This paper provides new evidence that insiders exploit their stock’s mispricing after earnings announcements rather than their foreknowledge of future cash flows to make profitable trades. Insiders buy and sell more intensively shortly after the publication of earnings (from day 0 to +5) in response to market reaction to earnings announcement, and the explanatory power is higher relative to book-to-market and long-term past returns. Also, in line with insiders trading on mispricing, insiders’ purchases and sales are profitable both after positive and negative earnings surprises, which indicates that their trading strategies are superior to simple contrarian or momentum strategies.