
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

October 17, 2007

Mitcham Industries, Inc.

(Exact name of registrant as specified in its charter)

Texas

000-25142

76-0210849

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

8141 SH 75 South, P.O. Box 1175, Huntsville, Texas

77342

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

936-291-2277

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Item 5.02

On October 17, 2007, the Compensation Committee of the Board of Directors of Mitcham Industries, Inc. (the "Company") granted performance awards (the "Performance Awards") to certain senior managers, including our Chief Executive Officer, Chief Financial Officer, Vice President of Business Development and Vice President of Marine Systems. The Performance Awards were granted pursuant to the Mitcham Industries, Inc. Stock Awards Plan. Copies of the forms of Performance Award Agreement and Phantom Share Agreement, which describe the terms of the awards, are attached as exhibits to this Form 8-K and incorporated by reference herein.

For fiscal 2008, each executive is entitled to receive payments of cash and stock if the Company achieves certain performance targets. Specifically, each executive is entitled to receive an amount (the "Performance-Based Amount") equal to:

- 20% of his base salary if the Company's consolidated earnings before income taxes for the fiscal year ended January 31, 2008 (the "Actual Earnings") is equal to or greater than 90% of the target amount (the "Earnings Target") established by the Compensation Committee; and
- his pro-rata share of an incentive pool that is equal to 20% of (A) the Company's Actual Earnings less (B) the Earnings Target.

The executive's pro-rata share of the incentive pool is calculated by multiplying the aggregate amount of the incentive pool by the ratio of the executive's salary compared to the aggregate salaries of all recipients of Performance Awards. However, the executive's pro rata share of the incentive pool may not exceed 55% of his base salary.

In addition, the Compensation Committee may at its sole discretion grant the executive a discretionary award based on his individual performance in an amount up to 25% of his base salary (the "Discretionary Amount"). The total value of all payments made under the Performance Awards Agreement may not exceed 100% of the executive's base salary.

Two thirds of the Performance-Based Amount and all of the Discretionary Amount will be paid in cash. The balance of the Performance-Based Amount will be paid in phantom shares. In general, such phantom shares vest one year after their issuance and each phantom share will represent the right to receive one share of Company common stock upon vesting. Cash payments, if any, will be made on May 15, 2008. Phantom Shares, if any, will be issued as of that same date and will be valued based on the closing price of the Company's common stock on that date.

An executive must be an employee on May 15, 2008 to receive the payment. If the executive's employment terminates due to death or disability after May 15, 2008 but prior to May 15, 2009, he will immediately vest in any phantom shares awarded and be paid in common stock at that time. If the executive's employment is terminated for any other reason after May 15, 2008 but prior to May 15, 2009, he will forfeit his phantom shares.

Item 9.01 Financial Statements and Exhibits.

c) Exhibits

The following exhibits are filed as part of this report:

10.1 Form of Performance Award

10.2 Form of Phantom Share Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Mitcham Industries, Inc.

October 23, 2007

By: *Robert P. Capps*

Name: Robert P. Capps

Title: Executive Vice President and Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.1	Form of Performance Award
10.2	Form of Phantom Stock Award

Mitcham Industries, Inc.
Stock Awards Plan

Form of Performance Award

Grantee: _____
Date of Grant: _____

1. Notice of Grant. I am pleased to inform you that you have been granted a Performance Award pursuant to the Mitcham Industries, Inc. Stock Awards Plan (the "Plan") as more fully described in paragraph 2 hereof.

2. Determination of Performance Award Amount. The amount of the Performance Award is comprised of three components which, subject to the achievement of the performance criteria and the discretion of the Compensation Committee of the Board of Directors of Mitcham Industries, Inc. (the "Company") as described below, in total may equal up to 100% of your Base Salary, which amount is \$____. The total amount of the Performance Award shall be the sum of the amounts determined in paragraphs 2(a), 2(b) and 2(c).

(a) Initial Threshold. Should the Company's Pre-tax Income be equal to or greater than 90% of Targeted Pre-tax Income for the Fiscal Year ended, you will be entitled to a Performance Award in the amount of 20% of your Base Salary, or \$____.

(b) Incentive Pool. Should the Company's Pre-tax Income for the fiscal year ended January 31, 2008 be greater than the Targeted Pre-Tax Income you will be entitled to an additional Performance Award equal to your Pro-Rata Share of the Incentive Pool, up to an amount equal to 55% of your base salary, or \$____.

