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BlackRock Enhanced Government Fund, Inc.
Form N-CSR
March 05, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES**

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: 12/31/2012

Date of reporting period: 12/31/2012

Item 1 – Report to Stockholders

DECEMBER 31, 2012

ANNUAL REPORT

BlackRock Enhanced Government Fund, Inc. (EGF)

Not FDIC Insured May Lose Value No Bank Guarantee

Section 19(a) Notice

BlackRock Enhanced Government Fund, Inc. s (EGF) (the Fund) reported amounts and sources of distributions are estimates and are not being provided for tax reporting purposes. The actual amounts and sources for tax reporting purposes will depend upon the Fund s investment experience during the year and may be subject to changes based on the tax regulations. The Fund will provide a Form 1099-DIV each calendar year that will explain the character of these dividends and distributions for federal income tax purposes.

December 31, 2012

| Total Fiscal Year-to-Date | | | | Percentage of Fiscal Year-to-Date | | | |
|--|----------------------|-------------------------|--------------|--|----------------------|-------------------------|--------------|
| Cumulative Distributions by Character | | | | Cumulative Distributions by Character | | | |
| Net | Net | Total Per | | Net | Net | Total Per | |
| Investment | Realized | Return of Common | | Investment | Realized | Return of Common | |
| Income | Capital Gains | Capital | Share | Income | Capital Gains | Capital | Share |
| EGF | \$0.640659 | \$0.189341 | \$0.830000 | 77% | 0% | 23% | 100% |

The Fund estimates that it has distributed more than the amount of earned income and net realized gains; therefore, a portion of the distribution may be a return of capital. A return of capital may occur, for example, when some or all of the shareholder s investment in the Fund is returned to the shareholder. A return of capital does not necessarily reflect the Fund s investment performance and should not be confused with 'yield' or 'income'. When distributions exceed total return performance, the difference will incrementally reduce the Fund s net asset value per share.

Section 19(a) notices for the Fund, as applicable, are available on the BlackRock website <http://www.blackrock.com>.

Section 19(b) Disclosure

The Fund acting pursuant to a Securities and Exchange Commission (SEC) exemptive order and with the approval of the Fund s Board of Directors (the Board), has adopted a plan, consistent with its investment objectives and policies to support a level distribution of income, capital gains and/or return of capital (the Plan). In accordance with the Plan, the Fund currently distributes \$0.065 per share on a monthly basis.

The fixed amount distributed per share is subject to change at the discretion of the Fund s Board. Under its Plan, the Fund will distribute all available investment income to its shareholders, consistent with its primary investment objectives and as required by the Internal Revenue Code of 1986, as amended (the Code). If sufficient investment income is not available on a monthly basis, the Fund will distribute long-term capital gains and/or return of capital to shareholders in order to maintain a level distribution. Each monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential distribution rate increases or decreases to enable the Fund to comply with the distribution requirements imposed by the Code.

Shareholders should not draw any conclusions about the Fund s investment performance from the amount of these distributions or from the terms of the Plan. The Fund s total return performance on net asset value is presented in its financial highlights table.

The Board may amend, suspend or terminate the Fund s Plan without prior notice if it deems such actions to be in the best interests of the Fund or its shareholders. The suspension or termination of the Plan could have the effect of creating a trading discount (if the Fund s stock is trading at or above net asset value) or widening an existing trading discount. The Fund is subject to risks that could have an adverse impact on its ability to maintain a level distribution. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, decreased market volatility, companies suspending or decreasing corporate dividend distributions and changes in the Code. Please refer to the Fund s prospectus for a more complete description of its risks.

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Dear Shareholder

Financial markets substantially improved in 2012 as compared to the prior year, due largely to central bank intervention and considerable relief from the global turmoil seen in 2011. Although 2012 brought its share of headwinds, the strongest returns came from higher-risk asset classes as investors reached for yield in an environment of extremely low interest rates.

