

Solution

	Base Case	Countermeasure	
		A	B
Asset Value (AV)	\$100,000	\$100,000	\$100,000
Exposure Factor (EF)	80%	20%	80%
Single Loss Expectancy (SLE): = AV*EF	\$80,000	\$20,000	\$80,000
Annualized Rate of Occurrence (ARO)	50%	50%	25%
Annualized Loss Expectancy (ALE): = SLE*ARO	\$40,000	\$10,000	\$20,000
ALE Reduction for Countermeasure	NA	\$30,000	\$20,000
Annualized Countermeasure Cost	NA	\$17,000	\$4,000
Annualized Net Countermeasure Value	NA	\$13,000	\$16,000