

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

UNITED GOLD & GOVERNMENT FUND INC

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UNITED
GOLD &

GOVERNMENT
FUND, INC.

ANNUAL
REPORT

For the fiscal year ended December 31, 1993

MANAGER'S LETTER
DECEMBER 31, 1993

Dear Shareholder:

This report relates to the operation of your Fund for the fiscal year ended December 31, 1993. The following discussion, graphs and tables provide you with information regarding the Fund's performance during that period.

The past fiscal year was noteworthy for the sharp rally in the price of gold and other precious metals, beginning in March of 1993. This condition, in conjunction with other economic factors, generally resulted in significant increases in the value of common stocks of companies involved in mining and other industries involving precious metals.

Our strategy has been to increase the proportion of the Fund's holdings in gold bullion and other precious metals. The Fund has also increased its investments in common stocks that are sensitive to gold prices, including South African securities. Our stock strategy has focused on companies that we perceive as higher in quality, or less speculative, than most of the companies involved in precious metals activities.

The strategies and techniques we applied resulted in the direction of the Fund's performance remaining fairly consistent with that of the indexes charted on the following page. Those indexes reflect the performance of securities that generally represent the stock market (the S&P 500 Index), the government securities market (the Lehman Brothers Government Bond Index) and the universe of funds with similar investment objectives (the Lipper Gold Oriented Fund Universe Average). Performance of the government securities market is relevant because, in addition to precious metals and metals-related stocks, the Fund may also invest in U. S. Government securities, although it did not own any at the end of the year.

We expect gold prices to continue to rise over the coming year, based on forecasts for continued high demand for gold, relative to gold supplies, and expectations that inflation fears may gradually rise as the year progresses. Thus, we intend to maintain the Fund's orientation toward gold, while seeking precious metals stocks that we feel offer the potential for above average returns.

We appreciate your continued confidence.

Respectfully,
John A. Olsen
Manager, United Gold & Government Fund

COMPARISON OF CHANGE IN VALUE OF \$10,000 INVESTMENT IN
UNITED GOLD AND GOVERNMENT FUND, INC.,

The line graph which appears here in the paper version was filed on Form SE on February 25, 1994.

SHAREHOLDER SUMMARY

UNITED GOLD & GOVERNMENT FUND, INC.

PORTFOLIO STRATEGY:

Inflationary strategies: OBJECTIVE: High total return (income plus appreciation of share value).

Up to 100% in minerals-related securities.

Minimum of 25% so invested. STRATEGY: Invests in gold and other minerals-related securities during periods of actual or expected inflation and U.S. Government Securities during periods of disinflation or low inflation.

Disinflationary strategies:

Up to 100% in U.S. Government Securities.

Maximum of 25% in minerals-related securities.

FOUNDED: 1985

DIVIDENDS: PAID QUARTERLY (March, June, September, December)

PERFORMANCE SUMMARY

PER SHARE DATA

For the Fiscal Year Ended December 31, 1993

DIVIDENDS PAID \$0.04
=====

NET ASSET VALUE ON	
12/31/93	\$9.97
12/31/92	5.70

CHANGE PER SHARE	\$4.27
	=====

Past performance is not necessarily indicative of future results.

TOTAL RETURN HISTORY

Period	Average Annual Total Return	
	With Sales Load*	Without sales Load**
1-year period ended 12-31-93	65.71%	75.82%
5-year period ended 12-31-93	6.27%	7.54%
Period from 9-4-85(+) through 12-31-93	11.28%	12.08%

(+) Initial public offering of the Fund.

*Performance data quoted represents past performance and is based on deduction of 5.75% sales load on the initial purchase in each of the three periods.

**Performance data quoted in this column represents past performance without taking into account the sales load deducted on an initial purchase.

Investment return and principal value will fluctuate and an investor's shares, when redeemed, may be worth more or less than their original cost.

