

BlackRock Enhanced Government Fund, Inc.  
Form N-Q  
May 22, 2018

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 52<sup>nd</sup> Street, New York, NY 10055

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

Date of fiscal year end: 12/31/2018

Date of reporting period: 03/31/2018

Item 1 Schedule of Investments

Schedule of Investments (unaudited)

BlackRock Enhanced Government Fund, Inc. (EGF)

March 31, 2018

(Percentages shown are based on Net Assets)

<i>Security</i>	<i>Par (000)</i>	<i>Value</i>
<b>Asset-Backed Securities 2.0%</b>		
Securitized Asset Backed Receivables LLC Trust <sup>(a)</sup> :		
Series 2005-OP1, Class M2, (1 mo. LIBOR US + 0.68%), 2.55%, 01/25/35	\$ 585	\$ 572,863
Series 2005-OP2, Class M1, (1 mo. LIBOR US + 0.43%), 2.30%, 10/25/35	1,025	1,016,241
<b>Total Asset-Backed Securities 2.0%</b> (Cost \$1,531,397)		1,589,104
<b>Non-Agency Mortgage-Backed Securities 0.2%</b>		
<b>Collateralized Mortgage Obligations 0.2%</b>		
Bank of America Mortgage Trust, Series 2003-J, Class 2A1, 3.73%, 11/25/33 <sup>(b)</sup>	71	71,793
Bear Stearns ALT-A Trust, Series 2004-13, Class A1, (1 mo. LIBOR US + 0.74%), 2.61%, 11/25/34 <sup>(a)</sup>	53	52,483
		124,276
<b>Interest Only Collateralized Mortgage Obligations 0.0%</b>		
CitiMortgage Alternative Loan Trust, Series 2007-A5, Class 1A7, 6.00%, 05/25/37	170	38,861
<b>Total Non-Agency Mortgage-Backed Securities 0.2%</b> (Cost \$134,199)		163,137
<b>Preferred Securities 2.5%</b>		
<b>Capital Trust 2.5%</b>		
<b>Electric Utilities 2.5%</b>		
PPL Capital Funding, Inc., Series A, 4.97%, 03/30/67 <sup>(c)</sup>	2,000	1,987,500
<b>Total Preferred Securities 2.5%</b> (Cost \$1,980,520)		1,987,500
<b>U.S. Government Sponsored Agency Securities 60.2%</b>		
<b>Agency Obligations 4.6%</b>		
Federal Farm Credit Bank, 4.55%, 06/08/20	3,500	3,656,656
<b>Collateralized Mortgage Obligations 4.1%</b>		
Fannie Mae Mortgage-Backed Securities, Series 2014-28, Class BD, 3.50%, 08/25/43	1,117	1,132,512

