BlackRock Enhanced Government Fund, Inc.
Form N-Q
May 23, 2014

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: John M. Perlowski, 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: 12/31/2014

Date of reporting period: 03/31/2014

Item 1 – Schedule of Investments

Schedule of Investments March 31, 2014 (Unaudited) **BlackRock Enhanced Government Fund, Inc. (EGF)**
(Percentages shown are based on Net Assets)

Asset-Backed Securities	Par (000)	Value
First Franklin Mortgage Loan Trust, Series 2005-FF2, Class M2, 0.81%, 3/25/35 (a)	$1,220	$1,218,130
Motor 2012 PLC, Series 12A, Class A1C, 1.29%, 2/25/20 (b)	220	220,263
Securitized Asset Backed Receivables LLC Trust (a):		
Series 2005-OP1, Class M2, 0.83%, 1/25/35	1,658	1,489,738
Series 2005-OP2, Class M1, 0.58%, 10/25/35	1,025	880,760
Total Asset-Backed Securities — 2.8%		3,808,891
Corporate Bonds		
Diversified Telecommunication Services — 2.3%		
Verizon Communications, Inc., 2.50%, 9/15/16	3,000	3,106,410
Energy Equipment & Services — 0.3%		
Transocean, Inc.:		
4.95%, 11/15/15	295	313,195
5.05%, 12/15/16	50	54,384
6.00%, 3/15/18	60	66,724
		434,303
Total Corporate Bonds — 2.6%		3,540,713
Non-Agency Mortgage-Backed Securities		
Collateralized Mortgage Obligations — 1.1%		
Bank of America Mortgage Securities, Inc., Series 2003-J, Class 2A1, 2.84%, 11/25/33 (a)	168	168,723
Bear Stearns Alt-A Trust, Series 2004-13, Class A1, 0.89%, 11/25/34 (a)	243	241,472
Homebanc Mortgage Trust, Series 2005-4, Class A1, 0.42%, 10/25/35 (a)	1,252	1,108,063
		1,518,258
Interest Only Collateralized Mortgage Obligations — 0.1%		
	341	85,524

CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 5/25/37		
Total Non-Agency Mortgage-Backed Securities — 1.2%		1,603,782

Preferred Securities

Capital Trusts	Par (000)	Value
Diversified Financial Services — 0.4%		
ZFS Finance (USA) Trust V, 6.50%, 5/09/37 (b)	$504	$540,540
Electric Utilities — 1.5%		
PPL Capital Funding, Inc., 6.70%, 3/30/67	2,000	2,010,000
Total Capital Trusts — 1.9%		2,550,540

Trust Preferred — 1.5%	Shares	
Capital Markets — 1.5%		
Morgan Stanley Capital Trust VIII, 6.45%, 4/15/67	80,000	1,977,567
Total Preferred Securities — 3.4%		4,528,107

U.S. Government Sponsored Agency Securities	Par (000)	
Agency Obligations — 3.0%		
Federal Farm Credit Bank, 4.55%, 6/08/20	$3,500	3,974,866
Collateralized Mortgage Obligations — 9.6%		
Ginnie Mae Mortgage-Backed Securities, Class C (a):		
Series 2005-87, 5.06%, 9/16/34	2,230	2,277,723
Series 2006-3, 5.24%, 4/16/39	10,000	10,655,930
		12,933,653
Interest Only Collateralized Mortgage Obligations — 2.4%		
Fannie Mae Mortgage-Backed Securities:		
Series 2012-47, Class NI, 4.50%, 4/25/42	2,369	508,123
Series 2012-96, Class DI, 4.00%, 2/25/27	2,917	347,693
Series 2012-M9, Class X1, 4.08%, 12/25/17 (a)	5,510	673,480

Ginnie Mae Mortgage-Backed Securities (a):		
Series 2006-30, Class IO, 0.68%, 5/16/46	1,451	80,578

Schedule of Investments (continued) **BlackRock Enhanced Government Fund, Inc. (EGF)**
(Percentages shown are based on Net Assets)