PORTFOLIO HIGHLIGHTS

On December 31, 1993, United Gold & Government Fund, Inc. had net assets totaling \$46,907,913 invested in a diversified portfolio of:

75.62%	Common Stocks and Warrants
12.47%	Bullion
6.81%	Cash and Cash Equivalents
5.10%	Convertible Preferred Stocks

As a shareholder in United Gold & Government Fund, Inc. for every \$100 you had invested on December 31, 1993, your Fund owned:

Foreign Mining Stocks	\$63.99
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Bullion	12.47
U.S. Mining Stocks	8.13
Cash and Cash Equivalents	6.81
Convertible Preferred Stocks	5.10
Other Stocks	3.50

Not all holdings will be represented in the portfolio at all times.

THE INVESTMENTS OF
UNITED GOLD & GOVERNMENT FUND, INC.
DECEMBER 31, 1993

	Troy Ounces	Value
BULLION		
Gold*	12,446	\$ 4,863,897
Platinum*	2,500	987,250
TOTAL BULLION - 12.47%		\$ 5,851,147
(Cost: \$5,687,434)		

	Shares	
COMMON STOCKS AND WARRANTS		
Gold		
Australia - 10.83%		
Gold Mines of Kalgoorlie Limited	531,660	480,089
Gold Mines of Kalgoorlie Limited, Warrants*	2,000,000	1,112,000
Mount Burgess Gold Mining Company NL* ..	250,000	202,000
Normandy Poseiden Limited	902,100	1,622,878
Nuigini Mining Limited*	309,900	1,157,477
Resolute Resources Limited*	415,200	507,374
Total		5,081,818
Canada - 30.65%		
Agnico-Eagle Mines, Ltd.	100,000	1,305,000
Euro-Nevada Mining Corporation Limited .	110,400	3,935,981
Franco-Nevada Mining Corporation Limited	56,900	3,917,281
International Musto Explorations Ltd.* .	100,000	784,900
Platinova Resources Ltd.*	400,000	938,000
Royal Oak Mines Inc.*	100,000	472,800
TVX Gold Inc.*	300,000	1,985,700
Venezuelan Goldfields Ltd.*	109,600	1,036,378
Total		14,376,040
South Africa - 18.40%		
Beatrix Mines Limited, ADR	69,000	487,347

Driefontein Consolidated Limited, ADR ..	25,000	321,875
Free State Consolidated Gold Mines, ADR	135,000	2,303,370
Hartebeestfontein Gold Mining Company Limited, ADR	141,400	848,400
Vaal Reefs Exploration & Mining Company Limited, New Shares, ADR	225,000	2,256,975
Western Deep Levels, Ltd., ADR	50,000	2,412,500
Total.....		8,630,467

See Notes to Schedule of Investments on page 8.

THE INVESTMENTS OF
UNITED GOLD & GOVERNMENT FUND, INC.
DECEMBER 31, 1993

	Shares	Value
COMMON STOCKS AND WARRANTS (Continued)		
Gold (Continued)		
United States - 3.88%		
Battle Mountain Gold Company	100,000	\$ 1,012,500
Canyon Resources Corporation*	200,000	806,200
Total		1,818,700
Total Gold Securities - 63.76%		29,907,025
Other Metals		
South Africa - 1.80%		
De Beers Consolidated Mines Limited, ADR	35,000	844,375
United Kingdom - 2.31%		
RTZ Corporation PLC (The)	90,344	1,083,676
United States - 4.25%		
AMAX Inc.	106,137	729,692
Cyprus Minerals Company	12,500	323,438
Newmont Mining Corporation	20,000	942,500
Total		1,995,630
Total Other Metals Securities - 8.36%		3,923,681
Miscellaneous		
Public Utilities - Gas - 1.71%		
Louis Dreyfus Natural Gas Corp.*	50,000	800,000
Steel - 1.79%		
National Steel Corporation, Class B* ...	70,000	840,000

Total Miscellaneous - 3.50%		1,640,000
TOTAL COMMON STOCKS AND WARRANTS - 75.62%		\$35,470,706
(Cost: \$20,963,982)		
PREFERRED STOCKS - 5.10%		
Gold		
United States		
Battle Mountain Gold Company,		
Convertible	10,000	645,000
Echo Bay Finance Corp., Convertible	40,000	1,745,000
Total		\$ 2,390,000
(Cost: \$1,498,700)		

See Notes to Schedule of Investments on page 8.

