

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

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	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)	
Schedule of Investments September 30, 2009 (Unaudited)		Par	
	U.S. Government Sponsored Agency Securities	(000)	Value
	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	Ginnie Mae Mortgage Backed Securities, Series 2006-30, Class IO, 0.80%, 5/16/46 (a)	8,439	380,853
Mortgage Obligations - 0.2%			
Mortgaged-Backed	Fannie Mae Mortgage Backed Securities, 4.00%, 4/01/24 - 10/20/39 (e)	18,855	19,194,945
Securities - 101.8%	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.

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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			