U.S. Government Sponsored Agency Securities	Par (000)	Value
Interest Only Collateralized Mortgage Obligations (concluded)		
Ginnie Mae Mortgage-Backed Securities (a) (concluded):		
Series 2009-116, Class KS, 6.32%, 12/16/39	$1,055	$156,940
Series 2009-78, Class SD, 6.04%, 9/20/32	2,434	446,823
Series 2011-52, Class NS, 6.52%, 4/16/41	6,615	1,007,869
		3,221,506
Mortgage-Backed Securities — 64.1%		
Fannie Mae Mortgage-Backed Securities:		
2.50%, 4/01/28	8,362	8,364,368
3.00%, 6/01/42 - 4/01/43	8,498	8,212,794
3.50%, 8/01/26 - 6/01/42	13,554	14,001,668
4.00%, 4/01/24 - 2/01/41	18,083	18,873,010
4.50%, 4/01/39 - 8/01/40	12,006	12,868,518
5.00%, 11/01/33 - 2/01/40	7,359	8,062,794
5.50%, 10/01/23 - 5/01/44 (c)	12,825	14,199,630
6.00%, 2/01/36 - 3/01/38	1,366	1,519,984
Freddie Mac Mortgage-Backed Securities, 4.50%, 5/01/34	278	296,149
Ginnie Mae Mortgage-Backed Securities, 5.00%, 11/15/35	13	14,040
		86,412,955
Total U.S. Government Sponsored Agency Securities — 79.1%		106,542,980
U.S. Treasury Obligations		
U.S. Treasury Bonds:		
6.63%, 2/15/27	2,000	2,787,188
5.38%, 2/15/31	2,000	2,558,438
3.88%, 8/15/40 (d)	12,000	12,791,256
4.38%, 5/15/41 (d)	10,000	11,559,380
3.75%, 8/15/41 (d)	10,000	10,418,750
U.S. Treasury Notes:		
0.38%, 11/15/15 (d)	5,900	5,908,986
0.75%, 3/15/17 (d)	3,000	2,988,750
0.75%, 6/30/17	4,000	3,962,500
1.38%, 6/30/18	3,000	2,985,936

3.13%, 5/15/21 (d)	10,000	10,532,810

U.S. Treasury Obligations	Par (000)	Value
U.S. Treasury Notes (concluded):		
1.75%, 5/15/22 (d)	$2,000	$1,887,188
Total U.S. Treasury Obligations — 50.8%		68,381,182
Total Long-Term Investments (Cost — $186,345,944) — 139.9%		188,405.655

Short-Term Securities	Shares	
BlackRock Liquidity Funds, TempFund, Institutional Class, 0.03% (e)(f)	4,637,316	4,637,316
Total Short-Term Securities (Cost — $4,637,316) — 3.4%		4,637,316
Total Investments Before TBA Sale Commitments and Options Written (Cost — $190,983,260*) — 143.3%		193,042,971

TBA Sale Commitments (c)	Par (000)	
Fannie Mae Mortgage-Backed Securities 5.50%, 4/01/41-5/01/41	$12,200	(13,463,367)
Total TBA Sale Commitments (Proceeds — $13,441,203) — (10.0)%		(13,463,367)
Options Written (Premiums Received — $387,000) — (0.2)%		(300,011)
Total Investments, Net of TBA Sale Commitments and Options Written — 133.1%		179,279,593
Liabilities in Excess of Other Assets — (33.1)%		(44,556,591)
Net Assets — 100.0%		$134,723,002

* As of March 31, 2014, gross unrealized appreciation and depreciation based on cost for federal income tax purposes were as follows:

Tax cost	$190,983,122
Gross unrealized appreciation	$4,937,929
Gross unrealized depreciation	(2,850,985)
Net unrealized appreciation	$2,086,944

Schedule of Investments (continued) **BlackRock Enhanced Government Fund, Inc. (EGF)**

Notes to Schedule of Investments

(a) Variable rate security. Rate shown is as of report date.

(b) Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration to qualified institutional investors.