THE INVESTMENTS OF
UNITED GOLD & GOVERNMENT FUND, INC.
DECEMBER 31, 1993

	Principal Amount in Thousands	Value
TOTAL SHORT-TERM SECURITIES - 6.97%		
J. P. Morgan Securities, 3.1%		
Repurchase Agreement dated 12-31-93, to be repurchased at \$3,270,845 on 1-3-94**	\$3,270	\$ 3,270,000
(Cost: \$3,270,000)		
TOTAL INVESTMENTS - 100.16%		\$46,981,853
(Cost: \$31,420,116)		
LIABILITIES, NET OF CASH AND OTHER ASSETS- (0.16%)		(73,940)
NET ASSETS - 100.00%		\$46,907,913

Notes To Schedule Of Investments

*Non-income producing.

**Collateralized by \$2,780,000 U.S. Treasury Notes, 8.375% due 8-15-2008, market value and accrued interest aggregate \$3,336,840.

See Note 1 to financial statements for security valuation and other significant accounting policies concerning investments.

See Note 3 to financial statements for cost and unrealized appreciation and depreciation of investments owned for Federal income tax purposes.

UNITED GOLD & GOVERNMENT FUND, INC.
 STATEMENT OF ASSETS AND LIABILITIES
 DECEMBER 31, 1993

Assets

Investments -- at value (Notes 1 and 3):	
Bullion (cost -- \$5,687,434)	\$ 5,851,147
Securities (cost -- \$25,732,682)	41,130,706

	46,981,853
Cash	8,013
Receivables:	
Fund shares sold	60,174
Interest and dividends	53,939
Prepaid insurance premium	10,482

Total assets	47,114,461

Liabilities

Payable for Fund shares redeemed	164,395
Accrued transfer agency and dividend disbursing ..	17,636
Accrued service fee	8,141
Accrued accounting services fee	1,667
Other	14,709

Total liabilities	206,548

Total net assets	\$46,907,913
	=====

Net Assets

\$1.00 par value capital stock, authorized --	
100,000,000; shares outstanding -- 4,704,220	
Capital stock	\$ 4,704,220
Additional paid-in capital	61,622,989
Accumulated undistributed income (loss):	
Accumulated undistributed net investment income .	8,046
Accumulated net realized loss on investment	
transactions	(34,989,079)
Net unrealized appreciation in value of	
investments at end of period	15,561,737

Net assets applicable to outstanding units	
of capital.....	\$46,907,913
	=====

Net asset value per share (net assets divided by	
shares outstanding)	\$ 9.97
Sales load (offering price x 5.75%)61

Offering price per share (net asset value divided by 94.25%)	\$10.58
	=====

On sales of \$100,000 or more the sales load
is reduced as set forth in the Prospectus.

See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
STATEMENT OF OPERATIONS
For the Fiscal Year Ended DECEMBER 31, 1993

Investment Income

Income:

Dividends (net of foreign withholding taxes of \$64,709)	\$ 579,864
Interest	230,971

Total income	810,835

Expenses (Note 2):

Investment management fee	268,796
Transfer agency and dividend disbursing	211,949
Custodian fees	34,928
Accounting services fee	20,000
Audit fees	19,976
Service fee	11,554
Legal fees	1,798
Other	63,249