The year opened with investor confidence on the rise as global liquidity had been restored and financial news headlines became less daunting. Equity markets moved higher through the first two months of 2012, while climbing US Treasury yields pressured higher-quality fixed income assets. However, markets reversed course in the spring when Europe's debt crisis boiled over once again. Political instability in Greece and severe deficit and liquidity problems in Spain raised the prospect of a euro collapse. Government borrowing costs in peripheral European countries soared while the region's finance leaders deliberated over the fiscal integration of the currency bloc. Alongside the drama in Europe, investors were discouraged by gloomy economic reports from various parts of the world. A slowdown in China, a key powerhouse for global growth, emerged as a particular concern. In the United States, disappointing jobs reports signaled that the recovery was losing steam. Risk assets sold off as investors retreated to safe-haven assets.

As the outlook for the global economy worsened, investors grew increasingly optimistic that the world's largest central banks soon would intervene to stimulate growth. This theme, along with increased cooperation among finance ministers in Europe, fueled a powerful risk-asset rebound in June. In July, the European Central Bank (ECB) president stated that the bank would do whatever it takes to preserve the euro currency bloc. This assurance along with expectations for policy stimulus from central banks in Europe and the United States drove most asset classes higher through the summer. Early in September, the ECB announced its decision to support the eurozone's troubled peripheral countries with unlimited purchases of short term sovereign debt. Days later, the US Federal Reserve announced an aggressive stimulus package involving open-ended monthly purchases of agency mortgage-backed securities.

Going into the fall, US stocks slid on lackluster corporate earnings reports and market volatility rose leading up to the US Presidential election. Global trade slowed as many European countries fell into recession and growth continued to decelerate in China, where a once-a-decade leadership change compounded uncertainty. In the United States, automatic tax increases and spending cuts that had been scheduled to take effect at the beginning of 2013 (known as the fiscal cliff) threatened to push the nation into recession unless politicians could agree upon alternate measures to reduce the deficit before the end of 2012. Worries that bipartisan gridlock would preclude a budget deal prior to the deadline drove high levels of volatility in financial markets around the world in the months leading up to the last day of the year. Ultimately, the United States averted the worst of the fiscal cliff with a last-minute tax deal. Relief from US fiscal worries, however, was only partial as decisions relating to spending cuts and the debt ceiling remained pending as financial markets closed for the year.

All major asset classes generated positive returns for the 6- and 12-month periods ended December 31, 2012. Riskier assets outperformed higher quality investments as investors sought meaningful returns in a low interest rate environment. International and emerging market equities were the strongest performers. US Treasury yields were volatile, but declined overall, resulting in moderate gains for higher quality fixed income sectors. Tax-exempt municipal bonds benefited from a favorable supply-and-demand environment. Near-zero short term interest rates continued to keep yields on money market securities near their all-time lows.

The New Year brings a host of unknowns, but we believe new opportunities abound. BlackRock was built to provide the global market insight, breadth of capabilities, unbiased investment advice and deep risk management expertise these times require. With access to every asset class, geography and investment style, and extensive market intelligence, we help investors of all sizes build dynamic, diverse portfolios to achieve better, more consistent returns

over time. We encourage you to visit www.blackrock.com/newworld for more information.

Sincerely,

Rob Kapito

President, BlackRock Advisors, LLC

Although 2012 brought its share of headwinds, the strongest returns came from higher-risk asset classes as investors reached for yield in an environment of extremely low interest rates.

Rob Kapito

President, BlackRock Advisors, LLC

Total Returns as of December 31, 2012

| | 6-month | 12-month |
|--|----------------|-----------------|
| US large cap equities (S&P 500 [®] Index) | 5.95 % | 16.00 % |
| US small cap equities (Russell 2000 [®] Index) | 7.20 | 16.35 |
| International equities (MSCI Europe, Australasia, Far East Index) | 13.95 | 17.32 |
| Emerging market equities (MSCI Emerging Markets Index) | 13.75 | 18.22 |
| 3-month Treasury bill (BofA Merrill Lynch 3-Month US Treasury Bill Index) | 0.07 | 0.11 |
| US Treasury securities (BofA Merrill Lynch 10-Year US Treasury Index) | 0.71 | 4.18 |
| US investment grade bonds (Barclays US Aggregate Bond Index) | 1.80 | 4.21 |
| Tax-exempt municipal bonds (S&P Municipal Bond Index) | 3.15 | 7.42 |
| US high yield bonds (Barclays US Corporate High Yield 2% Issuer Capped Index) | 7.97 | 15.78 |

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.

