18975-I

MAY 8 1995 PM

SECURITY AGREEMENT SUPPLEMENT NO. 3

(Adjustments to Amortization Schedule)

SECURITY AGREEMENT SUPPLEMENT NO. 3, dated May 5, 1995, between Shawmut Bank Connecticut, National Association, not individually but solely as owner trustee (the *"Debtor"*) under the Trust Agreement dated as of August 1, 1994 (the *"Trust Agreement"*) for the benefit of KBNY Leasing Inc., a New York corporation (the *"Owner Participant"*), and Wilmington Trust Company, as security trustee (the *"Security Trustee"*) under the Security Agreement-Trust Deed dated as of August 1, 1994 from the Debtor to the Security Trustee (the *"Security Agreement"*).

WITNESSETH:

WHEREAS, the Security Agreement provides for the execution and delivery from time to time of supplements for any purpose not inconsistent with the terms of the Security Agreement (terms defined in the Security Agreement shall have the same meanings when used herein); and

WHEREAS, the Debtor and the Security Trustee now desire to amend the Security Agreement to reflect reoptimization adjustments to Fixed Rent, Stipulated Loss Values and Termination Values under the Lease and to payments of principal of the Notes in accordance with Section 6.5 of the Security Agreement and the Security Trustee desires to consent to the execution and delivery of the Lease Supplement No. 3, dated as of the date hereof.

NOW, THEREFORE, in consideration of the mutual agreements herein contained and other good and valuable consideration, the receipt whereof is hereby acknowledged, the Debtor and the Security Trustee hereby agree to the following:

(i) Annex 2 to the Security Agreement is hereby deleted in its entirety and replaced with the amortization schedule set forth in Exhibit A attached hereto.

Each of the Debtor and the Security Trustee, by its execution and delivery hereof, consents and agrees to the execution of this Security Agreement Supplement No. 3, the replacement of Schedule I to Note No. R-1 and the replacement of Schedule I to Note No. R-2. Schedule I to Note No. R-1 shall read in its entirety as set forth in Exhibit B attached hereto. Schedule I to Note No. R-2 shall read in its entirety as set forth in Exhibit C attached hereto.

The Security Trustee hereby consents to the execution and delivery of Lease Supplement No. 3, dated as of the date hereof.

Simultaneously with the execution and delivery hereof, the Debtor is issuing and delivering to each holder of a Note as of the date hereof a revised Annex 2 to the Security Agreement and a revised Schedule I to each Note in the forms of Exhibits A, B and C,

respectively. The Debtor and the Security Trustee hereby waive compliance with the notice requirements of Section 6.5 of the Security Agreement, with the advance notice of adjustment set forth in Section 6(g) of the Lease and with that part of Section 6.5 of the Security Agreement which requires delivery of a new Note.

Each party hereto represents and warrants that this Supplement has been duly authorized, executed and delivered by it and is in full force and effect.

This Supplement shall be construed as supplemental to the Security Agreement and shall form a part of it and the Security Agreement is hereby incorporated by reference herein and, except as modified hereby, is ratified, approved and confirmed.

This Supplement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

This Supplement shall in all respects be governed by, and construed in accordance with, the laws of the State of Indiana (without regard to the conflict of laws provisions of such state), including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the Debtor and the Security Trustee have caused this Supplement to be executed, as of the day and year first above written.

SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, not individually but solely as Owner Trustee under Indiana Michigan Power Trust No. 94-1

By ALAN B. COFFEY
Its ASSISTANT VICE PRESIDENT

DEBTOR

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Security Trustee

By_____
Its

SECURITY TRUSTEE

IN WITNESS WHEREOF, the Debtor and the Security Trustee have caused this Supplement to be executed, as of the day and year first above written.

SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, not individually but solely as Owner Trustee under Indiana Michigan Power Trust No. 94-1

By_____
Its

DEBTOR

WILMINGTON TRUST COMPANY, not in its individual capacity but solely as Security Trustee

By_____
Its Financial Services Officer

SECURITY TRUSTEE

STATE OF CONNECTICUT)
) SS.:
COUNTY OF HARTFORD)

On this 28th day of April, 1995, before me personally appeared ALAN B. COFFEY, to me personally known, who being by me duly sworn, says that he is a ASSISTANT VICE PRESIDENT of SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Dawn P. H

Notary Public

DAWN P. HEINTZ
NOTARY PUBLIC
MY COMMISSION EXPIRES MAY 31, 1997

My commission expires _____

STATE OF DELAWARE)
) SS.:
COUNTY OF NEW CASTLE)

On this ____ day of _____, 1995, before me personally appeared, _____, to me personally known, who being by me duly sworn, says that he is a _____ of WILMINGTON TRUST COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution and foregoing instrument was the free act and deed of said corporation.