(c) Discretionary Amount. The Compensation Committee of the Company's Board of Directors may, at their sole discretion, make an additional Performance Award for this Fiscal Year in any amount up to 25% of your Base Salary, or \$____, without consideration of the achievement of any specific performance criteria.

3. Payment of Performance Award. Two-thirds of the amounts determined pursuant to paragraphs 2(a) and 2(b) and all of the amounts determined pursuant to paragraph 2(c) shall be paid in cash on May 15, 2008. The remaining amount of this Performance Award shall be paid in Phantom Stock. Such Phantom Stock shall have terms as per the attached Form of Phantom Stock Award Agreement and shall be issued as of the date of the cash payments made pursuant to this paragraph. The number of shares of Phantom Stock to be issued shall be determined based on the closing price of the Company's common stock on the date the cash portion of the Performance Award is paid. The closing price shall be the NASDAQ Official Closing Price for that date or, if the NASDAQ Stock Market is not open on that date, the next previous date on which the market was open. **You must be employed by the Company or an Affiliate on the date the cash portion of the Performance Award is paid in order to receive any payment pursuant to this Performance Award.**

4. Nontransferability of Performance Award. You may not sell, transfer, pledge, exchange, hypothecate or dispose of the Performance Award in any manner otherwise than by will or by the laws of descent or distribution.

5. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Performance Award constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and you with respect to the subject matter hereof, and may not be modified adversely to your interest except by means of a writing signed by the Company and you. This Performance Award is governed by the internal substantive laws, but not the choice of law rules, of the State of Texas.

6. Withholding of Tax. All cash payments pursuant to this Performance Award shall be subject to any withholding tax obligations to which the Company or an Affiliate are subject. To the extent that the grant or vesting of a Phantom Share results in the receipt of compensation by you with respect to which the Company or an Affiliate has a tax withholding obligation pursuant to applicable law, unless other arrangements have been made by you that are acceptable to the Company or such Affiliate, which, with the consent of the Committee, may include withholding a number of Shares that would otherwise be delivered on vesting that have an aggregate Fair Market Value that does not exceed the amount of taxes to be withheld, you shall deliver to the Company or the Affiliate such amount of money as the Company or the Affiliate may require to meet its withholding obligations under such applicable law. No delivery of Shares shall be made under this Performance Award until you have paid or made arrangements approved by the Company or the Affiliate to satisfy in full the applicable tax withholding requirements of the Company or Affiliate.

7. Amendment. This Performance Award may be modified only by a written agreement signed by you and an officer of the Company who is expressly authorized by the Company to execute such document; provided, however, notwithstanding the foregoing, the Company may make any change to this grant, in writing, without your consent if such change is not adverse to your rights under this Performance Award.

8. Definitions.

(a) Targeted Pre-tax Income –For the Fiscal Year such amount is ____.

(b) Pre-tax Income – Income before income taxes, or such other comparable caption, as reported in the Company's Annual Report on Form 10-K for the Fiscal Year. Should such reported amount not reflect amounts related to all Performance

Awards payable for the Fiscal Year, the reported amount will be adjusted by the Compensation Committee so as to reflect as compensation expense the total of all such Performance Awards. By way of example and in order to avoid confusion, Pre-tax Income for purposes of this Performance Award shall reflect as compensation expense amounts due pursuant to this and all similar Performance Awards granted by the Company to other participants, whether or not such amounts have been accrued in the financial statements included in Form 10-K for the Fiscal Year.

(c) Incentive Pool – If Pre-tax Income is greater than Targeted Pre-tax Income, an amount equal to the product of (a) 20% and (b) the difference between Pre-tax income and Targeted Pre-tax Income. If Pre-tax Income is equal to or less than Targeted Pre-tax Income, the amount of the Incentive Pool shall be zero.

(d) Pro-rata Share of Incentive Pool – That portion of the Incentive Pool determined by multiplying the amount of the Incentive Pool by a fraction determined based upon your Base Salary divided by the base salary of all other recipients of Performance Awards for the Fiscal Year. However, in no case will your Pro-rata Share of the Incentive Pool exceed 55% of your Base Salary.

(e) Base Salary – For purposes of this Performance Award, your Base Salary is \$___.

(f) Fiscal Year – The Company’s fiscal year ending January 31, 2008.