4 THIS PAGE NOT PART OF YOUR FUND REPORT

Option Over-Writing

In general, the goal of the Fund is to provide shareholders with current income and gains. The Fund seeks to pursue this goal primarily by investing in a portfolio of US Government and US Agency securities and utilizing an option over-write strategy in an effort to enhance distribution yield and total return performance. However, these objectives cannot be achieved in all market conditions.

The Fund writes call options on individual US Government and US Agency securities or on baskets of such securities or on interest rate swaps (swaptions), and may write call options on other debt securities. When writing (selling) a call option, the Fund grants the counterparty the right to buy an underlying reference security or enter into a defined transaction (e.g., a swap contract, in the case of the swaption) at an agreed-upon price (strike price) within an agreed upon time period. The Fund receives cash premiums from the counterparties upon writing (selling) the option or swaption, which along with net investment income and net realized gains, if any, are generally available to support current or future distributions paid by the Fund. During the option term, the counterparty will elect to exercise the option if the market value of the underlying reference security or underlying contract rises above the strike price, and the Fund will be obligated to sell the security or contract to the counterparty at the strike price, realizing a gain or loss. If the option remains unexercised upon its expiration, the Fund will realize gains equal to the premiums received.

Writing call options and swaptions entails certain risks, which include but are not limited to, the following: an increase in the value of the underlying security above the strike price can result in the exercise of a written option (sale by the Fund to the counterparty) when the Fund might not otherwise have sold the security; exercise of the option by the counterparty will result in a sale below the current market value and will result in a gain or loss realized by the Fund; writing call options and swaptions limits the potential appreciation on the underlying interest rate swap or security and the yield on the Fund could decline; if current market interest rates fall below the strike price, the counterparty could exercise a written swaption when the Fund might not otherwise have entered into an interest rate swap; the Fund is bound by the terms of the underlying interest rate swap agreement upon exercise of the option by the counterparty which can result in a loss to the Fund in excess of the premium received. As such, an option over-write strategy may outperform the general fixed income market in rising or flat interest rate environments (when bond prices are steady or falling) but underperform in a falling interest rate environment (when bond prices are rising).

The Fund employs a plan to support a level distribution of income, capital gains and/or return of capital. The goal of the plan is to provide shareholders with consistent and predictable cash flows by setting distribution rates based on expected long-term returns of the Fund. Such distributions, under certain circumstances, may exceed the Fund's total return performance. When total distributions exceed total return performance for the period, the excess will reduce the Fund's total assets and net asset value per share (NAV) and, therefore, could have the effect of increasing the Fund's expense ratio and/or reducing the amount of assets the Fund has available for long-term investment. In order to make these distributions, the Fund may have to sell portfolio securities at less than opportune times.

The final tax characterization of distributions is determined after the fiscal year and is reported in the Fund's annual report to shareholders. Distributions will be characterized as ordinary income, capital gains and/or return of capital. The Fund's taxable net investment income or net realized capital gains (taxable income) may not be sufficient to support the level of distributions paid. To the extent that distributions exceed the Fund's current and accumulated earnings and profits, the excess may be treated as a non-taxable return of capital. Distributions that exceed the Fund's taxable income but do not exceed the Fund's current and accumulated earnings and profits may be classified as ordinary income, which is taxable to shareholders.

A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with 'yield or 'income. A return of capital is a return of a portion of an investor's original investment. A return of capital is not taxable, but it reduces a shareholder's tax basis in his or her shares, thus reducing any loss or increasing any gain on a subsequent disposition by the shareholder of his or her shares. It is possible that a substantial portion of the distributions paid during a calendar year may ultimately be classified as return of capital for income tax purposes when the final determination of the source and character of the distributions is made.

The Fund intends to write call options to varying degrees depending upon market conditions. Please refer to the Schedule of Investments and the Notes to Financial Statements for details of written swaptions.

