

BlackRock Enhanced Government Fund, Inc.
Form N-Q
May 28, 2010

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., 55 East 52nd Street, New York, NY 10055.

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

Date of fiscal year end: 12/31/2010

Date of reporting period: 03/31/2010

Item 1 Schedule of Investments

Schedule of Investments March 31, 2010 (Unaudited)

BlackRock Enhanced Government Fund, Inc. (EGF)

(Percentages shown are based on Net Assets)

	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	\$ 2,151,258
GSAA Home Equity Trust, Series 2005-1, Class AF2, 4.32%, 11/25/34 (a)	842	804,081
Securitized Asset Backed Receivables LLC Trust (a): Series 2005-0P1, Class M2, 0.70%, 1/25/35	2,000	1,366,764
Series 2005-0P2, Class M1, 0.68%, 10/25/35	1,025	365,169
Soundview Home Equity Loan Trust, Series 2007-OPT5, Class 2A2, 1.20%, 10/25/37 (a)	2,500	1,387,930
Total Asset-Backed Securities 3.1%	6,075,202	
Foreign Agency Obligations Province of Ontario, Canada, 4.10%, 6/16/14 (b)	1,745	1,864,166
Total Foreign Agency Obligations 1.0%	1,864,166	
Non-Agency Mortgage-Backed Securities		
Collateralized Mortgage Obligations 4.1%		
Bank of America Mortgage Securities Inc., Series 2003-J, Class 2A1, 3.61%, 11/25/33 (a)	374	352,164
Bear Stearns Alt-A Trust, Series 2004-13, Class A1, 0.99%, 11/25/34 (a)	491	359,558
CS First Boston Mortgage Securities Corp., Series 2005-11, Class 6A5, 6.00%, 12/25/35	1,057	933,421
Countrywide Alternative Loan Trust, Series 2006-41CB, Class 2A17,		

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6.00%, 1/25/37	1,468	1,145,060
Homebanc Mortgage Trust, Series 2005-4, Class A1, 0.52%, 10/25/35 (a)	1,845	1,313,168
Thornburg Mortgage Securities Trust (a): Series 2006-6, Class A1, 0.36%, 11/25/46	1,841	1,796,183
Series 2007-2, Class A2A, 0.36%, 6/25/37	1,321	1,286,397
Non-Agency Mortgage-Backed Securities	Par (000)	Value
Collateralized Mortgage Obligations (concluded)		
WaMu Mortgage Pass-Through Certificates, Series 2005-AR7, Class A1, 4.89%, 8/25/35 (a)	\$ 948 \$	923,968 8,109,919
Commercial Mortgage-Backed Securities 8.5%		
Bear Stearns Commercial Mortgage Securities, Series 2001-T0P2, Class A2, 6.48%, 2/15/35	1,521	1,566,250
Commercial Mortgage Pass-Through Certificates, Series 2007-C9, Class A2, 5.81%, 12/10/49 (a)	3,250	3,401,584
Credit Suisse Mortgage Capital Certificates, Series 2007-C5, Class A2, 5.59%, 9/15/40	3,400	3,511,239
LB-UBS Commercial Mortgage Trust Class A2: Series 2007-C1, 5.32%, 2/15/40	2,000	2,038,795
Series 2007-C7, 5.59%, 9/15/45	3,000	3,099,452
Wachovia Bank Commercial Mortgage Trust, Series 2007-C32, Class A2, 5.74%, 6/15/49 (a)	3,000	3,101,978 16,719,298
Interest Only Collateralized Mortgage Obligations 0.0%		
CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 5/25/37	642	73,742

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Total Non-Agency Mortgage-Backed		24,902,959
Securities 12.6%		
Preferred Securities		
Capital Trusts		
Diversified Financial Services 0.9%		
JPMorgan Chase Capital XXII, 6.45%,		
1/15/87	2,000	1,856,816
Electric Utilities 0.9%		
PPL Capital Funding, 6.70%,		
3/30/67 (a)	2,000	1,745,000
Insurance 1.2%		
The Allstate Corp., 6.50%,		
5/15/67 (a)	2,000	1,915,000

Portfolio Abbreviations

To simplify the listings of portfolio holdings in the Schedule of Investments, the names and descriptions of many of the securities have been abbreviated according to the following list:

GO	General Obligation Bonds	TBD	To Be Determined
LIBOR	London InterBank Offered Rate		

BLACKROCK ENHANCED GOVERNMENT FUND, INC.

