What the fsck do you need a network setup disk for? Windows XP works fine with the standard installation that 99.99% of Windows XP computers have, and Windows 98(SE) also works fine with 95% of the standard installations. It's Windows Help that sucks. Don't listen to Windows Help (after all, it's only able to help RETARDS and nothing more)!

As long as both machines are individually able to connect to the internet, they should be able to play together. Why can't your desktop join the LAN server on the laptop? What error message is displayed? Are you sure that both versions of Renegade are 1.037? Are you sure that each installation has a different CD key?

Edit:
Also, I think this topic should be moved to the Renegade Client forum.