

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

SCHEDULE 13D/A  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
RULE 13d-2(a)

(Amendment No. 2)

Tower Semiconductor Ltd.

-----  
(Name of Issuer)

Ordinary Shares, NIS 1.00 Per Share

-----  
(Title of Class of Securities)

M87915100

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(CUSIP Number)

Bradley A. Perkins  
Vice President and General Counsel  
Alliance Semiconductor Corporation  
2575 Auugustine Drive  
Santa Clara, California 95054  
(408) 855-4900

-----  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

January 26, 2001

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(Date of Event which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box .

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

(Continued on following pages)  
(Page 1 of 10 Pages)

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(1) The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

(SC13D-07/99)

1 NAME OF REPORTING PERSONS

Alliance Semiconductor Corporation

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

IRS I. D. # 77-0057842

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED  
PURSUANT TO ITEMS 2(d) OR 2(e)

2(d) OR 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

State of Delaware

7 SOLE VOTING POWER

NUMBER OF 2,700,001 (1)

SHARES

8 SHARED VOTING POWER

BENEFICIALLY

OWNED BY

20,268,728 (2) (with respect to certain matters as set forth  
in the Consolidated Shareholders Agreement, dated as of  
January 18, 2001, filed as an exhibit hereto)

EACH

9 SOLE DISPOSITIVE POWER

REPORTING

2,700,001 (1)

PERSON

10 SHARED DISPOSITIVE POWER

WITH

120,268,728 (2) with respect to certain matters as set forth  
in the Consolidated Shareholders Agreement, dated as of  
January 18, 2001, filed as an exhibit hereto)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

20,268,728 (2)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES\*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

74.6% (based on the number of shares of Issuer Ordinary Shares outstanding  
as of January 18, 2001 as represented by the Issuer)

14 TYPE OF REPORTING PERSON\*

CO

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

1) Represents 866,551 shares currently held of record by Alliance Semiconductor Corporation ("Alliance") plus 1,833,450 shares purchasable by Alliance within sixty (60) days of the date hereof upon the exercise of Warrants (as defined in Item 4 below) held by Alliance. Such shares are subject to certain voting and disposition restrictions and obligations as described more fully in footnote (2) and Item 4 below.

(2) 20,268,728 shares of Tower Semiconductor Ltd. ("Issuer") ordinary shares are subject to a Consolidated Shareholders Agreement ("Consolidated Shareholders Agreement") dated as of January 18, 2001 by and among Alliance and certain shareholders of Issuer (discussed in Item 4 below). The Consolidated Shareholders Agreement filed as an Exhibit hereto provides certain obligations and restrictions with respect to the voting and disposition of the Issuer Shares held by the Shareholders (as defined below). The terms of the Consolidated Shareholders Agreement are hereby specifically incorporated by reference herein. Neither the filing of this this amendment No. 2 to a statement on Schedule 13D ("Amendment No. 2") nor any of its contents shall be deemed to constitute an admission by Alliance that it is the beneficial owner of any of the shares of Issuer covered by the Consolidated Shareholders Agreement, other than the shares held of record by Alliance, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Act"), or for any other purpose, and such beneficial ownership is expressly disclaimed. The reporting person expressly disclaims (i) the existence of any group and (ii) beneficial ownership with respect to any shares other than the shares currently held of record or purchasable within sixty (60) days of the date hereof by such reporting person (See Item 5). Based on the number of ordinary shares of Issuer outstanding as of January 18, 2001(as represented by Issuer on January 28, 2001), the number of ordinary shares of Issuer covered by the Consolidated Shareholders Agreement represents approximately 74.6% of the outstanding ordinary shares of Issuer.

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**Item 1. Security and Issuer.**

This Amendment No. 2, which relates to the ordinary shares, par value NIS 1.00 per share ("Issuer Shares"), of Tower Semiconductor Ltd., an Israeli corporation, supplements and amends the Statement on Schedule 13D originally filed with the Securities and Exchange Commission on January 28, 2001 (the "Statement"), as amended by Amendment No. 1 to such Statement filed on February 1, 2001. The principal executive offices of the Issuer are located at P.O. Box 619, Migdal Haemek, Israel 23105.