MARCH 31, 2010

Schedule of Investments (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

(Percentages shown are based on Net Assets)

		Par (000)	Value
Preferred Securities			
Insurance (concluded)			
ZFS Finance (USA) Trust V, 6.50%, 5/09/67 (a)(c)		\$ 504	476,280
			2,391,280
Total Capital Trusts	3.0%	5,993,096	
Trust Preferreds		Shares	
Capital Markets	0.9%		
Morgan Stanley Capital Trust VIII, 6.45%, 4/15/67		80,000	1,774,925
Media	1.0%		
Comcast Corp., 6.63%, 5/15/56		80,000	1,944,770
Total Trust Preferreds	1.9%		3,719,695
Total Preferred Securities	4.9%		9,712,791
Taxable Municipal Bonds		Par (000)	
State	0.9%		
State of California, GO, Various Purpose 3, 5.65%, 4/01/39		\$ 1,680	1,746,410
Total Taxable Municipal Bonds	0.9%		1,746,410
U.S. Government Sponsored Agency Securities			
Agency Obligations	3.2%		
Fannie Mae, 5.25%, 8/01/12		2,460	2,648,682
Federal Farm Credit Bank, 4.55%, 6/08/20		3,500	3,646,402
			6,295,084
Collateralized Mortgage Obligations	11.0%		
Freddie Mac Mortgage-Backed Securities, Series 3149, Class HA, 6.00%, 5/15/27		454	456,577
Ginnie Mae Mortgage-Backed Securities, Class C (a): Series 2005-87, 5.33%, 9/16/34		10,000	10,781,604
Series 2006-3, 5.24%, 4/16/39		10,000	10,351,077

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21,589,258

Interest Only Collateralized Mortgage Obligations 0.4%

Ginnie Mae Mortgage-Backed

Securities (a):

Series 2006-30, Class IO, 0.80%, 5/16/46	8,377	334,101
Series 2007-20, Class SA, 5.69%, 4/20/37	2,326	229,185

U.S. Government Sponsored

Par

Agency Securities

(000)

Value

Interest Only Collateralized Mortgage Obligations (concluded)

Ginnie Mae Mortgage-Backed

Securities (concluded):

Series 2007-40, Class SN, 6.23%, 7/20/37	\$ 2,784	\$ 292,160
		855,446

Interest Only Mortgaged-Backed Securities 4.3%

Fannie Mae Mortgage Backed

Securities, 5.24%, 4/01/12 (b)	7,939	8,414,701
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Mortgaged-Backed Securities 48.4%

Fannie Mae Mortgage-Backed

Securities:

4.00%, 4/01/24 - 10/01/24	8,917	9,060,056
4.50%, 5/01/39 - 5/15/40 (d)	4,430	4,442,038
4.66%, 7/01/10	1,803	1,802,920
4.68%, 2/01/13	5,199	5,467,069
5.00%, 11/01/33 - 7/01/35 (b)	21,734	22,540,213
5.50%, 7/01/17 - 7/01/38 (b)(e)	33,973	35,974,461
5.71%, 2/01/12	2,557	2,735,007
6.00%, 2/01/36 - 4/15/40 (d)	7,160	7,628,761
6.60%, 1/01/11	4,760	4,845,123

Freddie Mac Mortgage-Backed

Securities, 4.50%, 5/01/34	1,027	1,039,750
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Ginnie Mae Mortgage-Backed

Securities, 5.00%, 11/15/35	36	38,006
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95,573,404

Total U.S. Government Sponsored

Agency Securities 67.3% 132,727,893

U.S. Treasury Obligations

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U.S. Treasury Notes:

1.38%, 3/15/13 (f)	6,200	6,163,668
3.13%, 8/31/13	110	114,778
2.38%, 2/28/15 (f)	19,195	19,063,130
2.38%, 3/31/15	10,905	10,874,357
4.63%, 2/15/40	9,795	9,654,197
Total U.S. Treasury Obligations 23.2%		45,870,130
Total Long-Term Investments		
(Cost \$218,760,683) 113.0%		222,899,551

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MARCH 31, 2010

Schedule of Investments (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

(Percentages shown are based on Net Assets)