Total expenses	632,250

Net investment income	178,585

Realized and Unrealized Gain on Investments

Realized net loss on bullion	(5,405)
Realized net gain on securities	2,100,574

Realized net gain on investments	2,095,169

Unrealized appreciation in value of bullion during the period	427,352
--	---------

Unrealized appreciation in value of securities during the period	17,417,369

Unrealized appreciation in value of investments during the period	17,844,721
--	------------

Net gain on investments	19,939,890
Net increase in net assets resulting from operations	\$20,118,475

See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
STATEMENT OF CHANGES IN NET ASSETS

	For the fiscal year ended December 31,	
	1993	1992
Increase (Decrease) in Net Assets		
Operations:		
Net investment income	\$ 178,585	\$ 302,931
Realized net gain (loss) on investments	2,095,169	(3,804,756)
Unrealized appreciation (depreciation)	17,844,721	(819,102)
Net increase (decrease) in net assets resulting from operations	20,118,475	(4,320,927)
Dividends to shareholders from net investment income*	(188,719)	(302,741)
Capital share transactions:		
Proceeds from sale of shares (1,720,096 and 417,887 shares, respectively)	13,848,251	2,625,548
Proceeds from reinvestment of dividends (23,934 and 48,731 shares, respectively)	185,584	297,163
Payments for shares redeemed (1,796,401 and 1,834,816 shares, respectively)	(14,191,833)	(11,749,689)
Net decrease in net assets resulting from capital share transactions	(157,998)	(8,826,978)
Total increase (decrease)	19,771,758	(13,450,646)
Net Assets		

Beginning of period	27,136,155	40,586,801
	-----	-----
End of period	\$46,907,913	\$27,136,155
	=====	=====
Undistributed net investment income	\$ 8,046	\$ 2,506
	=====	=====

*See "Financial Highlights" on page 12.

See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
FINANCIAL HIGHLIGHTS
For a Share of Capital Stock Outstanding
Throughout Each Period:

	For the fiscal year ended December 31,				
	1993	1992	1991	1990	1989
	-----	-----	-----	-----	-----
Net asset value, beginning of period	\$5.70	\$6.63	\$6.68	\$8.66	\$7.47
	-----	-----	-----	-----	-----
Income from investment operations:					
Net investment income	.04	.06	.15	.11	.16
Net realized and unrealized gain (loss) on investments	4.27	(0.93)	(0.05)	(1.97)	1.20
	-----	-----	-----	-----	-----
Total from investment operations	4.31	(0.87)	.10	(1.86)	1.36
	-----	-----	-----	-----	-----
Less dividends from net investment income	(0.04)	(0.06)	(0.15)	(0.12)	(0.17)
	-----	-----	-----	-----	-----
Net asset value, end of period	\$9.97	\$5.70	\$6.63	\$6.68	\$8.66
	=====	=====	=====	=====	=====
Total return*	75.82%	-13.18%	1.47%	-21.59%	18.42%
Net assets, end of period (000 omitted)	\$46,908	\$27,136	\$40,587	\$54,371	\$83,154
Ratio of expenses					

to average net assets	1.69%	1.88%	1.57%	1.56%	1.42%
Ratio of net investment income to average net assets	0.48%	.90%	2.11%	1.43%	1.91%
Portfolio turnover rate**	84.00%	61.50%	112.80%	82.42%	89.92%

*Total return calculated without taking into account the sales load deducted on an initial purchase.

**This rate is, in general, calculated by dividing the average value of the Fund's portfolio securities during the period into the lesser of its purchases or sales of securities in the period, excluding short-term securities and bullion.

See notes to financial statements.

UNITED GOLD & GOVERNMENT FUND, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 1993

NOTE 1 -- Significant Accounting Policies

United Gold & Government Fund, Inc. (the "Fund") is registered under the Investment Company Act of 1940 as a diversified, open-end management investment company. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles.