_____

Notary Public

My commission expires: _____

STATE OF CONNECTICUT)
) SS.:
COUNTY OF HARTFORD)

On this _____ day of _____, 1995, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is a _____ of SHAWMUT BANK CONNECTICUT, NATIONAL ASSOCIATION, that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

My commission expires _____

STATE OF DELAWARE)
) SS.:
COUNTY OF NEW CASTLE)

On this 28th day of April, 1995, before me personally appeared, Patricia A. Evans, to me personally known, who being by me duly sworn, says that he is a Financial Services Officer of WILMINGTON TRUST COMPANY, that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution and foregoing instrument was the free act and deed of said corporation.

Paula M. Allard
Notary Public

NOTARIAL SEAL
PAULA M. A[illegible] NOTARY PUBLIC
[illegible]
Date of [illegible] 28, 1994
My Commission Expires Nov. 28, 1996

My commission expires: _____

AMORTIZATION SCHEDULE

(Payments Required to Amortize $1,000,000 Original Principal Amount of 7.95% Secured Notes Issued by Debtor)

PAYMENT DATE	TOTAL INSTALLMENT PAYMENT	PORTION ALLOCATED TO PRINCIPAL	PORTION ALLOCATED TO INTEREST	PRINCIPAL BALANCE
30-Jun-95	53,321.76	13,571.76	39,750.00	986,428.24
30-Dec-95	53,321.76	14,111.24	39,210.52	972,316.99
30-Jun-96	53,321.76	14,672.16	38,649.60	957,644.83
30-Dec-96	53,321.76	15,255.38	38,066.38	942,389.45
30-Jun-97	53,321.76	15,861.78	37,459.98	926,527.67
30-Dec-97	53,321.76	16,492.29	36,829.47	910,035.38
30-Jun-98	53,321.76	17,147.86	36,173.91	892,887.52
30-Dec-98	53,321.76	17,829.48	35,492.28	875,058.04
30-Jun-99	53,321.76	18,538.21	34,783.56	856,519.83
30-Dec-99	53,321.76	19,275.10	34,046.66	837,244.73
30-Jun-00	53,321.76	20,041.29	33,280.48	817,203.44
30-Dec-00	53,321.76	20,837.93	32,483.84	796,365.52
30-Jun-01	53,321.76	21,666.23	31,655.53	774,699.28
30-Dec-01	53,321.76	22,527.47	30,794.30	752,171.82
30-Jun-02	53,321.76	23,422.93	29,898.83	728,748.88
30-Dec-02	48,770.62	19,802.85	28,967.77	708,946.03
30-Jun-03	43,036.11	14,855.50	28,180.61	694,090.53
30-Dec-03	43,013.30	15,423.20	27,590.10	678,667.33
30-Jun-04	42,536.46	15,559.44	26,977.03	663,107.90
30-Dec-04	42,512.55	16,154.01	26,358.54	646,953.89
30-Jun-05	42,013.14	16,296.73	25,716.42	630,657.16
30-Dec-05	41,988.07	16,919.45	25,068.62	613,737.71
30-Jun-06	41,464.88	17,068.80	24,396.07	596,668.91
30-Dec-06	44,804.63	21,087.04	23,717.59	575,581.87
30-Jun-07	53,321.76	30,442.38	22,879.38	545,139.49
30-Dec-07	53,321.76	31,652.47	21,669.29	513,487.02
30-Jun-08	53,321.76	32,910.65	20,411.11	480,576.36
30-Dec-08	53,321.76	34,218.85	19,102.91	446,357.51
30-Jun-09	53,321.76	35,579.05	17,742.71	410,778.46
30-Dec-09	53,321.76	36,993.32	16,328.44	373,785.14
30-Jun-10	53,321.76	38,463.80	14,857.96	335,321.33
30-Dec-10	53,321.76	39,992.74	13,329.02	295,328.59
30-Jun-11	53,321.76	41,582.45	11,739.31	253,746.14
30-Dec-11	53,321.76	43,235.35	10,086.41	210,510.78
30-Jun-12	53,321.76	44,953.96	8,367.80	165,556.83
30-Dec-12	53,321.76	46,740.88	6,580.88	118,815.95
30-Jun-13	53,321.76	48,598.83	4,722.93	70,217.12
30-Dec-13	53,321.76	50,530.63	2,791.13	19,686.48
30-Jun-14	20,469.02	19,686.48	782.54	0.00

EXHIBIT A
(to Security Agreement Supplement No. 3)

AMORTIZATION SCHEDULE

(Payments Required to Amortize $1,000,000 Original Principal Amount of 7.95% Secured Notes Issued by Debtor)