	Shares	Value
Short-Term Securities		
BlackRock Liquidity Funds,		
TempFund, Institutional Class,		
0.13% (g)(h)	2,049,665 \$	2,049,665
Total Short-Term Securities		
(Cost \$2,049,665) 1.0%		2,049,665
Total Investments Before TBA Sale		
Commitments and Outstanding Options		
Written (Cost \$220,810,348*)		
114.0%		224,949,216
	Par	
TBA Sale Commitments (d)	(000)	
Fannie Mae Mortgage-Backed		
Securities, 6.00%, 2/01/36 -		
4/15/40	\$ 2,600	(2,761,689)
Total TBA Sale Commitments		
(Proceeds \$2,760,063) (1.4)%	(2,761,689)	
Options Written	Contracts	
Exchange-Traded Call Options 0.0%		
Fannie Mae Guaranteed Pass -		
Through Certificates, Strike Price		
\$103.66, expires 4/06/10	500,000	(23,450)
Over-the-Counter Call Swaptions 0.0%		
Pay a fixed rate of 2.50% and		
receive a floating rate based on 3-		
month LIBOR, expires 4/12/10,		
Broker Deutsche Bank AG	30 (i)	(5,970)
Pay a fixed rate of 3.65% and		
receive a floating rate based on 3-		
month LIBOR, expires 4/20/10,		
Broker Citibank NA	20 (i)	(39,300)
		(45,270)
Total Options Written		
(Premiums Received \$351,594) 0.0%		(68,720)
Total Investments, Net of TBA Sale Commitments and		
Outstanding Options Written 112.6%		222,118,807
Liabilities in Excess of Other Assets (12.6)%		(24,774,430)

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Net Assets 100.0% \$ 197,344,377

* The cost and unrealized appreciation (depreciation) of investments as of March 31, 2010, as computed for federal income tax purposes, were as

Aggregate follows: cost	\$ 220,810,348
Gross unrealized appreciation	\$ 9,245,976
Net Gross unrealized appreciation depreciation	\$ (5,107,108) 4,138,868

- (a) Variable rate security. Rate shown is as of report date.
- (b) All or a portion of security has been pledged as collateral in connection with open 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) Represents or includes a to-be-announced (TBA) transaction. Unsettled

TBA transactions as of report date were as follows:

Counterparty	Market Value	Unrealized Depreciation
Credit Suisse Securities LLC	\$ (2,761,689)\$	(1,626)
Goldman Sachs & Co.	\$ 3,370,926\$	(12,708)

All or portion of security has been pledged as collateral in connection with open financial futures contracts.

- (e) All or a portion of security has been pledged as collateral for reverse repurchase agreements.

(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:

(g) 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, Institutional Class	\$ (131,653)	\$ 1,480

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(h) Represents the current yield as of report date.

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

Financial futures contracts purchased as of March 31, 2010 were as

follows:

Contracts	Issue	Expiration Date	Notional Value	Unrealized Appreciation
153	2-Year U.S. Treasury Bond	June 2010	\$ 33,187,258 \$	6,570
165	10-Year U.S. Treasury Bond	June 2010	\$ 19,136,543	44,707
299	30-Year U.S. Treasury Bond	June 2010	\$ 34,656,635	64,740
Total				\$ 116,017

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Schedule of Investments (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

Financial futures contracts sold as of March 31, 2010 were as follows:

Contracts	Issue	Expiration Date	Notional Value	Unrealized Appreciation (Depreciation)
171	5-Year U.S. Treasury Notes	June 2010	\$ 19,712,150	\$ 73,869
4	Euro Dollar Future	June 2010	\$ 996,138	(162)
4	Euro Dollar Future	September 2010	\$ 994,288	(362)
4	Euro Dollar Future	December 2010	\$ 991,488	(212)
4	Euro Dollar Future	March 2011	\$ 988,088	(112)
3	Euro Dollar Future	June 2011	\$ 738,404	66
2	Euro Dollar Future	September 2011	\$ 490,494	94
2	Euro Dollar Future	December 2011	\$ 488,819	194
3	Euro Dollar Future	March 2012	\$ 731,129	516
Total				\$ 73,891

Reverse repurchase agreements outstanding as of March 31, 2010 were as follows:

Counterparty	Interest Rate	Trade Date	Maturity Date	Net Closing Amount	Face Amount
Credit Suisse Securities (USA), Inc.	0.18%	3/01/10	TBD	\$ 4,020,623	4,020,000
Bank of America, NA	0.17%	3/23/10	TBD	6,169,233	6,169,000
Total				\$ 10,189,856	\$ 10,189,000

Interest rate swaps outstanding as of March 31, 2010 were as follows:

Fixed Rate	Floating Rate	Counter-party	Expiration	Notional Amount (000) USD	Unrealized Appreciation (Depreciation)
0.80%(a)	3-month LIBOR	JPMorgan Chase Bank NA	March 2011	16,100	\$ 27,373
3.95%(b)	3-month Australian Bank Bill Short-Term Rate	Deutsche Bank AG	May 2011	AUD 3,560	(34,655)
4.02%(b)	3-month Australian Bank Bill Short-Term Rate	Deutsche Bank AG	May 2011	AUD 10,555	(96,267)
1.13%(c)	3-month LIBOR	Deutsche Bank AG	January 2012	USD 11,200	(16,916)
1.14%(c)	3-month LIBOR	Credit Suisse International	March 2012	USD 13,500	2,078
4.63%(c)	3-month LIBOR	Deutsche Bank AG	March 2013	USD 50,000	(4,154,806)
5.71%(c)	3-month LIBOR	Deutsche Bank AG	June 2017		(3,847,207)

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				USD	
				25,000	
				USD	
5.96%(c)	3-month LIBOR	Deutsche Bank AG	December 2037	25,000	(5,922,201)
Total					\$ (14,042,601)
	(a) Pays floating interest rate and receives fixed rate.				
	(b) Pays floating interest amount and receives fixed amount at expiration.				
	(c) Pays fixed interest rate and receives floating rate.				