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Freddie Mac Mortgage-Backed Securities, Series 4480, Class ZX, 4.00%, 11/15/44	698	706,670
	<i>Par</i>	
<i>Security</i>	<i>(000)</i>	<i>Value</i>
<b>Collateralized Mortgage Obligations (continued)</b>		
Ginnie Mae Mortgage-Backed Securities, Series 2006-3, Class C, 5.24%, 04/16/39 <sup>(b)</sup>	\$ 1,449	\$ 1,450,820
		3,290,002
<b>Interest Only Collateralized Mortgage Obligations 1.2%</b>		
Fannie Mae Mortgage-Backed Securities:		
Series 2012-96, Class DI, 4.00%, 02/25/27	984	75,945
Series 2012-47, Class NI, 4.50%, 04/25/42	1,022	231,855
Ginnie Mae Mortgage-Backed Securities:		
Series 2006-30, Class IO, 2.30%, 05/16/46 <sup>(b)</sup>	247	15,008
Series 2009-78, Class SD, (1 mo. LIBOR + 6.20%), 4.38%, 09/20/32 <sup>(a)</sup>	1,129	109,736
Series 2009-116, Class KS, (1 mo. LIBOR + 6.47%), 4.68%, 12/16/39 <sup>(a)</sup>	325	42,258
Series 2011-52, Class NS, (1 mo. LIBOR + 6.67%), 4.88%, 04/16/41 <sup>(a)</sup>	3,200	507,150
		981,952
<b>Mortgage-Backed Securities 50.3%</b>		
Fannie Mae Mortgage-Backed Securities:		
2.50%, 04/01/28	4,428	4,371,430
3.00%, 06/01/42 - 04/01/43	5,844	5,753,366
3.50%, 08/01/26 - 08/01/44	9,376	9,498,467
4.00%, 04/01/24 - 02/01/41	8,085	8,365,553
4.50%, 04/01/39 - 08/01/40	5,644	5,962,848
5.00%, 11/01/33 - 02/01/40	2,918	3,156,014
5.50%, 10/01/23 - 09/01/36	2,453	2,690,305
6.00%, 02/01/36 - 03/01/38	428	479,016
Freddie Mac Mortgage-Backed Securities, 4.50%, 05/01/34	149	156,352
Ginnie Mae Mortgage-Backed Securities, 5.00%, 11/15/35	4	4,599
		40,437,950
<b>Total U.S. Government Sponsored Agency Securities 60.2%</b>		
<b>(Cost \$48,122,775)</b>		48,366,560
<b>U.S. Treasury Obligations 50.0%</b>		
U.S. Treasury Bonds, 4.38%, 05/15/41	5,100	6,347,309
U.S. Treasury Notes:		
1.38%, 04/30/20 <sup>(d)</sup>	13,500	13,241,074
1.50%, 05/31/20	1,300	1,277,352
3.13%, 05/15/21	6,500	6,635,078



Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

March 31, 2018

(Percentages shown are based on Net Assets)

	<i>Par</i> (000)	<i>Value</i>
<i>Security</i>		
U.S. Treasury Notes (continued):		
2.00%, 11/30/22	\$ 3,500	\$ 3,416,464
2.00%, 02/15/25	6,000	5,741,016
2.25%, 11/15/25	2,800	2,710,203
1.63%, 02/15/26	900	830,320
<b>Total U.S. Treasury Obligations</b> 50.0%		
(Cost \$40,329,108)		40,198,816
<b>Total Long-Term Investments</b> 114.9%		
(Cost \$92,097,999)		92,305,117
	<i>Shares</i>	
<b>Short-Term Securities</b> 1.2%		
BlackRock Liquidity Funds, T-Fund, Institutional Class, 1.58%, <sup>(e)(f)</sup>	983,215	983,215
		<i>Value</i>
<b>Total Short-Term Securities</b> 1.2%		
(Cost \$983,215)	\$	983,215
<b>Options Purchased</b> 0.8%		
(Cost \$389,164)		642,163
<b>Total Investments Before Options Written</b> 116.9%		
(Cost \$93,470,378)		93,930,495
<b>Options Written</b> (1.1)%		
(Premiums Received \$655,651)		(861,540)
<b>Total Investments, Net of Options Written</b> 115.8%		
(Cost \$92,814,727)		93,068,955
<b>Liabilities in Excess of Other Assets</b> (15.8)%		(12,718,905)
<b>Net Assets</b> 100.0%		\$ 80,350,050

(a) Variable rate security. Rate shown is the rate in effect as of period end.

(b) Variable or floating rate security, which interest rate adjusts periodically based on changes in current interest rates and prepayments on the underlying pool of assets. Rate shown is the rate in effect as of period end.

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- (c) Variable rate security. Security may be issued at a fixed coupon rate, which converts to a variable rate at a specified date. Rate shown is the rate in effect as of period end.
- (d) All or a portion of the security has been pledged as collateral in connection with outstanding reverse repurchase agreements.
- (e) Annualized 7-day yield as of period end.
- (f) During the period ended March 31, 2018, investments in issuers considered to be an affiliate of the Fund for purposes of Section 2(a)(3) of the Investment Company Act of 1940, as amended, were as follows:

<i>Affiliated</i>	<i>Shares Held at 12/31/17</i>	<i>Net Activity</i>	<i>Shares Held at 03/31/18</i>	<i>Value at 03/31/18</i>	<i>Income</i>	<i>Net Change in</i>	
						<i>Realized Appreciation</i>	<i>Unrealized Depreciation</i>
BlackRock Liquidity Funds, T-Fund, Institutional Class	1,981,656	(998,441)	983,215	\$ 983,215	\$ 5,365	\$	\$

(a) Includes net capital gain distributions, if applicable.

