Consider a shortest path P from v_i to v_j with $MAX(P) \le 1$. Cases:

- P is a single edge e, and so Cost(P) = w(e) = M[i, j, 0].
- P has an internal vertex, which must be v₁. Hence P has two edges, (v_i, v₁) and (v₁, v_j). Then Cost(P) = w(v_i, v₁) + w(v₁, v_j). Note that w(v_i, v₁) = M[i, 1, 0] and w(v₁, v_j) = M[1, j, 0]. Hence M[i, j, 1] = min{M[i, j, 0], M[i, 1, 0] + M[1, j, 0]}.