- A. Security valuation -- Each stock and convertible bond is valued at the latest sale price thereof on the last business day of the fiscal period as reported by the principal securities exchange on which the issue is traded or, if no sale is reported for a stock, the average of the latest bid and asked prices. Bonds, other than convertible bonds, are valued using a pricing system provided by a major dealer in bonds. Convertible bonds are valued using this pricing system only on days when there is no sale reported. Stocks which are traded over-the-counter are priced using NASDAQ (National Association of Securities Dealers Automated Quotations) which provides information on bid and asked or closing prices quoted by major dealers in such stocks. Gold and silver bullion are valued at the last spot settlement price for current delivery as calculated by the Commodity Exchange, Inc. as of the close of that Exchange. Platinum bullion is valued at the last spot settlement price as calculated by the New York Mercantile Exchange as of the close of that Exchange. Securities for which quotations are not readily available are valued as determined in good faith in accordance with procedures established by and under the general supervision of the Fund's Board of Directors. Short-term debt securities are valued at amortized cost, which approximates market.
- B. Security transactions and related investment income -- Security

transactions are accounted for on the trade date (date the order to buy or sell is executed). Securities gains and losses are calculated on the identified cost basis. Original issue discount (as defined in the Internal Revenue Code), premiums on the purchase of bonds and post-1984 market discount are amortized for both financial and tax reporting purposes over the remaining lives of the bonds. Dividend income is recorded on the ex-dividend date except that certain dividends from foreign securities are recorded as soon as the Fund is informed of the ex-dividend date. Interest income is recorded on the accrual basis. See Note 3 -- Investment Securities Transactions.

- C. Foreign currency translations -- All assets and liabilities expressed in foreign currencies are converted into U.S. dollars at the mean of the bid and asked prices of such currencies against U.S. dollars at the end of the respective period. The cost of portfolio securities is translated at the rates of exchange prevailing when acquired. Income is translated at rates of exchange prevailing when accrued or received. The resulting transaction exchange gains or losses have been included in the results of operations with the type of transaction giving rise to the gain or loss.
- D. Federal income taxes -- It is the Fund's policy to distribute all of its taxable income and capital gains to its shareholders and otherwise qualify as a regulated investment company under the Internal Revenue Code. In addition, the Fund intends to pay distributions as required to avoid imposition of excise tax. Accordingly, provision has not been made for Federal income taxes. See Note 4 -- Federal Income Tax Matters.
- E. Dividends and distributions -- Dividends and distributions to shareholders are recorded by the Fund on the record date. During the twelve months ended December 31, 1993, the Fund adopted Statement of Position 93-2 Determination, Disclosure, and Financial Statement Presentation of Income, Capital Gain, and Return of Capital Distributions by Investment Companies. Accordingly, permanent book and tax basis differences relating to future shareholder distributions have been reclassified to additional paid-in capital. As of January 1, 1993, the cumulative effect of such differences totaling \$137 was reclassified from accumulated undistributed net realized gain on investment transactions to additional paid-in capital. At the same time, \$15,674 was reclassified from undistributed net investment income to accumulated undistributed net realized gain on investment transactions to more appropriately conform book and tax treatment of dividend distributions paid to shareholders. Net investment income, net realized gains and net assets were not affected by this change.
- F. Repurchase agreements -- Repurchase agreements are collateralized by the value of the resold securities which, during the entire period of the agreement, remains at least equal to the value of the loan, including accrued interest thereon. The collateral for the repurchase agreement is held by the Fund's custodian bank.

NOTE 2 -- Investment Management and Payments to Affiliated Persons

The Fund pays a fee for investment management services. The fee is computed daily based on the net asset value at the close of business. The fee consists of two elements: (i) a "Specific" fee computed on net asset value as of the close of business each day at the annual rate of .30% of net assets and (ii) a "Group" fee computed each day on the combined net asset values of all of the funds in the United Group of mutual funds (approximately \$11.1 billion of combined net assets at December 31, 1993) at annual rates of .51% of the first \$750 million of combined net assets, .49% on that amount between \$750 million and \$1.5 billion, .47% between \$1.5 billion and \$2.25 billion, .45% between \$2.25 billion and \$3 billion, .43% between \$3 billion and \$3.75 billion, .40% between \$3.75 billion and \$7.5 billion, .38% between \$7.5 billion and \$12 billion, and .36% of that amount over \$12 billion. The Fund accrues and pays this fee daily.