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Fund Summary as of December 31, 2012

Fund Overview

The Fund's investment objective is to provide shareholders with current income and gains. The Fund seeks to achieve its investment objective by investing primarily in a portfolio of US Government securities and US Government Agency securities, including US Government mortgage-backed securities that pay interest in an attempt to generate current income, and by employing a strategy of writing (selling) call options on individual or baskets of US Government securities, US Government Agency securities or other debt securities held by the Fund in an attempt to generate gains from option premiums.

No assurance can be given that the Fund's investment objective will be achieved.

Portfolio Management Commentary

How did the Fund perform?

For the 12-month period ended December 31, 2012, the Fund returned 8.13% based on market price and 4.59% based on net asset value (NAV). For the same period, the BofA Merrill Lynch 1-3 Year US Treasury Index returned 0.43% and the Citigroup Government/Mortgage Index posted a return of 2.30%. All returns reflect reinvestment of dividends. The Fund's discount to NAV, which narrowed during the period, accounts for the difference between performance based on price and performance based on NAV. The following discussion relates to performance based on NAV.

What factors influenced performance?

The Fund's performance is reviewed on an absolute basis due to the unique nature of the Fund, which employs a strategy of writing call options on individual or baskets of US securities or interest rates. The index returns listed above are for reference purposes only as these indices do not utilize an option writing strategy.

As part of its principal investment strategy, the Fund writes covered calls on interest rates to generate income while dampening the level of NAV volatility. Covered calls contributed positively to performance for the period as the unprecedented level of support from the US Federal Reserve resulted in low volatility in the US Treasury market. The Fund took advantage of this environment to increase leverage by purchasing Treasury securities and writing additional call options to generate incremental yield.

The Fund's significant allocation to agency mortgage-backed securities (MBS) had a positive impact on performance as the sector benefited from heavy purchasing activity in connection with the US Federal Reserve's stimulus program. The Fund especially benefited from adding to its agency MBS positions prior to the September policy announcement from the central bank. Within agency MBS, the Fund's exposure to interest-only mortgages with favorable pre-payment features and seasoned 30-year mortgages that are less vulnerable to refinancing helped performance as yields moved lower in the MBS market.

The Fund's small allocations to non-agency residential MBS, high yield credit and securitized sectors, such as commercial mortgage-backed securities (CMBS) and asset-backed securities (ABS), enhanced results.

The Fund's shorter duration bias (lower sensitivity to interest rates) had a negative impact on performance during certain months of the year. The Fund's yield curve positioning also had a negative impact.

The Fund utilized interest rate swaps as a hedge against long US Treasury positions and as a means to manage duration and yield curve positioning. During the period, the use of swaps detracted from performance. However, the use of swaps continues to be an efficient interest rate management tool and the effect of these derivatives should be viewed in the context of their overall contribution to risk reduction as well as performance.

Describe recent portfolio activity.

The Fund tactically traded its yield curve positioning throughout the period, while maintaining a flattening bias in the short end of the curve. The Fund traded agency MBS to take advantage of opportunities stemming from uncertainty leading up to the US Federal Reserve's announcement of additional policy stimulus in September. As discussed above, the Fund wrote covered calls during the period as part of its principal investment strategy.

Describe portfolio positioning at period end.

The Fund's call-writing strategy has the effect of reducing overall portfolio duration, which stood at 2.43 years at the end of the period. The Fund continued to maintain a high degree of liquidity through a core exposure to government-owned and government-related debt. The largest allocations in the Fund continued to be US agency MBS and Treasury securities. The Fund also maintained limited exposure to a diversified basket of non-government spread sectors, including CMBS, ABS, non-agency residential MBS and corporate credit.

The views expressed reflect the opinions of BlackRock as of the date of this report and are subject to change based on changes in market, economic or other conditions. These views are not intended to be a forecast of future events and are no guarantee of future results.