PAYMENT DATE	TOTAL INSTALLMENT PAYMENT	PORTION ALLOCATED TO PRINCIPAL	PORTION ALLOCATED TO INTEREST	PRINCIPAL BALANCE
30-Jun-95	53,321.76	13,571.76	39,750.00	986,428.24
30-Dec-95	53,321.76	14,111.24	39,210.52	972,316.99
30-Jun-96	53,321.76	14,672.16	38,649.60	957,644.83
30-Dec-96	53,321.76	15,255.38	38,066.38	942,389.45
30-Jun-97	53,321.76	15,861.78	37,459.98	926,527.67
30-Dec-97	53,321.76	16,492.29	36,829.47	910,035.38
30-Jun-98	53,321.76	17,147.86	36,173.91	892,887.52
30-Dec-98	53,321.76	17,829.48	35,492.28	875,058.04
30-Jun-99	53,321.76	18,538.21	34,783.56	856,519.83
30-Dec-99	53,321.76	19,275.10	34,046.66	837,244.73
30-Jun-00	53,321.76	20,041.29	33,280.48	817,203.44
30-Dec-00	53,321.76	20,837.93	32,483.84	796,365.52
30-Jun-01	53,321.76	21,666.23	31,655.53	774,699.28
30-Dec-01	53,321.76	22,527.47	30,794.30	752,171.82
30-Jun-02	53,321.76	23,422.93	29,898.83	728,748.88
30-Dec-02	48,770.62	19,802.85	28,967.77	708,946.03
30-Jun-03	43,036.11	14,855.50	28,180.61	694,090.53
30-Dec-03	43,013.30	15,423.20	27,590.10	678,667.33
30-Jun-04	42,536.46	15,559.44	26,977.03	663,107.90
30-Dec-04	42,512.55	16,154.01	26,358.54	646,953.89
30-Jun-05	42,013.14	16,296.73	25,716.42	630,657.16
30-Dec-05	41,988.07	16,919.45	25,068.62	613,737.71
30-Jun-06	41,464.88	17,068.80	24,396.07	596,668.91
30-Dec-06	44,804.63	21,087.04	23,717.59	575,581.87
30-Jun-07	53,321.76	30,442.38	22,879.38	545,139.49
30-Dec-07	53,321.76	31,652.47	21,669.29	513,487.02
30-Jun-08	53,321.76	32,910.65	20,411.11	480,576.36
30-Dec-08	53,321.76	34,218.85	19,102.91	446,357.51
30-Jun-09	53,321.76	35,579.05	17,742.71	410,778.46
30-Dec-09	53,321.76	36,993.32	16,328.44	373,785.14
30-Jun-10	53,321.76	38,463.80	14,857.96	335,321.33
30-Dec-10	53,321.76	39,992.74	13,329.02	295,328.59
30-Jun-11	53,321.76	41,582.45	11,739.31	253,746.14
30-Dec-11	53,321.76	43,235.35	10,086.41	210,510.78
30-Jun-12	53,321.76	44,953.96	8,367.80	165,556.83
30-Dec-12	53,321.76	46,740.88	6,580.88	118,815.95
30-Jun-13	53,321.76	48,598.83	4,722.93	70,217.12
30-Dec-13	53,321.76	50,530.63	2,791.13	19,686.48
30-Jun-14	20,469.02	19,686.48	782.54	0.00

EXHIBIT B
(to Security Agreement Supplement No. 3)

AMORTIZATION SCHEDULE

(Payments Required to Amortize $1,000,000 Original Principal Amount of 7.95% Secured Notes Issued by Debtor)

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30-Jun-97	53,321.76	15,861.78	37,459.98	926,527.67
30-Dec-97	53,321.76	16,492.29	36,829.47	910,035.38
30-Jun-98	53,321.76	17,147.86	36,173.91	892,887.52
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30-Jun-01	53,321.76	21,666.23	31,655.53	774,699.28
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30-Dec-04	42,512.55	16,154.01	26,358.54	646,953.89
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30-Dec-05	41,988.07	16,919.45	25,068.62	613,737.71
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30-Dec-07	53,321.76	31,652.47	21,669.29	513,487.02
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30-Jun-10	53,321.76	38,463.80	14,857.96	335,321.33
30-Dec-10	53,321.76	39,992.74	13,329.02	295,328.59
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30-Dec-12	53,321.76	46,740.88	6,580.88	118,815.95
30-Jun-13	53,321.76	48,598.83	4,722.93	70,217.12
30-Dec-13	53,321.76	50,530.63	2,791.13	19,686.48
30-Jun-14	20,469.02	19,686.48	782.54	0.00

EXHIBIT C
(to Security Agreement Supplement No. 3)