 2006-41CB, Class 2A17, 6.00%, 1/25/37	1,748	1,311,199
	Homebanc Mortgage Trust, Series 2005-4, Class A1, 0.52%, 10/25/35 (a)	1,983	1,200,878
	Thornburg Mortgage Securities Trust, Series 2006-6, Class A1, 0.36%, 11/25/46 (a)	1,946	1,801,267

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Thornburg Mortgage Securities Trust, Series 2007-2, Class A2A, 0.38%, 6/25/37 (a)	1,454	1,325,382
WaMu Mortgage Pass-Through Certificates, 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 Mortgage-Backed Securities	Par (000)	Value
Commercial Mortgage-Backed Securities - 10.0%	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
Interest Only Collateralized Mortgage Obligations - 0.0%	CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 5/25/37	748	86,822
	Total Non-U.S. Government Sponsored Agency Mortgage-Backed Securities - 14.4%		28,510,330
	Preferred Securities		
Industry	Capital Trusts		
Diversified Financial Services - 0.9%	JPMorgan Chase Capital XXII, 6.45%, 1/15/87	2,000	1,799,996
Electric Utilities - 0.8%	PPL Capital Funding, 6.70%, 3/30/67 (a)	2,000	1,670,000
Insurance - 1.0%	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
	Total Capital Trusts - 2.7%		5,538,236
	Trust Preferreds		
Capital Markets - 0.9%	Morgan Stanley Capital Trust VIII, 6.45%, 4/15/67	2,000	1,745,699
Media - 1.0%	Comcast Corp., 6.63%, 5/15/56	2,000	1,903,077
	Total Trust Preferreds - 1.9%		3,648,776
	Total Preferred Securities - 4.6%		9,187,012
	U.S. Government Sponsored Agency Securities		
Agency Obligations - 4.5%	Fannie Mae, 2.00%, 2/11/11	1,370	1,376,999

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	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
Collateralized Mortgage Obligations - 11.2%	Freddie Mac Mortgage Backed Securities, Series 3149, Class HA, 6.00%, 5/15/27	1,072	1,091,936
	Ginnie Mae Mortgage Backed Securities, 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)	
		Par (000)	Value
U.S. Government Sponsored Agency Securities			
	Ginnie Mae Mortgage Backed Securities, Series 2006-3, Class C, 5.24%, 4/16/39 (a)	\$ 10,000	\$ 10,329,002 22,197,072
Interest Only Collateralized Mortgage Obligations - 0.2%	Ginnie Mae Mortgage Backed Securities, Series 2006-30, Class IO, 0.80%, 5/16/46 (a)	8,439	380,853
Mortgaged-Backed Securities - 101.8%	Fannie Mae Mortgage Backed Securities, 4.00%, 4/01/24 - 10/20/39 (e)	18,855	19,194,945
	Fannie Mae Mortgage Backed Securities, 4.50%, 10/15/24 - 5/01/39 (e)	7,917	8,114,278
	Fannie Mae Mortgage Backed Securities, 4.66%, 7/01/10	1,827	1,843,989
	Fannie Mae Mortgage Backed Securities, 4.96%, 2/01/13	5,258	5,535,413
	Fannie Mae Mortgage Backed Securities, 5.00%, 10/15/24 - 10/15/39 (b)(e)	48,835	50,619,306
	Fannie Mae Mortgage Backed Securities, 5.24%, 4/01/12 (b)	7,939	8,490,622
	Fannie Mae Mortgage Backed Securities, 5.50%, 7/01/17 - 10/15/39 (b)(d)(e)	69,564	73,018,894
	Fannie Mae Mortgage Backed Securities, 6.00%, 2/01/36 - 10/01/36	5,240	5,545,216
	Fannie Mae Mortgage Backed Securities, 6.11%, 2/01/12	2,580	2,784,651
	Fannie Mae Mortgage Backed Securities, 6.60%, 1/01/11	4,898	5,096,127
	Freddie Mac Mortgage Backed Securities, 4.50%, 5/01/34	1,040	1,058,629
	Freddie Mac Mortgage Backed Securities, 5.00%, 10/15/39 (e)	14,500	14,980,313
	Freddie Mac Mortgage Backed Securities, 5.50%, 10/15/39 (e)	700	732,593
	Ginnie Mae Mortgage Backed Securities, 4.50%, 10/15/39	2,600	2,638,189
	Ginnie Mae Mortgage Backed Securities, 5.00%, 11/15/35 - 10/15/39 (e)	137	141,999
	Ginnie Mae Mortgage Backed Securities,		

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

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BlackRock Enhanced Government Fund, Inc.

