Ahh. I had the same problem, and I got a wireless connection to my router too. Even after a buying a new 300N router (also a new PCI Wireless card which fitted with the router), I had the problem.

The problem had to due with Vista searching for new networks every 1-2 minutes. During this short "search", it would cause a major lagspike. I had this with XP too, although it mainly occurs on Vista.

Try this application, and see if it fixes it:

WLAN Optimizer .NET

http://www.martin-majowski.de/wlanoptimizer/

Although it is ment for Vista, it might work for XP too.