**Reverse Repurchase Agreements**

<i>Counterparty</i>	<i>Interest Rate</i>	<i>Trade Date</i>	<i>Maturity Date (a)</i>	<i>Face Value Including</i>		<i>Type of Non-Cash Underlying Collateral</i>	<i>Remaining Contractual Maturity of the Agreement</i>
				<i>Face Value</i>	<i>Accrued Interest</i>		
Suisse LLC	1.91%	12/28/17	Open	\$ 13,365,000	\$ 13,414,673	U.S. Treasury Obligations	Open/Demand

(a) Certain agreements have no stated maturity and can be terminated by either party at any time.

**Portfolio Abbreviations**

LIBOR London Interbank Offered Rate

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

March 31, 2018

**Derivative Financial Instruments Outstanding as of Period End****Futures Contracts**

<i>Description</i>	<i>Number of Contracts</i>	<i>Expiration Date</i>	<i>Notional Amount (000)</i>	<i>Value / Unrealized Appreciation (Depreciation)</i>
Short Contracts				
5-Year U.S. Treasury Note	5	06/29/18	\$ 572	\$ (1,636)

**Forward Foreign Currency Exchange Contracts**

<i>Currency Purchased</i>	<i>Currency Sold</i>	<i>Counterparty</i>	<i>Settlement Date</i>	<i>Unrealized Appreciation (Depreciation)</i>
JPY 81,033,750	AUD 945,000	Goldman Sachs International	04/23/18	\$ 36,623
CAD 767,988	AUD 760,000	HSBC Bank PLC	06/20/18	13,149
CAD 403,362	EUR 250,000	Royal Bank of Canada	06/20/18	4,182
CAD 801,349	NZD 850,000	HSBC Bank PLC	06/20/18	8,770
CHF 230,000	NOK 1,870,968	JPMorgan Chase Bank N.A.	06/20/18	2,893
EUR 500,000	CHF 584,837	Bank of America N.A.	06/20/18	2,987
EUR 240,000	GBP 210,062	JPMorgan Chase Bank N.A.	06/20/18	1,326
JPY 32,377,692	SEK 2,500,000	Standard Chartered Bank	06/20/18	4,735
NOK 2,330,049	EUR 240,000	Bank of America N.A.	06/20/18	979
NZD 428,573	EUR 250,000	Bank of America N.A.	06/20/18	290
NZD 430,000	JPY 32,716,120	Bank of America N.A.	06/20/18	1,627
				77,561
AUD 380,000	JPY 33,288,570	Citibank N.A.	04/23/18	(21,346)
AUD 245,000	JPY 20,954,318	Goldman Sachs International	04/23/18	(8,983)
AUD 305,000	JPY 26,190,075	Morgan Stanley & Co. International PLC	04/23/18	(12,162)
CHF 292,461	EUR 250,000	Credit Suisse International	04/23/18	(1,633)
EUR 250,000	CAD 404,073	Bank of America N.A.	06/20/18	(4,734)
NOK 1,871,396	CHF 230,000	Royal Bank of Canada	06/20/18	(2,838)
NOK 2,257,291	GBP 210,000	Bank of America N.A.	06/20/18	(6,913)
SEK 4,932,346	EUR 490,000	Deutsche Bank AG	06/20/18	(12,251)
SEK 1,918,286	USD 240,000	Barclays Bank PLC	07/25/18	(8,288)
SEK 1,967,395	USD 240,000	Barclays Bank PLC	07/25/18	(2,356)
SEK 2,894,779	USD 365,000	Goldman Sachs International	07/25/18	(15,336)



(96,840)

\$ (19,279)