Pursuant to assignment of the Investment Management Agreement between the Fund and Waddell & Reed, Inc. ("W&R"), Waddell & Reed Investment Management Company ("WRIMCO"), a wholly-owned subsidiary of W&R, serves as the Fund's investment manager.

The Fund has an Accounting Services Agreement with Waddell & Reed Services Company ("WARSCO"), a wholly-owned subsidiary of W&R. Under the agreement, WARSCO acts as the agent in providing accounting services and assistance to the Fund and pricing daily the value of shares of the Fund. For these services, the Fund pays WARSCO a monthly fee of one-twelfth of the annual fee shown in the following table.

Accounting Services Fee	
Average Net Asset Level (all dollars in millions)	Annual Fee Rate for Each Level
From \$ 0 to \$ 10	\$ 0
From \$ 10 to \$ 25	\$ 10,000
From \$ 25 to \$ 50	\$ 20,000
From \$ 50 to \$ 100	\$ 30,000
From \$ 100 to \$ 200	\$ 40,000
From \$ 200 to \$ 350	\$ 50,000
From \$ 350 to \$ 550	\$ 60,000
From \$ 550 to \$ 750	\$ 70,000
From \$ 750 to \$1,000	\$ 85,000
\$1,000 and Over	\$100,000

At present, the Fund operates under state expense requirements which limit the amount of aggregate annual expenses, adjusted for certain excess expenses, that the Fund may incur during its fiscal year. The Manager will reimburse the Fund for any expenses in excess of the limitation. No such reimbursement is required for the period ended December 31, 1993.

The Fund pays WARSCO a per account charge for transfer agency and dividend

disbursement services of \$1.0208 for each shareholder account which was in existence at any time during the prior month, plus \$0.30 for each account on which a dividend or distribution of cash or shares had a record date in that month. The Fund also reimburses W&R and WARSCO for certain out-of-pocket costs.

As principal underwriter for the Fund's shares, W&R received direct and indirect gross sales commissions (which are not an expense of the Fund) of \$180,359, out of which W&R paid sales commissions of \$100,480 and all expenses in connection with the sale of Fund shares, except for registration fees and related expenses.

On September 28, 1993, shareholders of the Fund approved the adoption of a 12b-1 Service Plan with a maximum fee of .25%. The Plan went into effect October 1, 1993.

The Fund paid Directors' fees of \$1,337.

W&R is an indirect subsidiary of Torchmark Corporation, a holding company, and United Investors Management Company, a holding company, and a direct subsidiary of Waddell & Reed Financial Services, Inc., a holding company.

NOTE 3 -- Investment Securities Transactions

Purchases of investment securities, other than U.S. Government and short-term securities, aggregated \$25,596,671 while proceeds from maturities and sales aggregated \$26,470,912. Purchases of bullion aggregated \$3,883,964 with proceeds from the sale of bullion aggregating \$727,021. Purchases of short-term securities aggregated \$808,115,000 while proceeds from maturities and sales aggregated \$807,743,028. Proceeds from the sale of U.S. Government securities aggregated \$3,093,010, resulting in a gain of \$630,383. There was no gain or loss on the sale of short-term securities.

For Federal income tax purposes, cost of investments owned at December 31, 1993 was \$31,420,116, resulting in net unrealized appreciation of \$15,561,737, of which \$15,956,816 related to appreciated securities and \$395,079 related to depreciated securities.