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**Item 2. Identity and Background.**

(a)-(c), (f) This Amendment No. 2 is being filed by Alliance Semiconductor Corporation, a Delaware corporation. The address of the principal office and principal business of Alliance is 2527 Augustine Drive, Santa Clara, CA 95054. Alliance is a leading worldwide supplier of high performance memory and memory intensive logic products. Alliance's product lines include Static Random Access Memory (SRAM), Dynamic Random Access Memory (DRAM), Flash memory and embedded memory and logic products. Alliance designs, develops and markets its products to the networking, telecommunication, instrumentation, consumer and computing markets. Alliance manufactures its products through independent manufacturing facilities, using advanced CMOS process technologies with line widths as narrow as 0.18um. Set forth in Schedule A is the name and present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted, of each of Alliance's directors and executive officers, as of the date hereof. The information contained in Schedule A is incorporated herein in its entirety by reference.

To the best knowledge of Alliance, set forth in Schedule B is the name and present principal occupation or employment and the name, principal business and address of any corporation or other organization in which such employment is conducted, of the directors and executive officers, as of the date hereof, of each corporation which, along with Alliance, may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Act, although neither the fact of this filing nor anything contained herein shall be deemed to be an admission by Alliance that a group exists. The information contained in Schedule B is incorporated herein in its entirety by reference.

The Israel Corporation ("TIC") is an Israeli corporation and is one of Israel's major holding companies. TIC's principal executive office is located at Millennium Tower, 23rd and 24th Floors, 23 Aranha Street, Tel-Aviv, 61070.

SanDisk Corporation, Inc. ("SanDisk") is a Delaware corporation that designs, manufactures and markets flash memory storage products that are used in a wide variety of electronic systems. SanDisk's principal office is located at 140 Caspian Court, Sunnyvale, CA 94089.

Macronix International Co., Ltd. ("Macronix") is a Taiwanese corporation that is a provider of customer/application drive non-volatile memory requiring state-of-the-art technology. Macronix's principal executive office is located at 6F, No. 196, Sec 2, Cheng Kuo North Road, Taipei, Taiwan, R.O.C.

(d) - (e) During the past five years, neither Alliance nor, to Alliance's knowledge, TIC, SanDisk, Macronix, or any person named in Schedule A or B to this Statement, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of or prohibiting or mandating activity subject to Federal or State securities laws or finding any violation with respect to such laws.

(f) Not applicable.

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**Item 3. Source and Amount of Funds or Other Consideration.**

Effective January 26, 2001, Issuer satisfied the closing conditions of the share purchase agreements (as described below) it entered into with each of Alliance, TIC, SanDisk and Macronix (each a "Shareholder" and collectively the "Shareholders"), pursuant to which the Shareholders purchased an aggregate of 3,629,873 Issuer Shares. On January 26, 2001, Alliance transferred \$20 million of its working capital to purchase 866,551 Issuer Shares and pre-paid wafer credits in the amount of \$8,786,827 from Issuer in a private transaction. On July 4, 2000, SanDisk entered into a share purchase agreement with Issuer to purchase 866,551 Issuer Shares and pre-paid wafer credits in the amount of \$8,786,827 from Issuer in a private transaction for an aggregate purchase price of \$20 million in cash. On December 12, 2000, Macronix entered into a share purchase agreement with Issuer to purchase 866,551 Issuer Shares in a private transaction for an aggregate purchase price of \$20 million. On December 12, 2000, TIC entered into a share purchase agreement with Issuer to purchase 1,030,220 Issuer Shares in a private transaction for an aggregate purchase price of \$13,333,300. Alliance has no knowledge as to the source of funds used by SanDisk, TIC or Macronix to purchase such shares.

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**Item 4. Purpose of Transaction.**

(a), (d) Alliance entered into two joinder agreements ("Alliance / Tower Joinder Agreement" and "Alliance / TIC Joinder Agreement," together the "Joinder Agreements"), both dated as of August 29, 2000, by and between Alliance, Issuer, and TIC, to join a Share Purchase Agreement entered into by and between Issuer and SanDisk ("Purchase Agreement") dated July 4, 2000, for Alliance to make a \$20 million strategic investment in Issuer, and thereby acquire 866,551 Issuer Shares and pre-paid wafer credits in the amount of \$8,786,827 from Issuer. The Joinder Agreements also allowed Alliance to join Issuer and SanDisk in the Additional Purchase Obligation Agreement ("Additional Purchase Agreement") dated July 4, 2000. On January 18, 2001, Alliance entered into the Registration Rights Agreement ("Registration Rights Agreement") by and between Issuer, Alliance, SanDisk, TIC, Macronix and QuickLogic Corporation and the Consolidated Shareholders Agreement ("Consolidated Shareholders Agreement") by and among Alliance, SanDisk, TIC and Macronix. The foregoing summary of the Purchase Agreement and Joinder Agreements qualified in its entirety by reference to the Purchase Agreement and Joinder Agreements included as Exhibits hereto and incorporated herein in their entirety by reference. To the best of Alliance's knowledge, TIC, SanDisk and Macronix each entered into a share purchase agreement with Issuer in substantially the same form and upon substantially the same terms as the agreements described above to which Alliance is a party.