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

March 31, 2018

**OTC Options Purchased**

<i>Description</i>	<i>Counterparty</i>	<i>Expiration Date</i>		<i>Exercise Price</i>		<i>Notional Amount (000)</i>	<i>Value</i>
Call							
EUR							
Currency	Morgan Stanley & Co. International PLC	04/23/18	CHF	1.19	EUR	1,995	\$ 2,504
CAD							
Currency	Credit Suisse International	05/15/18	CHF	0.75	CAD	3,135	13,834
USD							
Currency	Goldman Sachs International	07/23/18	SEK	8.40	USD	2,440	31,710
							48,048
Put							
AUD							
Currency	Goldman Sachs International	04/19/18	JPY	85.50	AUD	6,110	221,340
AUD							
Currency	Goldman Sachs International	04/19/18	JPY	84.00	AUD	6,110	141,056
AUD							
Currency	Morgan Stanley & Co. International PLC	04/23/18	NZD	1.09	AUD	2,815	46,536
AUD							
Currency	UBS AG	04/23/18	NZD	1.07	AUD	2,815	21,951
CHF							
Currency	Credit Suisse International	04/23/18	JPY	113.00	CHF	4,690	84,646
EUR							
Currency	Credit Suisse International	04/23/18	NZD	1.68	EUR	1,975	5,679
EUR							
Currency	Goldman Sachs International	04/23/18	NOK	9.60	EUR	3,900	20,255
GBP							
Currency	Goldman Sachs International	04/23/18	SEK	10.90	GBP	2,590	22
AUD							
Currency	UBS AG	05/15/18	NZD	1.06	AUD	2,815	15,943
EUR							
Currency	Goldman Sachs International	05/15/18	JPY	129.00	EUR	1,965	14,386
GBP							
Currency	Barclays Bank PLC	05/15/18	USD	1.38	GBP	3,445	22,301
							594,115
							\$ 642,163

**OTC Interest Rate Swaptions Written**

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Description	Paid by the Fund		Received by the Fund		Counterparty	Expiration Date	Exercise Rate	Notional Amount (000)	Value
	Rate	Frequency	Rate	Frequency					
11 Year Interest Rate Swap, 7/18	2.80%	Quarterly	6-Month LIBOR, 2.45%	Quarterly	BNP Paribas S.A.	04/27/18	2.80%	USD 15,000	\$(100,590)
12 Year Interest Rate Swap, 7/18	2.60	Quarterly	6-Month LIBOR, 2.45%	Quarterly	BNP Paribas S.A.	04/27/18	2.60	USD 35,000	(39,650)
13 Year Interest Rate Swap, 7/18	2.84	Quarterly	6-Month LIBOR, 2.45%	Quarterly	BNP Paribas S.A.	04/27/18	2.84	USD 5,000	(75,720)
14 Year Interest Rate Swap, 7/18	2.72	Quarterly	6-Month LIBOR, 2.45%	Quarterly	BNP Paribas S.A.	04/27/18	2.72	USD 30,000	(98,020)
									\$(314,000)

**OTC Options Written**

Description	Counterparty	Expiration Date	Exercise Price	Notional Amount (000)	Value
Put AUD Currency	Goldman Sachs International	04/19/18	JPY \$ 84.00	AUD 6,110	\$(141,056)
AUD Currency	Goldman Sachs International	04/19/18	JPY 85.50	AUD 6,110	(221,570)
AUD Currency	Morgan Stanley & Co. International PLC	04/23/18	NZD 1.07	AUD 2,815	(21,951)

Schedule of Investments (unaudited) (continued)

BlackRock Enhanced Government Fund, Inc. (EGF)

March 31, 2018

**OTC Options Written (continued)**

<i>Description</i>	<i>Counterparty</i>	<i>Expiration Date</i>		<i>Exercise Price</i>		<i>Notional Amount (000)</i>	<i>Value</i>
Put							
AUD							
Currency	UBS AG	04/23/18	NZD	1.09	AUD	2,815	(46,536)
CHF							
Currency	Credit Suisse International	04/23/18	JPY	112.00	CHF	7,030	(79,161)
EUR							
Currency	Credit Suisse International	04/23/18	NZD	1.65	EUR	2,965	(1,368)
EUR							
Currency	Goldman Sachs International	04/23/18	NOK	9.50	EUR	5,845	(10,702)
GBP							
Currency	Goldman Sachs International	04/23/18	SEK	10.70	GBP	3,885	
AUD							
Currency	UBS AG	05/15/18	NZD	1.05	AUD	2,815	(6,064)
EUR							
Currency	Goldman Sachs International	05/15/18	JPY	126.00	EUR	2,945	(7,617)
GBP							
Currency	Barclays Bank PLC	05/15/18	USD	1.35	GBP	5,165	(10,080)
USD							
Currency	Goldman Sachs International	07/23/18	SEK	7.50	USD	2,440	(1,435)
							\$ (547,540)