NOTE 4 -- Federal Income Tax Matters

For Federal income tax purposes, the Fund realized capital gain net income of \$2,095,170 during the year ended December 31, 1993, which was fully offset by utilization of capital loss carryforwards. Remaining prior year capital loss carryforwards of the Fund aggregated \$34,989,079 at December 31, 1993. This amount is available to offset future realized capital gain net income for Federal income tax purposes through December 31, 1996; \$11,894,711 of this amount is available through December 31, 1997, \$11,331,322 is available through December 31, 1998; \$6,823,792 is available through December 31, 1999 and \$4,958,441 is available through December 31, 2000.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
 United Gold & Government Fund, Inc.

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of United Gold & Government Fund, Inc. (the "Fund") at December 31, 1993, the results of its operations for the year then ended and the changes in its net assets and the financial highlights for the periods indicated, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of portfolio positions at December 31, 1993 by correspondence with the custodian and brokers, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE
 Kansas City, Missouri
 January 31, 1994

INCOME TAX INFORMATION

The amounts of the dividends below, multiplied by the number of shares owned by you on the record dates, will give you the total amounts to be reported in your 1993 Federal income tax return.

PER-SHARE AMOUNTS REPORTABLE AS:

Record Date	For Individuals		For Corporations			
	Total	Ordinary Income	Long-Term Capital Gain	Non-Qualifying	Long-Term Qualifying	Capital Gain
03-12-93	\$0.010	\$0.0100	\$0.0000	\$0.0086	\$0.0014	\$0.0000
06-11-93	0.010	.0100	.0000	.0090	.0010	.0000

09-17-93	0.010	.0100	.0000	.0090	.0010	.0000
12-17-93	0.010	.0100	.0000	.0900	.0010	.0000
	-----	-----	-----	-----	-----	-----
Total	\$0.040	\$.0400	\$0.0000	\$0.0356	\$0.0044	\$0.000
	=====	=====	=====	=====	=====	=====

CORPORATION DEDUCTIONS -- Under Federal tax law, the amounts reportable as Qualifying Dividends are eligible for the dividends received deduction in the year received as provided by Section 243 of the Internal Revenue Code.

Shareholders are advised to consult with their tax adviser concerning the tax treatment of dividends and distributions from the Fund.

To all IRA Planholders:

As required by law, income tax will automatically be withheld from any distribution or withdrawal from an IRA unless you make a written election not to have taxes withheld. The election may be made by submitting forms provided by Waddell & Reed, Inc. which can be obtained from your Waddell & Reed representative or by submitting Internal Revenue Service form W-4P. Once made, an election can be revoked by providing written notice to Waddell & Reed, Inc. If you elect not to have tax withheld you may be required to make payments of estimated tax. Penalties may be imposed by the IRS if withholding and estimated tax payments are not adequate.

This report is submitted for the general information of the shareholders of United Gold & Government Fund, Inc. It is not authorized for distribution to prospective investors in the Fund unless accompanied with or preceded by the United Gold & Government Fund, Inc. current prospectus.

DIRECTORS

Ronald K. Richey, Birmingham Alabama, Chairman of the Board
 Henry L. Bellmon, Red Rock, Oklahoma
 Dodds I. Buchanan, Boulder, Colorado
 Jay B. Dillingham, Kansas City, Missouri
 John F. Hayes, Hutchinson, Kansas
 Glendon E. Johnson, Miami, Florida
 William T. Morgan, Los Angeles, California
 Doyle Patterson, Kansas City, Missouri
 Keith A. Tucker, Overland Park, Kansas
 Frederick Vogel, III, Milwaukee, Wisconsin
 Paul S. Wise, Carefree, Arizona
 Leslie S. Wright, Birmingham, Alabama

OFFICERS

Keith A. Tucker, President
 Robert L. Hechler, Vice President
 Henry J. Herrmann, Vice President
 John M. Holliday, Vice President

Theodore W. Howard, Vice President and Treasurer
Rodney O. McWhinney, Vice President
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