Under the terms of Section 2 of the Additional Purchase Agreement and pursuant to the Joinder Agreements, Issuer will deliver to Alliance warrants that must be exercised by Alliance within thirty (30) days of the satisfaction of the milestones specified in Section 5 of the Additional Purchase Agreement for the purchase, in the aggregate, of up to 1,833,450 additional Issuer Shares at an exercise price of \$30, as adjusted pursuant to Section 4 thereof ("Warrants"). Alliance has the right to exercise the Warrants immediately and to purchase up to 1,833,450 Issuer Shares thereunder. The foregoing summary of the Additional Purchase Agreement and the Joinder Agreements qualified in its entirety by reference to the Additional Purchase Agreement and the Joinder Agreements included as Exhibits hereto and incorporated herein in their entirety by reference. To the best of Alliance's knowledge, TIC, SanDisk and Macronix each entered into an additional purchase agreement in substantially the same form and upon substantially the agreements described above to which Alliance is a party.

Under the terms of the Registration Rights Agreement by and between the Issuer, Alliance, TIC, SanDisk, Macronix and QuickLogic, each of Alliance, TIC, Sandisk, Macronix and QuickLogic has demand and piggy-back registration rights with respect to Issuer Shares purchased by it pursuant to each party's respective share purchase agreement and additional purchase obligation agreement. The foregoing summary of the Registration Rights Agreement is qualified in its entirety by reference to the Registration Rights Agreement included as an Exhibit hereto and incorporated herein in its entirety by reference.

Under the terms of the Consolidated Shareholders Agreement, the Shareholders have agreed to vote (or cause to be voted) at general meetings of shareholders all of their respective Issuer Shares, in the manner set forth in Section 2 thereof, (i) for the election to the board of directors of Issuer ("Board") of (a) nominees designated by each Shareholder, (b) nominees recommended by the Board, (c) a member of management of Issuer, and (d) such other directors as agreed to by Shareholders; (ii) for the election of a TIC nominee, who will be one of the nominees in clause (i)(a) above, as chairman of the Board; (iii) for any other resolution which is necessary in order to facilitate the matters specified in clauses (i) through (iii) of this paragraph; and (iv) against the election of any other person to the Board. In addition, pursuant to Section 3, and subject to certain exceptions as set forth therein, each Shareholder has agreed to certain restrictions on its ability to transfer Issuer Shares for three years, and has agreed to retain a minimum number of Issuer Shares for a period of five years. Furthermore, pursuant to Section 4, each Shareholder has a right of first offer with respect to any Issuer Shares any Shareholder proposes to transfer. Moreover, subject to the provisions of Section 3, the proposed transfer by any Shareholder of Issuer Shares to certain specified parties is subject to a right of first refusal, as provided in Section 5. Finally, to the extent the right of first refusal with respect to the proposed transfer of Issuer Shares pursuant to Section 4 or Section 5, as described above, is not fully exercised, each Shareholder shall have a right of co-sale as provided in Section 6. The foregoing summary of the Consolidated Shareholders Agreement is qualified in its entirety by reference to the Consolidated Shareholders Agreement included as an Exhibit hereto and incorporated herein in its entirety by reference.

(j) To Alliance's knowledge, other than described above, none.

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Item 5. Interest in Securities of the Issuer.

