Simple BDT

y	p	sigma		
1	95	15.00%		
2	90			
3	85			
4	80			

Interest Tree

t0-1	t1-2	t2-3	t3-4	
0.05263158	0.06390158	0.07792818	9.551%	
	0.04733946	0.05773062	0.07075349	
		0.04276789	0.05241547	
			0.03883034	
y=	2			
r1	6.390%	obj	-8.1002E-13	
90	93.9936567	100		
	95.4800275	100		
		100		
y=	3			
r1	7.793%	obj	-2.1549E-07	
84.9999998	88.0309762	92.7705591	100	
	90.9163918	94.5420303	100	
		95.8986182	100	
			100	
y=	4			
r1	9.551%	obj	-1.9385E-07	
79.9999998	82.1155429	85.6615955	91.2819179	100

Simple BDT

	86.3055093	89.0641163	93.3921777	100
		91.718214	95.0195076	100
			96.2621098	100
				100

y	p	vol			
1	95	0.15			
2	90	0.13			
3	85	0.1			
4	80				

Interest Tree

t0-1	t1-2	t2-3	t3-4		
0.05263158	0.06390158	7.274%	7.146%		
	0.04733946	0.05823154	0.06527545		
		0.04661718	0.05962708		
			0.05446747		
y=	2				
r1	6.390%	--guess	ru	0.06390158	vol	0.15
sigma 1	15%		rd	0.04733946	obj	9.723204E-28
90	93.9936567	100			
	95.4800275	100			
		100			
y=	3				
r2	7.274%	--guess	ru	0.06466859	vol	0.1299997561
sigma2	11%		rd	0.04986285	obj	3.073467E-09
85.0000498	88.2208249	93.2192723	100		
	90.7266483	94.4972779	100		
		95.545919	100		
			100		
y=	4				
r3	7.146%	--guess	ru	0.06490323	vol	0.09999757
sigma3	5%		rd	0.05313852	obj	6.590708E-08
80.0000828	82.8074809	87.2546969	93.3306935	100	

BDT

	85.6137461	88.9433227	93.8724348	100	
		90.3899857	94.3728241	100	
			94.8345991	100	
				100	

	t	1	2	3	
		0.04	0.05	0.06	
			0.02	0.03	
				0.01	
1 yr bond	96.1538462				
2 yr bond					
	92.9217841	95.2380952	100		
		98.0392157	100		
3 yr bond	90.0393425	91.1557149	94.3396226	100	
		96.1261175	97.0873786	100	
			99.009901	100	

sdf method

		0	1	2	3
		1	0.48076923	0.22893773	0.10798949
			0.48076923	0.46460892	0.33352781
				0.23567119	0.34220722
					0.11666891
	Z(0,t)=		96.1538462	92.9217841	90.0393425

In this example the numbers need to be calculated are the same, but if add t=4, the top method need additional 10 entries to calculate, but the bottom panel need 4 more entries. Save significant time when t is large.