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 rating group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine such industry sub-classifications for reporting ease.

BLACKROCK ENHANCED GOVERNMENT FUND, INC.

MARCH 31, 2010

Schedule of Investments March 31, 2010 (Unaudited)

BlackRock Enhanced Government Fund, Inc. (EGF)

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 assets and liabilities

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 methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and other significant accounting policies, please refer to the Fund's most recent financial statements as contained in its annual report.

The following tables summarize the inputs used as of March 31, 2010 in determining the fair valuation of the Fund's investments:

Valuation Inputs	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities:				
Long-Term Investments:				
Assets-Backed Securities	-	\$ 6,075,202	-	\$ 6,075,202
Foreign Agency Obligations	-	1,864,166	-	1,864,166
Non-Agency Mortgage-Backed Securities	-	23,684,157	\$ 1,218,802	24,902,959
Preferred Securities	-	9,712,791	-	9,712,791
Taxable Municipal Bonds	-	1,746,410	-	1,746,410
U.S. Government Sponsored Agency	-	-	-	-
Securities	-	132,727,893	-	132,727,893
U.S. Treasury Obligations	-	45,870,130	-	45,870,130
Short-Term Securities:				
Money Market Fund	\$ 2,049,665	-	-	2,049,665
Liabilities:				
Investments in Securities:				
Short-Term Securities:				
TBA Sale Commitments	-	(2,761,689)	-	(2,761,689)
Total	\$ 2,049,665	\$ 218,919,060	\$ 1,218,802	\$ 222,187,527
Derivative Financial Instruments ¹				

Valuation Inputs	Level 1	Level 2	Level 3	Total
Assets:				

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Interest rate contracts	\$ 190,756	\$ 29,451	-	\$ 220,207
Liabilities:				
Interest rate contracts	(24,298)	(14,082,667)	\$ (34,655)	(14,141,620)
Total	\$ 166,458	\$ (14,053,216)	\$ (34,655)	\$ (13,921,413)

¹ Derivative financial instruments are futures contracts, swaps and options written. Financial futures contracts and swaps are valued at the unrealized appreciation/depreciation on the instrument and options written are shown at value.

BLACKROCK ENHANCED GOVERNMENT FUND, INC.

MARCH 31, 2010

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Schedule of Investments (concluded)

BlackRock Enhanced Government Fund, Inc. (EGF)

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

	Asset-Backed Securities	Non-Agency Mortgage- Backed Securities	Total
Asset/Liabilities:			
Balance, as of December 31, 2009	\$ 1,255,800	\$ 1,279,621	\$ 2,535,421
Accrued discounts/premium	-	(6,630)	(6,630)
Net realized gain (loss)	-	(1,300)	(1,300)
Net change in unrealized appreciation /depreciation ²	895,458	79,657	975,115
Purchases	-	-	-
Sales	-	(132,546)	(132,546)
Transfers in ³	-	-	-
Transfers out ³	(2,151,258)	-	(2,151,258)
Balance, as of March 31, 2010	-	\$ 1,218,802	\$ 1,218,802

² The change in unrealized appreciation/depreciation on securities still held at March 31, 2010 was \$79,658.

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

	Interest Rate Contracts ⁴
Liabilities:	
Balance, as of December 31, 2009	\$ (129,697)
Accrued discounts/premium	-
Net realized gain (loss)	-
Net change in unrealized appreciation/depreciation	(1,225)
Purchases	-
Sales	-
Transfers in ³	-
Transfers out ³	96,267
Balance, as of March 31, 2010	\$ (34,655)

³ The Fund's policy is to recognize transfers in and transfers out as of the period of the event or the change in circumstances that caused the transfer.

⁴ Derivative financial instruments are swaps.

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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: May 27, 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/Anne F. Ackerley

Anne F. Ackerley

Chief Executive Officer (principal executive officer) of

BlackRock Enhanced Government Fund, Inc.

Date: May 27, 2010

By: /s/ Neal J. Andrews

Neal J. Andrews

Chief Financial Officer (principal financial officer) of

BlackRock Enhanced Government Fund, Inc.

Date: May 27, 2010