(c) Represents or includes a TBA transaction. Unsettled TBA transactions as of March 31, 2014 were as follows:

Counterparty	Value	Unrealized Depreciation
Credit Suisse Securities	$(3,312,773)	$(4,805)

(USA) LLC		
JPMorgan Securities, Inc	$(3,414,621)	$(7,590)

(d) All or a portion of security has been pledged as collateral in connection with outstanding reverse repurchase agreements.

(e) Investments in issuers considered to be an affiliate of the Fund during the period ended March 31, 2014, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Shares Held at December 31, 2013	Net Activity	Shares Held at March 31, 2014	Income
BlackRock Liquidity Funds, TempFund, Institutional Class	3,984,792	652,386	4,637,178	$281

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

Portfolio Abbreviations

EUR	Euro
LIBOR	London Interbank Offered Rate
OTC	Over-the-Counter
USD	US Dollar

• Reverse repurchase agreements outstanding as of March 31, 2014 were as follows:

Counterparty	Interest Rate	Trade Date	Maturity Date	Face Value	Face Value Including Accrued Interest
Credit Suisse Securities (USA) LLC	0.10%	12/11/13	Open	$6,630,000	$6,631,125
Credit Suisse Securities (USA) LLC	0.10%	3/03/13	Open	10,400,000	10,400,653

Credit Suisse Securities (USA) LLC	0.10%	3/03/13	Open	12,765,000	12,765,801
Deutsche Bank Securities, Inc.	0.10%	4/02/13	Open	4,030,000	4,033,093
Merrill Lynch, Pierce, Fenner & Smith, Inc.	0.09%	4/25/13	Open	11,500,000	11,505,671
Merrill Lynch, Pierce, Fenner & Smith, Inc.	0.10%	4/25/13	Open	2,047,500	2,048,748
Merrill Lynch, Pierce, Fenner & Smith, Inc.	0.11%	9/18/13	Open	5,892,625	5,892,884
Total				$53,265,125	$53,277,975

Schedule of Investments (continued) **BlackRock Enhanced Government Fund, Inc. (EGF)**

• Financial futures contracts outstanding as of March 31, 2014 were as follows:

Contracts Purchased	Issue	Exchange	Expiration	Notional Value	Unrealized Depreciation
2	10-Year U.S. Treasury Note	Bank of America Securities LLC	June 2014	$ 247,000	$(1,640)
105	90 Day Euro Future	Bank of America Securities LLC	December 2017	25,427,062	(2,377)
37	90 Day Euro Future	Bank of America Securities LLC	December 2018	8,906,363	(3,239)
Total					$(7,256)

• Forward foreign currency exchange contracts outstanding as of March 31, 2014 were as follows:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Depreciation
USD	54,385	EUR	40,000	Barclays Bank PLC	4/22/14	$(718)

• OTC interest rate swaptions written as of March 31, 2014 were as follows:

Description	Counterparty	Put/Call	Exercise Rate	Pay/Receive Exercise Rate	Expiration Date	Floating Rate Index	Notional Amount (000)	Market Value
2-Year Interest Rate Swap	Royal Bank of Scotland PLC	Call	0.57%	Pay	4/28/14	3-Month LIBOR	$ 37,500	$(23,826)
5-Year Interest Rate Swap	Royal Bank of Scotland PLC	Call	1.80%	Pay	4/28/14	3-Month LIBOR	37,500	(95,186)
10-Year Interest Rate Swap	Royal Bank of Scotland PLC	Call	2.81%	Pay	4/28/14	3-Month LIBOR	22,500	(87,292)
30-Year Interest Rate Swap	Royal Bank of Scotland PLC	Call	3.50%	Pay	4/28/14	3-Month LIBOR	11,300	(93,707)
Total								$(300,011)

- Centrally cleared interest rate swaps outstanding as of March 31, 2014 were as follows:

Fixed Rate	Floating Rate	Clearinghouse	Expiration Date	Notional Amount (000)	Unrealized Appreciation
2.29%[1]	3-Month LIBOR	Chicago Mercantile Exchange	5/30/23	$880	$ 33,051

- OTC interest rate swaps outstanding as of March 31, 2014 were as follows:

Fixed Rate	Floating Rate	Counterparty	Expiration Date	Notional Amount (000)	Market Value