(a)-(b) As a result of the Consolidated Shareholder Agreement, each Shareholder may be deemed to be the beneficial owner of at least 20,268,728 Issuer Shares. Such shares constitute approximately 74.6% of the outstanding shares of Issuer, based on the capitalization of Issuer as of January 18, 2001 as represented to Alliance by Issuer and calculated in accordance with Rule 13d-3(d)(i). Such beneficial ownership is based on the ownership, as represented to Alliance by Issuer, by each of Alliance, SanDisk and Macronix of 866,551 Issuer Shares, and of TIC of 6,698,380 Issuer Shares, and the right of Alliance to purchase an additional 1,833,450 Issuer Shares, of SanDisk to purchase an additional 4,533,450 Issuer Shares, of Macronix to purchase an additional 1,833,450 Issuer Shares, and of TIC to purchase an additional 2,770,345 Issuer Shares within sixty (60) days of the date hereof upon the exercise of Warrants.

Alliance may be deemed to have the shared power to vote and dispose of the Issuer Shares held by it and the other Shareholders pursuant to the Consolidated Shareholders Agreement with respect to those matters described in Item 4 above. However, Alliance (i) is not entitled to any rights as a shareholder of Issuer as to the Issuer Shares covered by the Consolidated Shareholders Agreement and which are not currently held of record by Alliance and (ii) disclaims beneficial ownership of all Issuer Shares held by or purchasable within sixty (60) days of the date hereof by the Shareholders other than Alliance.

To Alliance's knowledge, no shares of Issuer are beneficially owned by any of the persons named in Schedule A or Schedule B.

(c) Other than as otherwise described herein, neither Alliance nor, to Alliance's knowledge, any person named in Schedule A or Schedule B, has effected any transaction in the Issuer Shares during the past 60 days.

(d) Not applicable.

(e) Not applicable.

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Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Other than the Purchase Agreement, the Additional Purchase Agreement, the Registration Rights Agreement, the Consolidated Shareholders Agreement and the Joinder Agreements described above (and incorporated herein in their entirety by reference), to the knowledge of Alliance, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any person with respect to any securities of the Issuer, including but not limited to transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

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Item 7. Material to be Filed as Exhibits.

1. Share Purchase Agreement, dated as of July 4, 2000, by and between SanDisk Corporation and Tower Semiconductor Ltd. (incorporated by reference to Exhibit 1 to Amendment No. 1 to the Schedule 13D filed February 1, 2001 (File No. 005-44755)).

2. Additional Purchase Obligation Agreement, dated as of July 4, 2000, by and between SanDisk Corporation and Tower Semiconductor Ltd. (incorporated by reference to Exhibit 2 to Amendment No. 1 to the Schedule 13D filed February 1, 2001 (File No. 005-44755)).

3. Registration Rights Agreement, dated as of January 18, 2001, by and between Tower Semiconductor Ltd., SanDisk Corporation, The Israel Corporation, Alliance Semiconductor Ltd., Macronix International Co., Ltd. and QuickLogic Corporation. (incorporated by reference to Exhibit 3 to Amendment No. 1 to the Schedule 13D filed February 1, 2001 (File No. 005-44755)).

4. Consolidated Shareholders Agreement, dated as of January 18, 2001 by and among SanDisk Corporation, The Israel Corporation, Alliance Semiconductor Ltd. and Macronix International Co., Ltd. (incorporated by reference to Exhibit 4 to Amendment No. 1 to the Schedule 13D filed February 1, 2001 (File No. 005-44755)).

5. Alliance / Tower Joinder Agreement, dated August 29, 2000, by and between Alliance Semiconductor Corporation and Tower Semiconductor Ltd. (incorporated by reference to Exhibit 5 to Amendment No. 1 to the Schedule 13D filed February 1, 2001 (File No. 005-44755)).

6. Alliance / TIC Joinder Agreement, dated August 29, 2000, by and between Alliance Semiconductor Corporation and The Israel Corporation. (incorporated by reference to Exhibit 6 to Amendment No. 1 to the Schedule 13D filed February 1, 2001 (File No. 005-44755)).

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 9, 2001

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(Date)

/s/ Bradley A. Perkins

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(Signature)

Bradley A. Perkins  
Vice President, General Counsel  
and Secretary

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(Name/Title)

Attention. Intentional misstatements or omissions of fact constitute federal criminal violations (see 18 U.S.C. 1001).