		(Percentages shown are based on Net Assets)	
Schedule of Investments September 30, 2009 (Unaudited)			
		Par	
		(000)	Value
U.S. Treasury Obligations			
	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
	Total U.S. Treasury Obligations - 22.5%		44,604,858
Total Long-Term Investments			
(Cost - \$321,831,542) - 163.5%			324,807,660
Short-Term Securities			
Shares			
	BlackRock Liquidity Funds, TempFund, 0.20% (f)(g)	30,513,003	30,513,003
Total Short-Term Securities			
(Cost - \$30,513,003) - 15.4%			30,513,003
Options Purchased			
Contracts			
Over-the-Counter Call Swaptions	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
Total Options Purchased			
(Cost - \$60,174) - 0.1%			146,542
Total Investments Before TBA Sale			
Commitments and Options Written			
(Cost - \$352,404,719*) - 179.0%			355,467,205
Par			
		(000)	
TBA Sale Commitments (e)			
	Fannie Mae Mortgage Backed Securities, 4.00%, 4/01/24 - 10/20/39	\$ (9,500)	(9,663,286)
	Fannie Mae Mortgage Backed Securities, 5.00%, 10/15/24 - 10/15/39	(21,000)	(21,689,052)
	Fannie Mae Mortgage Backed Securities, 5.50%, 7/01/17 - 10/15/39	(29,400)	(30,802,606)
	Fannie Mae Mortgage Backed Securities, 6.00%, 2/01/36 - 10/01/36	(2,600)	(2,743,000)
	Freddie Mac Mortgage Backed Securities, 5.00%, 10/15/39	(14,200)	(14,670,375)
Total TBA Sale Commitments			
(Proceeds Received - \$79,226,000) - (40.1)%			(79,568,319)
Options Written			
Contracts			

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Exchange-Traded Call Options	2-Year U.S. Treasury Bond, expiring 11/21/09 at USD 108	125	(158,203)
Over-the-Counter Call Options	Fannie Mae Mortgage Backed Securities, expiring 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	
Over-the-Counter Call Swaptions	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)	
	Over-the-Counter Put Swaptions	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)	
	Total Options Written			
	(Premiums Received - \$3,259,231) - (1.7%)		(3,299,903)	
	Total Investments, Net of TBA Sale Commitments and Options Written - 137.2%		272,598,983	
	Liabilities in Excess of Other Assets - (37.2)%		(73,970,195)	
			\$	
	Net Assets - 100.0%		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:

Counterparty	Market Value	Unrealized Appreciation (Deprecation)
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

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

Counterparty	Market Value	Unrealized Appreciation (Depreciation)
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:

Affiliate	Net Activity	Income
BlackRock Liquidity Funds, TempFund	30,513,003	\$ 91,657
BlackRock Liquidity Series, LLC 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:

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

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

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

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

follows:

Fixed Rate	Floating Rate	Counterparty	Expiration	Notional Amount (000)	Unrealized Appreciation (Depreciation)
3.95% (a)	3-month Australian Bank Bill Short-Term	Deutsche Bank AG	May 2011	AUD 3,560	\$ (39,917)
4.02% (a)	3-month Australian 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 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)

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

Fixed	Floating			Notional	Unrealized
Rate	Rate	Counterparty	Expiration	Amount	Appreciation
				(000)	(Depreciation)
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)
Total					\$ (17,367,438)

(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

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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 ¹	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	Liabilities
	Assets	
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	-
Total	\$ 355,320,663	\$ (79,568,319)

¹ 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 ²	Liabilities
	Assets	
Level 1	\$ 1,073,696	\$ (50,140)
Level 2	302,194	(20,822,993)
Level 3	-	-
Total	\$ 1,375,890	\$ (20,873,133)

² 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		
	Asset-Backed Securities	Non-U.S. Government Sponsored Agency Mortgage-Backed Securities	Total
Balance, as of December 31, 2008	-	-	-
Realized gain	-	-	-

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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
Balance, as of September 30, 2009	\$ 1,159,200	\$ 1,398,021	\$ 2,557,221

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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
