To setup Windows Live Mail with YPOPs!:

1. Click the SHOW MENU (ALT+M) button at the top right of the WLM window then click on SHOW ALL MENUS. You should now see FILE, EDIT, VIEW, TOOLS, ACTIONS, and HELP at the top of the WLM window.
2. Click TOOLS > ACCOUNTS. Click the ADD button.
3. Select E-MAIL ACCOUNT then click NEXT.
4. Enter your Yahoo! e-mail address, password, and your name as you would like for it to appear to people you send e-mail to. Check the box in front of "Manually configure server settings for e-mail account." Click NEXT.
5. Make sure to use lower case letters for your username. The username is just the username, not the full Yahoo! e-mail address. The INCOMING and OUTGOING servers are both "127.0.0.1" (no quotes). Check the box in front of "My outgoing server requires authentication". Click NEXT then click FINISH.
6. With the ACCOUNTS window still open, select your Yahoo! e-mail account and click PROPERTIES. Click the ADVANCED tab. Move the SERVER TIMEOUTS slider all the way to the right so the server timeout becomes 5 minutes.
7. Optionally, you may or may not want to keep e-mails on Yahoo! If you DO NOT WANT to keep e-mails on Yahoo!, uncheck the box in front of "Leave a copy of messages on server". Click APPLY then click OK.
8. Click CLOSE on the ACCOUNTS window to close it.

Read this page in the forums for more details.