Schedule A  
-----DIRECTORS AND EXECUTIVE OFFICERS OF  
SANDISK CORPORATION

Present Principal Occupation  
Including Name of Employer (if other than SanDisk Corporation)  
Address of Employer

Executive Officers of Alliance Semiconductor Corporation:  
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(name)	(title)	(address)
N. Damodar Reddy	Chairman, President and Chief Executive Officer Director	c/o Alliance Semiconductor 2575 Augustine Drive Santa Clara, CA 95054
C.N. Reddy	Executive Vice President, Investments Director	c/o Alliance Semiconductor 2575 Augustine Drive Santa Clara, CA 95054
David Eichler	Vice President, Finance and Administration and Chief Financial Officer	c/o Alliance Semiconductor 2575 Augustine Drive Santa Clara, CA 95054
Bradley Perkins	Vice President and General Counsel Secretary	c/o Alliance Semiconductor 2575 Augustine Drive Santa Clara, CA 95054
Ritu Shrivastava	Vice President, Technology Development	c/o Alliance Semiconductor 2575 Augustine Drive Santa Clara, CA 95054

Outside Directors of Alliance Semiconductor Corporation:  
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John B. Minnis	President, Milpitas Materials Company, CA
Sanford L. Kane	President, Kane Concepts Incorporated, CA

## Schedule B

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DIRECTORS AND EXECUTIVE OFFICERS

Present Principal Occupation  
Including Name of Employer  
Address of Employer

Executive Officers of SanDisk Corporation:  
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(name)	(title)	(address)
Dr. Eli Harari	President, Chief Executive Officer and Director	c/o SanDisk Corporation 140 Caspian Court Sunnyvale, CA 94089
Frank Calderoni	Chief Financial Officer, Senior Vice President, Finance and Administration	c/o SanDisk Corporation 140 Caspian Court Sunnyvale, CA 94089
Ralph Hudson	Senior Vice President, Worldwide Operations	c/o SanDisk Corporation Sunnyvale, CA 94089
Sanjay Mehrotra	Senior Vice President, Engineering	c/o SanDisk Corporation 140 Caspian Court Sunnyvale, CA 94089
Nelson Chan	Senior Vice President, Marketing	c/o SanDisk Corporation 140 Caspian Court Sunnyvale, CA 94089
Jocelyn Scarborough	Vice President, Human Resources	c/o SanDisk Corporation 140 Caspian Court Sunnyvale, CA 94089

Outside Directors of SanDisk Corporation:  
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Irwin Federman	General Partner, U.S. Venture Partners, Menlo Park, CA
William V. Campbell	Entrepreneur, Mountain View, CA
Catherine P. Lego	General Partner, The Photonics Fund, Woodside, CA
Dr. James D. Meindl	Professor, Georgia Institute of Technology in Atlanta, GA
Alan F. Shugart	President, Chairman and CEO, Al Shugart International, Santa, Cruz, CA

## Executive Officers of The Israel Corporation Ltd.:

(name)	(title)	(address)
Yossi Rosen	President and Chief Executive Officer	c/o Israel Corporation Ltd. Millenium Tower 23 Aranha Street Tel Aviv, Israel 61070
Udi Hillman	Executive Vice President and Chief Financial Officer	c/o Israel Corporation Ltd. Millenium Tower 23 Aranha Street Tel Aviv, Israel 61070
Noga Yatziv, Adv.	Company Secretary	c/o Israel Corporation Ltd. Millenium Tower 23 Aranha Street Tel Aviv, Israel 61070

## Outside Directors of The Israel Corporation Ltd.:

Idan Ofer	Entrepreneur, Israel
Ehud Angel	Managing Director. Ofer (Ships Holdings) Ltd., Israel
Prof. Avishay Braverman	President, Ben-Gurion University of the Negev, Israel
Dan Goldstein	CEO and Chairman of the Board, Formula Systems (1985) Ltd., Israel
Zvi Itskovitch	First Executive Vice President, Member of Management and Head of Domestic Subsidiaries Division, Bank Leumi le-Israel B.M., Israel
Irit Izakson	Entrepreneur, Israel
Ari Levy	Chief Financial Officer, Ofer Brothers, Israel
Amnon Lion	Managing Director, Zodiac Maritime Agencies Ltd., Israel
Doron Ofer	Managing Director, Ofer Brothers Properties (1975) Ltd., Israel
Zvi Zamir	Entrepreneur, Israel

## Executive Officers of Macronix International Co., Ltd.:

(name)	(title)	(address)
Miin Wu	President and Chief Executive Officer	c/o Macronix International 6F, No. 196, Sec 2, Cheng Kuo North Road, Taipei, Taiwan, R.O.C.

Outside Directors of Macronix International Co., Ltd.:

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No Information