**Fair Value Hierarchy as of Period End**

Various inputs are used in determining the fair value of investments and derivative financial instruments. These inputs to valuation techniques are categorized into a fair value hierarchy consisting of three broad levels for financial reporting purposes as follows:

Level 1 Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that the Fund has the ability to access

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 and derivative financial instruments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Investments classified within Level 3 have significant unobservable inputs used by the BlackRock Global Valuation Methodologies Committee (the Global Valuation Committee) in determining the price for Fair Valued Investments. Level 3 investments include equity or debt issued by privately held companies or funds. There may not be a secondary market, and/or there are a limited number of investors. Level 3 investments may also be adjusted to reflect illiquidity and/or non-transferability, with the amount of such discount estimated by the Global Valuation Committee in the absence of market information.

Changes in valuation techniques may result in transfers into or out of an assigned level within the hierarchy. In accordance with the Fund's policy, transfers between different levels of the fair value hierarchy are deemed to have occurred as of the beginning of the reporting period. The categorization of a value determined for investments and derivative financial instruments is based on the pricing transparency of the investments and derivative financial instruments and is not necessarily an indication of the risks associated with investing in those securities. For information about the Fund's policy regarding valuation of investments and derivative financial instruments, refer to the Fund's most recent financial statements as contained in its annual report.

As of March 31, 2018, the following tables summarize the Fund's investments and derivative financial instruments categorized in the disclosure hierarchy:

## Schedule of Investments (unaudited) (continued)

## BlackRock Enhanced Government Fund, Inc. (EGF)

March 31, 2018

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Assets:				
Investments:				
Long-Term Investments:				
Asset-Backed Securities	\$	\$ 1,589,104	\$	\$ 1,589,104
Preferred Securities		1,987,500		1,987,500
Non-Agency Mortgage-Backed Securities		163,137		163,137
U.S. Government Sponsored Agency Securities		48,366,560		48,366,560
U.S. Treasury Obligations		40,198,816		40,198,816
Short-Term Securities	983,215			983,215
Options Purchased:				
Forward foreign currency exchange contracts		642,163		642,163
Total	\$ 983,215	\$ 92,947,280	\$	\$ 93,930,495
Derivative Financial Instruments <sup>(a)</sup>				
Assets:				
Foreign currency exchange contracts	\$	\$ 77,561	\$	\$ 77,561
Liabilities:				
Foreign currency exchange contracts		(644,380)		(644,380)
Interest rate contracts	(1,636)	(314,000)		(315,636)
Total	\$ (1,636)	\$ (880,819)	\$	\$ (882,455)

<sup>(a)</sup> Derivative financial instruments are futures contracts, forward foreign currency exchange contracts and options written. Futures contracts and forward foreign currency exchange contracts are valued at the unrealized appreciation (depreciation) on the instrument and options written are shown at value. The Fund may hold liabilities in which the fair value approximates the carrying amount for financial reporting purposes. As of period end, reverse repurchase agreements of \$13,414,673 are categorized as Level 2 within the disclosure hierarchy.

During the period ended March 31, 2018, there were no transfers between levels.

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 13a-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/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Enhanced Government Fund, Inc.  
Date: May 21, 2018

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/ John M. Perlowski  
John M. Perlowski  
Chief Executive Officer (principal executive officer) of  
BlackRock Enhanced Government Fund, Inc.  
Date: May 21, 2018

By: /s/ Neal J. Andrews  
Neal J. Andrews  
Chief Financial Officer (principal financial officer) of  
BlackRock Enhanced Government Fund, Inc.  
Date: May 21, 2018