9. Administration. The Audit Committee of the Company’s Board of Directors shall have full and complete authority to resolve any uncertainty or dispute as to amounts determined pursuant to this Performance Award.

10. General. This Performance Award is granted under and governed by the terms and conditions of the Plan and this Performance Award. In the event of any conflict, the terms of the Plan shall control. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this Performance Award.

MITCHAM INDUSTRIES, INC.

By:

Name:

Title:

Mitcham Industries, Inc.
Stock Awards Plan

Form of Phantom Share Agreement

Grantee: _____
Date of Grant: _____
Number of Phantom Shares Granted: _____

1. Notice of Grant. I am pleased to inform you that you have been granted Phantom Shares pursuant to the Mitcham Industries, Inc. Stock Awards Plan (the “Plan”) with respect to the above number of shares of Common Stock of Mitcham Industries, Inc. (the “Company”), subject to the terms and conditions of the Plan and this Agreement. A Phantom Share represents one notional (or phantom) share of Common Stock of the Company.

2. Vesting of Phantom Shares. Subject to the further provisions of this Agreement, the Phantom Shares shall become vested on the first anniversary of the Date of Grant.

Notwithstanding the above vesting schedule, but subject to the further provisions hereof, upon the occurrence of the following events the Phantom Shares shall vest as provided below:

(a) Disability. If your employment with the Company terminates by reason of a disability that entitles you to benefits under the Company’s long-term disability plan, the Phantom Shares shall become fully vested.

(b) Death. If you die while in the employ of the Company, the Phantom Shares shall become fully vested.

(c) Other Terminations. If your employment with the Company is terminated for any reason other than as provided in paragraphs 2(a) and (b) above, the Phantom Shares shall be automatically cancelled and forfeited without payment.

(d) Change of Control. The Phantom Shares automatically shall become fully vested upon a Change of Control.

All Phantom Shares that are not vested on your termination of employment with the Company shall be automatically cancelled and forfeited without payment upon your termination. For purposes of this Agreement, “employment with the Company” shall include being an employee or a Director of, or a Consultant to, the Company or an Affiliate. However, if your Award is subject to Section 409A of the Code, whether your employment with the Company has terminated will be determined in accordance with the regulations issued under Section 409A.

3. Payment. Subject to Paragraph 6 below, upon vesting of the Phantom Shares the Company shall cause a certificate or certificates for an equal number of shares of Common Stock to be issued in your name in cancellation of the Phantom Shares that have vested.

4. Nontransferability of Phantom Shares. You may not sell, transfer, pledge, exchange, hypothecate or dispose of Phantom Shares in any manner otherwise than by will or by the laws of descent or distribution.

5. Entire Agreement; Governing Law. The Plan is incorporated herein by reference. The Plan and this Agreement constitute the entire agreement of the parties with respect to the subject matter hereof and supersede in their entirety all prior undertakings and agreements of the Company and you with respect to the subject matter hereof, and may not be modified adversely to your interest except by means of a writing signed by the Company and you. This Agreement is governed by the internal substantive laws, but not the choice of law rules, of the State of Texas.

6. Withholding of Tax. To the extent that the grant or vesting of a Phantom Share results in the receipt of compensation by you with respect to which the Company or an Affiliate has a tax withholding obligation pursuant to applicable law, unless other arrangements have been made by you that are acceptable to the Company or such Affiliate, which, with the consent of the Committee, may include withholding a number of Shares that would otherwise be delivered on vesting that have an aggregate Fair Market Value that does not exceed the amount of taxes to be withheld, you shall deliver to the Company or the Affiliate such amount of money as the Company or the Affiliate may require to meet its withholding obligations under such applicable law. No delivery of Shares shall be made under this Agreement until you have paid or made arrangements approved by the Company or the Affiliate to satisfy in full the applicable tax withholding requirements of the Company or Affiliate.

7. Amendment. This Agreement may be modified only by a written agreement signed by you and an officer of the Company who is expressly authorized by the Company to execute such document; provided, however, notwithstanding the foregoing, the Company may make any change to this grant, in writing, without your consent if such change is not adverse to your rights under this Agreement.

8. General. These Phantom Shares are granted under and governed by the terms and conditions of the Plan and this Agreement. In the event of any conflict, the terms of the Plan shall control. Unless otherwise defined herein, the terms defined in the Plan shall have the same defined meanings in this agreement.

MITCHAM INDUSTRIES, INC.

By:

Name:

Title: