Encrypting USB drives in OS X.

Note: This process will erase the contents of the drive you are encrypting.

First, go to Disk Utility in the Utilities folder.
In Disk Utility you will see a list of disks currently connected to the computer. Click on the one you wish to encrypt and then select the erase tab.

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Under Format, select Mac OS Extended (Journaled, Encrypted)
Enter a name for the drive and press Erase...  Disk Utility will ask you for a password for the drive. If you can’t think of one, clicking on the key button will bring up a tool to help generate one. Pick a secure but easy to remember password. If you forget the password, you will not be able to access the files on the drive.

When you have selected a password press Erase and the Disk Utility will completely erase the drive and start the encryption process.

When you plug the drive into a Mac, you will be asked for your password to unlock the contents.