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Fund Information

| | |
|--|------------------|
| Symbol on New York Stock Exchange (NYSE) | EGF |
| Initial Offering Date | October 31, 2005 |
| Current Distribution Rate on Closing Market Price as of December 31, 2012 (\$15.63) ¹ | 4.99% |
| Current Monthly Distribution per Common Share ² | \$0.065 |
| Current Annualized Distribution per Common Share ² | \$0.780 |
| Economic Leverage as of December 31, 2012 ³ | 29% |

¹ Current Distribution Rate on closing market price is calculated by dividing the current annualized distribution per share by the closing market price. The current distribution rate consists of income, net realized gains and/or a tax return of capital. See the financial highlights for the actual sources and character of distributions. Past performance does not guarantee future results.

² The distribution rate is not constant and is subject to change. A portion of the distribution may be deemed a tax return of capital or net realized gain.

³ Represents reverse repurchase agreements as a percentage of total managed assets, which is the total assets of the Fund, including any assets attributable to reverse repurchase agreements, minus the sum of liabilities (other than borrowings representing financial leverage). For a discussion of leveraging techniques utilized by the Fund, please see The Benefits and Risks of Leveraging on page 8.

The table below summarizes the changes in the Fund's market price and NAV per share:

| | 12/31/12 | 12/31/11 | Change | High | Low |
|-----------------|----------|----------|---------|---------|---------|
| Market Price | \$15.63 | \$15.25 | 2.49 % | \$16.17 | \$15.03 |
| Net Asset Value | \$16.11 | \$16.25 | (0.86)% | \$16.31 | \$16.01 |

The following charts show the portfolio composition and credit quality allocation of the Fund's long-term investments:

Portfolio Composition

| | 12/31/12 | 12/31/11 |
|---|----------|----------|
| US Government Sponsored Agency Securities | 60 % | 60 % |
| US Treasury Obligations | 34 | 30 |
| Asset-Backed Securities | 2 | 2 |
| Preferred Securities | 2 | 3 |
| Non-Agency Mortgage-Backed Securities | 1 | 4 |
| Municipal Bonds | 1 | 1 |

Credit Quality Allocation⁴

| | 12/31/12 | 12/31/11 |
|----------------------|----------|----------|
| AAA/Aaa ⁵ | 96 % | 93 % |
| AA/Aa | 1 | 2 |
| A | 1 | 1 |
| BBB/Baa | 1 | 2 |
| BB/Ba | 1 | 1 |
| CCC/Caa | | 1 |

⁴ Using the higher of Standard & Poor's or Moody's Investors Service ratings.

⁵

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Includes US Government Sponsored Agency Securities and US Treasury Obligations, which are deemed AAA/Aaa by the investment advisor.

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The Benefits and Risks of Leveraging

The Fund may utilize leverage to seek to enhance its yield and NAV. However, these objectives cannot be achieved in all interest rate environments.

The Fund may utilize leverage by entering into reverse repurchase agreements. In general, the concept of leveraging is based on the premise that the financing cost of assets to be obtained from leverage, which will be based on short-term interest rates, will normally be lower than the income earned by the Fund on its longer-term portfolio investments. To the extent that the total assets of the Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, the Fund's shareholders will benefit from the incremental net income.

The interest earned on securities purchased with the proceeds from leverage is paid to shareholders in the form of dividends, and the value of these portfolio holdings is reflected in the per share NAV. However, in order to benefit shareholders, the yield curve must be positively sloped; that is, short-term interest rates must be lower than long-term interest rates. If the yield curve becomes negatively sloped, meaning short-term interest rates exceed long-term interest rates, income to shareholders will be lower than if the Fund had not used leverage.

To illustrate these concepts, assume a Fund's capitalization is \$100 million and it borrows for an additional \$30 million, creating a total value of \$130 million available for investment in long-term securities. If prevailing short-term interest rates are 3% and long-term interest rates are 6%, the yield curve has a strongly positive slope. In this case, the Fund pays interest expense on the \$30 million of borrowings based on the lower short-term interest rates. At the same time, the Fund's total portfolio of \$130 million earns income based on long-term interest rates. In this case, the interest expense of the borrowings is significantly lower than the income earned on the Fund's long-term investments, and therefore the Fund's shareholders are the beneficiaries of the incremental net income.

