

Genentech, Inc.

460 Point San Bruno Boulevard
South San Francisco, CA 94080-4990
(415) 225-1000
FAX: (415) 225-6000

March 5, 1997

Ms. Elizabeth Mitchell
Director, Administration
Argonaut Technologies, Inc.
887 Industrial Road, Suite 6
San Carlos, CA 94070

Dear Ms. Mitchell:

Hugo Huber of Birseck-Treuhand AG notified me that you were considering the use of his firm's services. Genentech has retained Birseck-Treuhand's services since early 1993.

Hugo and his staff functioned as my Swiss accounting and tax support while I was stationed in Europe with Genentech Europe, Ltd. as Director of Finance and Administration. He was instrumental in setting up our books for both local and Genentech purposes. We also asked Birseck-Treuhand to consolidate our European Entities consistent with U.S. GAAP and Genentech accounting policies. They were able to rapidly assimilate the requirements into their system and met our very aggressive timelines.

Genentech outsourced its basic accounting functions throughout Europe. Hugo and his staff were by far the most flexible and productive of all the groups retained. If we were to increase our European efforts, again, at some point in the future, we would immediately look to Birseck-Treuhand to be our primary accounting services firm.

Ms. Elizabeth Mitchell
Argonaut Technologies
Page 2. of 2.
March 5, 1997

Please do not hesitate to contact me with any questions about Birseck-Treuhand or starting up a business in Europe. My office number is (415) 225-2872.

Sincerely,

A handwritten signature in black ink, appearing to read 'DVS', with a long horizontal flourish extending to the right.

David V. Smith
Director of Accounting

cc: H.Huber, Birseck-Treuhand

DVS/tcs