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Sommario/riassunto	Measuring and managing exchange rate risk exposure is important for reducing a firm's vulnerabilities from major exchange rate movements, which could adversely affect profit margins and the value of assets. This paper reviews the traditional types of exchange rate risk faced by firms, namely transaction, translation and economic risks, presents the VaR approach as the currently predominant method of measuring a firm's exchange rate risk exposure, and examines the main advantages and disadvantages of various exchange rate risk management strategies, including tactical versus strategical and passive versus active hedging. In addition, it outlines a set of widely accepted best practices in managing currency risk and presents some of the main hedging instruments in the OTC and exchange-traded markets. The paper also provides some data on the use of financial derivatives instruments, and hedging practices by U.S. firms.