If short-term interest rates rise, narrowing the differential between short-term and long-term interest rates, the incremental net income pickup will be reduced or eliminated completely. Furthermore, if prevailing short-term interest rates rise above long-term interest rates, the yield curve has a negative slope. In this case, the Fund pays higher short-term interest rates whereas the Fund's total portfolio earns income based on lower long-term interest rates.

Furthermore, the value of the Fund's portfolio investments generally varies inversely with the direction of long-term interest rates, although other factors can influence the value of portfolio investments. In contrast, the redemption value of the Fund's borrowings does not fluctuate in relation to interest rates. As a result, changes in interest rates can influence the Fund's NAV positively or negatively in addition to the impact on Fund performance from borrowings discussed above.

The use of leverage may enhance opportunities for increased income to the Fund and shareholders, but as described above, it also creates risks as short- or long-term interest rates fluctuate. Leverage also will generally cause greater changes in the Fund's NAV, market price and dividend rate than a comparable portfolio without leverage. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, the Fund's net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, the Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to shareholders will be reduced. The Fund may be required to sell portfolio securities at inopportune times or at distressed values in order to comply with regulatory requirements applicable to the use of leverage or as required by the terms of leverage instruments, which may cause the Fund to incur losses. The use of leverage may limit the Fund's ability to invest in certain types of securities or use certain types of hedging strategies. The Fund will incur expenses in connection with the use of leverage, all of which are borne by shareholders and may reduce income.

Under the Investment Company Act of 1940, as amended (the "1940 Act"), the Fund is permitted to issue senior securities representing indebtedness up to 33¹/₃% of its total managed assets (the Fund's net assets plus the proceeds of any outstanding borrowings used for leverage). If the Fund segregates liquid assets having a value not less than the repurchase price (including accrued interest), a reverse repurchase agreement will not be considered a senior security and therefore will not be subject to this limitation. In addition, the Fund voluntarily limits its aggregate economic leverage to 50% of its managed assets. As of December 31, 2012, the Fund had aggregate economic leverage of 29% from reverse repurchase agreements as a percentage of its total managed assets.

Derivative Financial Instruments

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The Fund may invest in various derivative financial instruments, including financial futures contracts, options, swaps and foreign currency exchange contracts, as specified in Note 2 of the Notes to Financial Statements, which may constitute forms of economic leverage. Such derivative financial instruments are used to obtain exposure to a security, index and/or market without owning or taking physical custody of securities or to hedge market, credit, equity and/or foreign currency exchange rate risk. Derivative financial instruments involve risks, including the imperfect correlation between the value of a derivative financial instrument and the underlying asset, possible default of the counterparty to the transaction or illiquidity of the derivative financial instrument. The Fund's ability to use a derivative financial instrument successfully depends on the investment advisor's ability to predict pertinent market movements accurately, which cannot be assured. The use of derivative financial instruments may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio investments at inopportune times or for distressed values, may limit the amount of appreciation the Fund can realize on an investment, may result in lower dividends paid to shareholders or may cause the Fund to hold an investment that it might otherwise sell. The Fund's investments in these instruments are discussed in detail in the Notes to Financial Statements.

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Schedule of Investments December 31, 2012

(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, 0.65%, 3/25/35 (a) | \$ 2,511 | \$ 2,451,893 |
| Motor Plc, 1.29%, 2/25/20 (b) | 252 | 252,714 |
| Securitized Asset-Backed Receivables LLC Trust (a): | | |
| Series 2005-OP1, Class M2, 0.66%, 1/25/35 | 2,000 | 1,567,338 |
| Series 2005-OP2, Class M1, 0.64%, 10/25/35 | 1,025 | 744,341 |
| Total Asset-Backed Securities 3.1% | | 5,016,286 |

Corporate Bonds**Energy Equipment & Services 0.3%**

| | | |
|-----------------------------------|-----|----------------|
| Transocean, Inc.: | | |
| 4.95%, 11/15/15 | 295 | 323,003 |
| 5.05%, 12/15/16 | 50 | 55,671 |
| 6.00%, 3/15/18 | 60 | 69,587 |
| Total Corporate Bonds 0.3% | | 448,261 |